PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 432 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FOURTH SESSION OF THE FIFTY-THIRD PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-FOURTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2004–05

COMPRISING PERIOD
14 March—7 April 2005

Cam I Ref
(05106)
CAMBRIDGESHIRE
LIBRARIES

HER MAJESTY'S GOVERNMENT

MEMBERS OF THE CABINET

(FORMED BY THE RT. HON. TONY BLAIR, MP, JUNE 2001)

PRIME MINISTER, FIRST LORD OF THE TREASURY AND MINISTER FOR THE CIVIL SERVICE—The Rt. Hon. Tony Blair, MP
DEPUTY PRIME MINISTER AND FIRST SECRETARY OF STATE—The Rt. Hon. John Prescott, MP
CHANCELLOR OF THE EXCHEQUER—The Rt. Hon. Gordon Brown, MP
SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS—The Rt. Hon. Jack Straw, MP
SECRETARY OF STATE FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS—The Rt. Hon. Margaret Beckett, MP
SECRETARY OF STATE FOR TRANSPORT AND SECRETARY OF STATE FOR SCOTLAND—The Rt. Hon. Alistair Darling, MP
SECRETARY OF STATE FOR HEALTH—The Rt. Hon. Dr. John Reid, MP
CHANCELLOR OF THE DUCHY OF LANCASTER—The Rt. Hon. Alan Milburn, MP
SECRETARY OF STATE FOR NORTHERN IRELAND—The Rt. Hon. Paul Murphy, MP
SECRETARY OF STATE FOR DEFENCE—The Rt. Hon. Geoffrey Hoon, MP
SECRETARY OF STATE FOR TRADE AND INDUSTRY—The Rt. Hon. Patricia Hewitt, MP
SECRETARY OF STATE FOR CULTURE, MEDIA AND SPORT—The Rt. Hon. Tessa Jowell, MP
PARLIAMENTARY SECRETARY TO THE TREASURY—The Rt. Hon. Hilary Armstrong, MP
SECRETARY OF STATE FOR THE HOME DEPARTMENT—The Rt. Hon. Charles Clarke, MP
CHIEF SECRETARY TO THE TREASURY—The Rt. Hon. Paul Boateng, MP
LEADER OF THE HOUSE OF COMMONS, SECRETARY OF STATE FOR WALES AND LORD PRIVY SEAL—The Rt. Hon. Peter Hain, MP
MINISTER WITHOUT PORTFOLIO—The Rt. Hon. Ian McCartney, MP
LEADER OF THE HOUSE OF LORDS AND PRESIDENT OF THE COUNCIL—The Rt. Hon. The Baroness Amos
SECRETARY OF STATE FOR CONSTITUTIONAL AFFAIRS AND LORD CHANCELLOR (FOR THE TRANSITIONAL PERIOD)—The Rt. Hon. The Lord Falconer of Thoroton, QC
SECRETARY OF STATE FOR INTERNATIONAL DEVELOPMENT—The Rt. Hon. Hilary Benn, MP
SECRETARY OF STATE FOR WORK AND PENSIONS—The Rt. Hon. Alan Johnson, MP
SECRETARY OF STATE FOR EDUCATION AND SKILLS—The Rt. Hon. Ruth Kelly, MP

DEPARTMENTS OF STATE AND MINISTERS

Office of the Deputy Prime Minister—
DEPUTY PRIME MINISTER AND FIRST SECRETARY OF STATE—The Rt. Hon. John Prescott, MP
MINISTERS OF STATE—
Minister for Local and Regional Government—The Rt. Hon. Nick Raynsford, MP
Minister for Regeneration and the Regions—The Rt. Hon. The Lord Rooker
Minister for Housing and Planning—The Rt. Hon. Keith Hill, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Yvette Cooper, MP
Phil Hope, Esq, MP

Cabinet Office—
CHANCELLOR OF THE DUCHY OF LANCASTER—The Rt. Hon. Alan Milburn, MP
MINISTER WITHOUT PORTFOLIO—The Rt. Hon. Ian McCartney, MP
MINISTER FOR THE CABINET OFFICE—David Miliband, Esq, MP

Constitutional Affairs—
SECRETARY OF STATE FOR CONSTITUTIONAL AFFAIRS—The Rt. Hon. The Lord Falconer of Thoroton, QC
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Christopher Leslie, Esq, MP
David Lammy, Esq, MP
The Baroness Ashton of Upholland
Anne McGuire, MP (Parliamentary Under-Secretary of State for Scotland)
Don Touhig, Esq, MP (Parliamentary Under-Secretary of State for Wales)

Culture, Media and Sport—
SECRETARY OF STATE FOR CULTURE, MEDIA AND SPORT—The Rt. Hon. Tessa Jowell, MP
MINISTERS OF STATE—
Minister for Sport and Tourism—The Rt. Hon. Richard Caborn, MP
Minister for the Arts—The Rt. Hon. Estelle Morris, MP
PARLIAMENTARY UNDER-SECRETARY OF STATE—
The Rt. Hon. The Lord McIntosh of Haringey (Minister for Media and Heritage)

Defence—
SECRETARY OF STATE—The Rt. Hon. Geoffrey Hoon, MP
MINISTER OF STATE—
The Rt. Hon. Adam Ingram, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Lord Bach (Minister for Defence Procurement)
Ivor Caplin, Esq, MP

Education and Skills—
SECRETARY OF STATE—The Rt. Hon. Ruth Kelly, MP
MINISTERS OF STATE—
Minister for School Standards—Stephen Twigg, Esq, MP
Minister for Children, Young People and Families—The Rt. Hon. Margaret Hodge, MP
Minister for Lifelong Learning, Further and Higher Education—Dr. Kim Howells, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Lord Filkin, CBE
Ivan Lewis, Esq, MP
Derek Twigg, Esq, MP

Environment, Food and Rural Affairs—
SECRETARY OF STATE—The Rt. Hon. Margaret Beckett, MP
MINISTERS OF STATE—
Minister for Rural Affairs and Local Environmental Quality—The Rt. Hon. Alun Michael, MP
Minister for the Environment and Agri-environment—Elliot Morley, Esq, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Lord Whitty
Ben Bradshaw, Esq, MP

Foreign and Commonwealth Affairs—
SECRETARY OF STATE—The Rt. Hon. Jack Straw, MP
MINISTERS OF STATE—
Minister for the Middle East—The Rt. Hon. The Baroness Symons of Vernham Dean
Minister for Europe—Denis MacShane, Esq, MP
Minister for Trade and Investment— Douglas Alexander, Esq, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Bill Rammell, Esq, MP
Chris Mullin, Esq, MP

Health—
SECRETARY OF STATE—The Rt. Hon. Dr. John Reid, MP
MINISTERS OF STATE—
The Rt. Hon. John Hutton, MP
Rosie Winterton, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Miss Melanie Johnson, MP (Minister for Public Health)
Dr. Stephen Ladyman, MP
The Lord Warner

Home Office—
SECRETARY OF STATE—The Rt. Hon. Charles Clarke, MP
MINISTERS OF STATE—
Minister for Crime Reduction, Policing and Community Safety—Ms Hazel Blears, MP
Minister for Criminal Justice System and Law Reform—The Rt. Hon. Baroness Scotland of Asthal, QC
Minister for Citizenship and Immigration—Desmond Browne, Esq, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Paul Goggins, Esq, MP
Caroline Flint, MP
Fiona Mactaggart, MP

International Development—
SECRETARY OF STATE—The Rt. Hon. Hilary Benn, MP
PARLIAMENTARY UNDER-SECRETARY OF STATE—Gareth Thomas, Esq, MP

Law Officers' Department—
ATTORNEY-GENERAL—The Rt. Hon. Lord Goldsmith, QC
SOLICITOR-GENERAL—The Rt. Hon. Harriet Harman, QC, MP
ADVOCATE-GENERAL FOR SCOTLAND—Dr. Lynda Clark, QC, MP

Leader of the House of Commons—
LEADER OF THE HOUSE OF COMMONS—The Rt. Hon. Peter Hain, MP
DEPUTY LEADER OF THE HOUSE OF COMMONS—Phil Woolas, Esq, MP

Northern Ireland Office—
SECRETARY OF STATE—The Rt. Hon. Paul Murphy, MP
MINISTER OF STATE—
The Rt. Hon. John Spellar, MP
PARLIAMENTARY UNDER-SECRETARY OF STATE—
Ian Pearson, Esq, MP
Angela Smith, MP
Barry Gardiner, Esq, MP

Paymaster General's Office—
PAYMASTER GENERAL—The Rt. Hon. Dawn Primarolo, MP

Privy Council Office—
LORD PRESIDENT OF THE COUNCIL AND LEADER OF THE HOUSE OF LORDS—The Rt. Hon. The Baroness Amos

Trade and Industry—
SECRETARY OF STATE AND MINISTER FOR WOMEN AND EQUALITY—The Rt. Hon. Patricia Hewitt, MP
MINISTERS OF STATE—
Minister for Energy and E-Commerce—Mike O'Brien, Esq, MP
Minister for Trade and Investment—Douglas Alexander, Esq, MP
Minister for Industry and the Regions and Deputy Minister for Women and Equality—The Rt. Hon. Jacqui Smith, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Lord Sainsbury of Turville (Minister for Science and Innovation)
Nigel Griffiths, Esq, MP (Minister for Small Business and Enterprise)
Gerry Sutcliffe, Esq, MP (Minister for Employment Relations, Consumers and Postal Services)

Transport—
SECRETARY OF STATE—The Rt. Hon. Alistair Darling, MP
MINISTER OF STATE—
Tony McNulty, Esq, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
David Jamieson, Esq, MP
Charlotte Atkins, MP

Treasury—
PRIME MINISTER, FIRST LORD OF THE TREASURY AND MINISTER FOR THE CIVIL SERVICE—The Rt. Hon. Tony Blair, MP
CHANCELLOR OF THE EXCHEQUER—The Rt. Hon. Gordon Brown, MP
CHIEF SECRETARY—The Rt. Hon. Paul Boateng, MP
PAYMASTER GENERAL—The Rt. Hon. Dawn Primarolo, MP
FINANCIAL SECRETARY—Stephen Timms, Esq, MP
ECONOMIC SECRETARY—John Healey, Esq, MP
PARLIAMENTARY SECRETARY—The Rt. Hon. Hilary Armstrong, MP
LORDS COMMISSIONERS—
Jim Murphy, Esq, MP
John Heppell, Esq, MP
Joan Ryan, MP
Nick Ainger, Esq, MP
James Purnell, Esq, MP
ASSISTANT WHIPS—
Fraser Kemp, Esq, MP
Gillian Merron, MP
Paul Clark, Esq, MP
Vernon Coaker, Esq, MP
Margaret Moran, MP
Bridget Prentice, MP
Tom Watson, Esq, MP

Work and Pensions—
SECRETARY OF STATE—The Rt. Hon. Alan Johnson, MP
MINISTERS OF STATE—
Minister for Pensions—Malcolm Wicks, Esq, MP
Minister for Work—The Rt. Hon. Jane Kennedy, MP
PARLIAMENTARY UNDER-SECRETARIES OF STATE—
The Rt. Hon. The Baroness Hollis of Heigham, DL
Maria Eagle, MP
Chris Pond, Esq, MP

Her Majesty's Household—
LORD CHAMBERLAIN—The Rt. Hon. The Lord Luce, GCVO, DL
LORD STEWARD—The Duke of Abercorn, KG
MASTER OF THE HORSE—The Lord Vestey
TREASURER—Bob Ainsworth, Esq, MP
COMPTROLLER—The Rt. Hon. Thomas McAvoy, MP
VICE-CHAMBERLAIN—Jim Fitzpatrick, Esq, MP
CAPTAIN OF THE HONOURABLE CORPS OF GENTLEMEN-AT-ARMS—The Rt. Hon. The Lord Grocott
CAPTAIN OF THE QUEEN'S BODYGUARD OF THE YEOMAN OF THE GUARD—The Lord Davies of Oldham
LORDS IN WAITING—The Lord Bassam of Brighton, The Lord Evans of Temple Guiting CBE, The Lord Triesman
BARONESSES IN WAITING—The Baroness Farrington of Ribbleton, The Baroness Andrews, OBE, The Baroness Crawley

---

SECOND CHURCH ESTATES COMMISSIONER, REPRESENTING CHURCH COMMISSIONERS— Sir Stuart Bell, MP

HOUSE OF COMMONS

THE SPEAKER—The Rt. Hon. Michael J. Martin, MP

CHAIRMAN OF WAYS AND MEANS—The Rt. Hon. Sir Alan Haselhurst, MP

FIRST DEPUTY CHAIRMAN OF WAYS AND MEANS—Mrs. Sylvia Heal, MP

SECOND DEPUTY CHAIRMAN OF WAYS AND MEANS—Sir Michael Lord, MP

CHAIRMEN'S PANEL—
Mrs. Irene Adams, MP, David Amess, Esq, MP, Janet Anderson, MP, Nigel Beard, Esq, MP, Miss Anne Begg, MP, Joe Benton, Esq, MP, Sir John Butterfill, MP, Martin Caton, Esq, MP, David Chidgey, Esq, MP, Derek Conway, Esq, MP, Frank Cook, Esq, MP, James Cran, Esq, MP, John Cummings, Esq, MP, The Rt. Hon. Eric Forth, MP, Roger Gale, Esq, MP, Win Griffiths, Esq, MP, Mike Hancock, Esq, MP, Jimmy Hood, Esq, MP, Kevin Hughes, Esq, MP, Alan Hurst, Esq, MP, Eric Illsley, Esq, MP, John McWilliam, Esq, MP, Bill O'Brien, Esq, MP, Edward O'Hara, Esq, MP, Bill Olner, Esq, MP, Peter Pike, Esq, MP, Dame Marion Roe, MP, Jonathan Sayeed, Esq, MP, George Stevenson, Esq, MP, David Taylor, Esq, MP, The Rt. Hon. Ann Widdecombe MP, Sir Nicholas Winterton, MP

HOUSE OF COMMONS COMMISSION—
The Rt. Hon. The Speaker (Chairman), The Rt. Hon. Peter Hain, MP, Oliver Heald, Esq, MP, Sir Archy Kirkwood, MP, Sir Stuart Bell, MP, Sir Patrick Cormack, FSA, MP

SECRETARY OF THE COMMISSION—David Natzler

ASSISTANT SECRETARY—Tom Goldsmith

ADMINISTRATION ESTIMATE AUDIT COMMITTEE—
Oliver Heald, Esq, MP (Chairman), Sir Archy Kirkwood, MP, Sir Thomas S. Legg, KCB, QC, David Taylor, FCA

SECRETARY OF THE AUDIT COMMITTEE—Dr. Mark Egan

BOARD OF MANAGEMENT—
Roger Sands, (Chief Executive), George Cubie, CB (Clerk of Committees, Department of the Clerk of the House), Peter Grant Peterkin, CB, OBE (Serjeant at Arms), John Pullinger (Librarian), Andrew Walker (Director of Finance and Administration), Bill Garland (Editor of the Official Report), Sue Harrison (Director of Catering Services)

SECRETARY OF THE BOARD OF MANAGEMENT—Robert Twigger

SPEAKER'S SECRETARY—Peter F. Barratt (Acting)

SPEAKER'S COUNSEL—John Vaux

SPEAKER'S CHAPLAIN—Rev. Canon Robert Wright

MEDICAL ADVISER TO THE SPEAKER—Dr. Ron Zeegen, OBE, FRCP, MRCS, DObst, RCOG

PARLIAMENTARY COMMISSIONER FOR STANDARDS—Sir Philip Mawer

PARLIAMENTARY SECURITY CO-ORDINATOR—Peter Mason

14 March 2005

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FOURTH SESSION OF THE FIFTY-THIRD PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 13 JUNE 2001]

FIFTY-FOURTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 432**

FIFTH VOLUME OF SESSION 2004–2005

House of Commons

Monday 14 March 2005

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Iraq

1. **Mr. Terry Rooney** (Bradford, North) (Lab): If he will make a statement on the security situation in Iraq. [221290]

The Secretary of State for Defence (Mr. Geoffrey Hoon): Although insurgent attacks have continued, particularly in the four largely Sunni provinces of central Iraq, their overall number has declined since the elections. The majority of attacks are against coalition forces, but one attack in the town of Hillah, south of Baghdad, recently killed more than 160 civilians. Significant parts of Iraq, including Multi-National Division (South-East), remain relatively quiet.

Mr. Rooney: I thank my right hon. Friend for that answer. Does he agree that the British troops are doing a superb job in southern Iraq, particularly on regeneration and how does he see that process spreading to the rest of the country, particularly with the advent of the new Government?

Mr. Hoon: In areas where security is good and the security situation remains relatively calm it is important that we build on that to allow the delivery of reconstruction projects. I take this opportunity to congratulate the Department for International Development on its work and on the excellent way in which it has co-operated with military forces in MND (South-East) in delivering several reconstruction projects concerned with running water, sewerage, power and the like. For the moment, it is crucial that the majority of work on military-sponsored projects is done by local Iraqis and contractors, whose wages help the local economy still further.

Sir Peter Tapsell (Louth and Horncastle) (Con): Will the Secretary of State confirm the estimate by the head of the Iraqi intelligence services, General Shahwani, that the number of insurgents has grown to more than 200,000, of whom about 40,000 are hard-core members and the rest are active supporters? If that is the case, what will the military situation be in future?

Mr. Hoon: I do not accept that estimate; in fact, I do not recognise those figures. I do not in any way underestimate the severity, from time to time, of insurgent attacks, but our evidence is that a great number of those attacks are largely the work of foreign fighters—fanatics who have come into Iraq from other countries in order to continue a campaign against the west. As I said, their target has mostly been innocent Iraqis. That is obviously to be deplored and demonstrates that they are not at all interested in anything other than promoting violence and anarchy, and that they have to be defeated.

Ann Clwyd (Cynon Valley) (Lab): While I would agree with my right hon. Friend about security and the need for much improvement in that respect, does he

agree that the turnout of the people of Iraq on election day should be commended, as should everybody involved with it? I was in Basra, where 80 per cent. of the population turned out, despite security threats and some mortar attacks. That is a mark of the courage of the people and of everybody involved in security in Iraq on that particular day.

Mr. Hoon: Scarcely a session of Defence questions goes by without my paying tribute to my hon. Friend, whom I again thank for the efforts that she made in the course of the elections. She visited a number of polling stations where she was able to see for herself what we all learned about the remarkable courage and determination of the Iraqi people to take their opportunity to vote, supported, as has perhaps not been sufficiently noted, by Iraqi security forces. The fact that trained Iraqis took responsibility for security at the polling stations is an enormously positive sign for the future, in terms not only of the election but of their capability to deal with their own security.

Mr. Paul Keetch (Hereford) (LD): Although we all accept that the British troops are doing an excellent job in Iraq and pay tribute to those brave Iraqis who voted, the security situation remains a concern. Last week, the UK took over from Dutch troops who have pulled out of Iraq. Does the Secretary of State envisage that we will have further responsibilities to cover other coalition partners who may withdraw from Iraq in the near future? Given that only last week we sent an extra 500 troops of the 1st Battalion Royal Green Jackets to Kosovo, is not now a good time for him to cancel his planned reduction in Army infantry numbers?

Mr. Hoon: The hon. Gentleman raises a number of issues. He referred to the withdrawal from the south of the Dutch forces, to whom I pay tribute for the efforts that they have made over a long period. We always made it clear that there would be adjustments in the size and the nature of the forces in our area of responsibility. I am delighted to say that the Dutch will in large part be replaced by Australian forces, who will come in to work alongside the Japanese and forces from the United Kingdom. The overall effect on security and the numbers required to provide security in the south will not be affected in any way.

Mrs. Alice Mahon (Halifax) (Lab): On election day, Dr. Malko, the president of the Assyrian National Assembly, claimed that up to 400,000 Assyrians and other ethnic minorities were not allowed to vote because ballot boxes did not reach them and Kurdish militia prevented them from going to vote. He has appealed to the Prime Minister to ensure that they get representation given what happened. Has that been investigated? What representation will those minorities have in the new Government?

Mr. Hoon: As I understand it, there were difficulties in some parts of Iraq but they were not significant. A small number of complaints were made to the independent elections committee for Iraq, and if that issue has been raised with it, I am sure that it will be properly and thoroughly investigated.

Mr. Nicholas Soames (Mid-Sussex) (Con): In praising the admirable work of the Queen's Dragoon Guards, who are being asked to cover 30,000 square miles of desert, will the Secretary of State assure us, following their deployment to Muthanna province, that our forces who are deployed to Iraq are adequately trained and equipped to fulfil their role effectively, safely and efficiently?

Mr. Hoon: My right hon. Friend the Minister for the armed forces was in Iraq last week and I give hon. Members the absolute assurance that our forces are properly trained and equipped and doing a magnificent job, not least by progressively reducing the number of incidents in their area of responsibility, working closely with Iraqi forces and training those forces to take responsibility. They are gradually restoring matters so that Iraqis may be entirely responsible for their own affairs at some stage in the future.

Mr. Soames: They certainly do a magnificent job, as always, and, invariably nowadays, they do more with less. However, is the Secretary of State aware of the article that appeared in *The Sun* on 9 March? It stated:

"British troops were forced on guard duty in Iraq without bullets in their guns; Quartermasters refused to give them any ammo because the soldiers had not passed their weapons-handling tests and soldiers have also been sent on dangerous convoy guard missions without ambush training".

while reserve forces

"have had to put their lives at risk without vital equipment because of cock-ups in logistics".

Does the Secretary of State agree that that is wholly against all the conventions in the British Army of training troops for operations? What steps does he intend to take to deal with those problems?

Mr. Hoon: Obviously, that particular report is being investigated; a thorough investigation will be carried out. I am sorry that the hon. Gentleman, in the course of his otherwise congratulatory remarks about British troops, could not resist a political side-swipe. I suppose that there is something in the air. However, to respond in kind, I point out that there has been a steadily increasing defence budget in the past five years—in stark contrast with the steadily reducing budget when he was in office.

David Winnick (Walsall, North) (Lab): Whichever line one took on the war, does my right hon. Friend agree that there should be the greatest condemnation of the atrocities that criminals and terrorists have perpetrated, including beheadings, mutilations of bodies and, only last week, the murder of 125 Iraqis in one go? Does my right hon. Friend know of any Member who defends such crimes and atrocities? If there is such a Member, would not it be a good idea for that person not to be in the next Parliament?

Mr. Hoon: I cannot imagine—at least not out loud—to whom my hon. Friend refers. I accept that some people had principled reasons for opposing the war, but it is vital that everyone recognises that we have a common interest with the Iraqi people in defeating terrorists and fanatics. Every single member state of

NATO is contributing to training and assisting the people of Iraq to ensure that those terrorists and fanatics are defeated.

Mr. Edward Garnier (Harborough) (Con): Does the Secretary of State accept that it may be better for Iraq's long-term security if members of the Iraqi armed forces could attend our three officer academies, the Joint Services Command and Staff college near Swindon and possibly the Royal College of Defence Studies? If so, do the Government have any plans to ensure that that can happen?

Mr. Hoon: There are a range of training opportunities for Iraqi officers. I accept the hon. and learned Gentleman's underlying proposition that it is important that we train not only soldiers but those who are to take responsibility for leadership and the difficult decisions of command. Those officers are being trained in an officer training academy in Baghdad and in the south as part of a NATO training organisation. I am confident that the United Kingdom will be willing to take and train officers should that be necessary.

Veterans

2. **John Robertson** (Glasgow, Anniesland) (Lab): What steps his Department is taking to support veterans of the armed forces. [221291]

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): The Ministry of Defence works across Government, with international partners and with the ex-service and voluntary organisations to improve continually the support available to UK veterans. One of the ways in which we do that is to ensure that the transition from service to civilian life is as successful as possible. Our statistics show that 95 per cent. of service leavers who undertake resettlement training find employment within six months of leaving the armed forces.

John Robertson: I thank my hon. Friend for that answer. He will be aware that many of our soldiers join up at the age of 16 or 17 and therefore miss out on gaining the further or higher education qualifications that many hon. Members might have. Does he agree that our servicemen and women should receive special help to ensure that they have the necessary educational qualifications to meet their needs when they leave the services?

Mr. Caplin: We have a very active programme of education and training that continues throughout the military careers of our servicemen and women. Indeed, the Ministry of Defence is the largest training organisation in the United Kingdom. Although procedures existed in our armed forces to help early service leavers to return to civilian life, they were often locally determined and there was no consistent tri-service policy. I introduced the new tri-service early leavers policy last April, which ensures that all early service leavers now receive a mandatory brief and interview. In short, we now know that, for the first time, we are giving everyone leaving the services structured help to resettle into civilian life. I am sure that my hon. Friend will agree that that is an important step forward.

Mr. Humfrey Malins (Woking) (Con): My constituent, Paul Connolly, from Woking is a veteran of the first Gulf war. Since then, he has been permanently ill with kidney problems, and on dialysis. Will the Minister undertake to have another look at this case? Mr. Connolly was a civilian who was seconded to the military although, to all intents and purposes, he was part of the military. He has received no benefits whatever since the war, and he is still very ill.

Mr. Caplin: I cannot comment on the case that the hon. Gentleman mentions, but if he cares to write to me, I shall certainly look at the matter. In regard to sickness relating to the first Gulf war, the Gulf veterans assessment programme at St. Thomas's hospital is available to any veteran from that or the more recent conflict who feels that they may be unwell.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I understand that there is to be a veterans summit. Will my hon. Friend tell us what will be involved, as I am sure that it would be of interest to many people in the city of Plymouth?

Mr. Caplin: The international summit of Ministers with responsibility for veterans is taking place today and tomorrow at the Royal hospital, Chelsea. This is the first such event, and it has brought together Ministers from the United States of America, Australia, New Zealand and Canada. My right hon. Friend the Secretary of State opened the event this morning, and I expect a formal communiqué to be issued tomorrow afternoon. I shall ensure that copies are sent to my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) and placed in the Library of the House.

Angus Robertson (Moray) (SNP): More than 1,000 RAF personnel in Scotland—most of them in my constituency—are set either to be relocated or to become veterans through redundancy. What plans do the Government have to support these soon-to-be veterans in the communities in which they live?

Mr. Caplin: I do not accept the hon. Gentleman's assertion. What I can say is that we will treat all those veterans in the same way as we treat current veterans.

Chris Bryant (Rhondda) (Lab): Using the word "veteran" makes it sound as though we are talking about elderly people, but the vast majority of those who leave our armed services are in their 30s or 40s. They can face difficulties not only in finding their first job but in finding a fruitful career for the following 20 to 25 years. What plans are there to ensure that they have support not only when they first leave the services but throughout the rest of their adult working lives?

Mr. Caplin: We employ a number of advisers to provide through-life support to people, both in their military life and when they go back into civilian life. The employment consultancy advice available through the resettlement programme is considered to be one of

the best available to employees anywhere in the United Kingdom. As I said earlier, statistics show that about 95 per cent. of service leavers will undertake resettlement training and find good employment within six months of leaving our forces.

Mr. Mike Hancock (Portsmouth, South) (LD): Is the Minister planning any new initiatives on, or is he prepared to look again at the problems associated with, the health of the nuclear test veterans and their families? Sadly, many of the veterans have now died, but many of their families, especially their children, are still suffering the consequences and those children claim that their illnesses were a direct result of their contamination during the nuclear tests in the 1950s.

Mr. Caplin: The hon. Gentleman will be aware of the recent Westminster Hall Adjournment debate on this subject in which I laid out the Ministry's current position in relation to nuclear test veterans, including the apology that I have made on the Ministry's behalf to the Maddison family and the fact that we would challenge, through judicial review, the coroner's findings.

Small Businesses

3. **Mrs. Anne Campbell** (Cambridge) (Lab): What steps he is taking to ensure that his Department's research and development budget is used to help small businesses. [221292]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The majority of defence procurement, both manufacture and research and development, is both large-scale and complex. Consequently, it lends itself more to prime contracting through large defence industry companies or research organisations. Therefore, small and medium-sized enterprises are mainly involved in subcontract work.

The Ministry of Defence provides advice and guidance to all companies interested in becoming defence suppliers, either as prime contractor or subcontractors. For example, the Department provides a helpdesk facility, seminars and web portals, which SMEs can access for information about opportunities to work with the Ministry of Defence.

The Ministry of Defence is also a participant in the small business research initiative, a cross-departmental initiative, which is designed specifically to increase the success of smaller firms in obtaining contracts from Government bodies to conduct research and development.

Mrs. Campbell: I thank my right hon. Friend for that reply. He will be aware that I have a number of small firms in my constituency that would benefit enormously from Government research contracts that do so much to help to secure stable funding, which is important in early-stage business, and which the US seems better at doing than the UK. Can my right hon. Friend therefore tell me how close he is to reaching the targets set by the small business research initiative for giving Government contracts to small business?

Mr. Ingram: My hon. Friend asks an important and interesting question. The issue does not just affect her constituency, although I would guess that her constituency has quite a concentration of such companies, because those companies are spread throughout the United Kingdom. Under the small business research initiative, Departments were committed to a target of purchasing at least 2.5 per cent. of their R and D from SMEs by 2004–05. The Ministry of Defence's estimate is that, currently, some 5 per cent. by value of the MOD's research budget is taken by SMEs. That is a good start, but there is more to be done.

Sir Nicholas Winterton (Macclesfield) (Con): In supporting the hon. Member for Cambridge (Mrs. Campbell) in her question, would not the Minister accept that the development of the Nimrod MRA4 at BAE Systems, Woodford, is hugely beneficial to a large number of smaller businesses that supply BAE Systems? Could he give me an update on when the Government are to order those sophisticated aircraft, which would not only guarantee jobs at BAE Systems, Woodford, but would be of huge assistance to a large number of smaller businesses that supply the aerospace and defence industries?

Mr. Ingram: I agree with the broad thrust of the hon. Gentleman's remarks, as I made clear in response to my hon. Friend the Member for Cambridge (Mrs. Campbell). In terms of the final decision, the price must be right, and tough negotiations with the company are taking place. The hon. Gentleman might have noticed that, last Friday, I announced that the MRA4 will be based at Kinloss, although that was not well received by the MP for that area at the time.

Afghanistan

4. **Mr. Mohammad Sarwar** (Glasgow, Govan) (Lab): What assistance his Department is providing to counter-narcotics efforts in Afghanistan. [221293]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The deployment of British forces to Afghanistan as part of the international security assistance force helps to create a more secure environment, enabling the Afghan Government to take the lead in countering narcotics activities. That contributes to a wider interdepartmental approach co-ordinated by the Afghan drugs interdepartmental delivery unit, involving the Foreign and Commonwealth Office, the Department for International Development, Customs and Excise, the MOD and the Home Office.

Mr. Sarwar: I thank the Minister for that reply. Does he agree that there has been a huge increase in heroin production since the fall of the Taliban in Afghanistan? Powerful warlords and drugs lords are profiting from the massive increase in poppy production. Following the tragic murder of Steven McQueen last Monday, will he consider further steps to tackle effectively poppy eradication?

Mr. Ingram: I too pay tribute to Steven McQueen, who was involved in the important "alternative livelihoods" initiative to tackle the heroin trade in

Afghanistan. His was a tragic death in tragic circumstances, which shows the importance of the work we are doing there.

As my hon. Friend says, there has been a significant increase in total production in terms of hectarage and so on, but the yield does not match that. Obviously we must tackle the problem, but that cannot be done by means of only one mechanism. It cannot be done solely through military means or crop eradication. There must be a set of arrangements including alternative livelihoods, eradication strategies and, of course, working with the Afghan authorities to put the necessary resources on the ground. All that work is being done on an interdepartmental basis in the United Kingdom.

Mr. Nigel Evans (Ribble Valley) (Con): There has indeed been a huge increase in the availability of class A drugs from Afghanistan, but were it not for our armed forces the supply would be even greater. We congratulate them on the work that they are doing.

The Minister said earlier that education was important, and that the armed forces were the largest training provider in the country. Could they not also play a pivotal role in Afghanistan in ensuring that young people there are properly trained and have a proper future, so that they are not dragged into drug cultivation?

Mr. Ingram: I thank the hon. Gentleman for his comments about the efforts that have been made to date, in very difficult circumstances. We have already mentioned one death that took place last week, although it did not involve a member of the armed forces.

The Department for International Development is taking the lead in this, and it must look at a range of opportunities. Growing the economy is vital, and alternative livelihoods for both farmers and young people is crucial. It will all take time, but that is not for want of effort and attention on the Government's part. We will continue to exert pressure and devote effort to achieving what we can by working with the Afghan authorities.

David Cairns (Greenock and Inverclyde) (Lab): No one could possibly doubt the tremendous effort that British and American troops are putting into the reconstruction of Afghanistan. We know of the increased supply of heroin on Britain's streets, but is not the other side of the equation the massive profits of the industry that support narco-terrorist activity, which represents the single biggest danger to the future of a stable, democratic Afghanistan? That, at least, is the warning from President Karzai. Is it not time we realised that along with the carrot of alternative livelihoods—which we are absolutely right to offer—must go the stick of destruction, in the form of a beefed-up crop eradication strategy?

Mr. Ingram: I have said as much. That is indeed an important part of the equation. A key part, however, is the building of criminal justice structures so that those at the top of the network can be brought to justice. That mechanism is not yet in place because of all the dangers involved, but we want to train people—together with other allied nations—to ensure that we have all those structures: a civil society that is opposed to drugs in Afghanistan, a criminal justice system to bring people to justice, and a mechanism whereby they can be brought to justice. At the same time we must build the economy and help with alternative livelihoods, and there must also be a proper eradication strategy.

Mr. Keith Simpson (Mid-Norfolk) (Con): May I say how much Conservative Members support the work of not just our military personnel but the intelligence services in the important but dangerous war out in Afghanistan?

I understand that there are about 500 production sites in Afghanistan, any 50 of which will operate at any one time. The Minister rightly said that there were a number of ways of trying to eradicate that activity—political, economic and military, among others—but will he tell us whether the Government have considered precision aerial interdiction to destroy the sites?

Mr. Ingram: Every aspect is examined, but anything new must be done with the support of the Afghan authorities. We will not hold back in doing what we believe to be absolutely necessary, because this is a poisonous trade. There are inherent dangers in not tackling this problem; indeed, my hon. Friend the Member for Greenock and Inverclyde (David Cairns) alluded to the narco-terrorist state developing on the back of this trade. All means have to examined, but whether they have efficacy and legitimacy is another issue.

Eurofighter Typhoon

5. **Dr. Vincent Cable** (Twickenham) (LD): What his plans are for the third tranche of the Eurofighter project. [221294]

The Secretary of State for Defence (Mr. Geoffrey Hoon): Under the four-nation memorandums of understanding, a decision regarding the third tranche of Eurofighter Typhoon is not required before 2007. Discussions with partners and the aerospace industry about tranche 3 will therefore continue.

Dr. Cable: Since the Government appear to be committed to pressing ahead with ordering 80 aircraft under that tranche, can the Secretary of State say how many UK pilots will be fully trained and available to fly them?

Mr. Hoon: There will be enough UK pilots, but I have to say that every time the hon. Gentleman speaks on defence, he demonstrates his leadership of the Liberal Democrats' pacifist tendency. That tendency is confirmed by the hon. Member for Hereford (Mr. Keetch), who has made it clear that he would scrap the third tranche of Typhoon, and by the Liberal Democrat defence spokesman in the House of Lords, who said that he would scrap the two carriers. Yet almost every week in this Chamber, Liberal Democrats representing constituencies such as Yeovil, Portsmouth,

South and North Devon queue up to say that more money should be spent on defence. It is about time that the Liberal Democrats made their policy clear.

Mr. Gordon Prentice (Pendle) (Lab): But it is worse than that, because the Liberal Democrats would scrap not just tranche 3 but tranche 2, which would cost—

Mr. Speaker: Order. The hon. Gentleman is out of order.

Mr. Crispin Blunt (Reigate) (Con): Is the hon. Member for Twickenham (Dr. Cable) not correct in saying that unless something has happened to the normal ratio of pilots to aircraft, under its current plan the Royal Air Force will not have sufficient pilots if it acquires tranche 3 of Eurofighter? Is that not a consequence of the £500 million a year cuts that Labour made on entering office in 1998, and is it not a little rich of the Secretary of State to criticise the previous Conservative Government's defence expenditure, given that, on entering office, Labour promptly cut such expenditure?

Mr. Hoon: Since the hon. Gentleman had some responsibility for the series of defence cuts made by previous Conservative Governments, such comments do not come well from him. We have succeeded in raising the defence budget year on year since I have been in post, and it is very important that such expenditure continues to rise. However, those increases would be seriously threatened in the unlikely event of the Conservatives winning government.

Arms Sales

6. **Mr. Siôn Simon** (Birmingham, Erdington) (Lab): What steps the Department takes to promote British arms sales overseas. [221295]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The Ministry of Defence provides a high standard of support to legitimate defence exports. In recent years, it has helped the UK defence industry to win orders worth, on average, some £5 billion annually. Major achievements last year included the contract for the sale of Hawk aircraft to India and last month, the US101—a version of the well-established AgustaWestland EH101—won the competition to replace the current US presidential helicopters. The defence ministerial team has played an important part in helping the industry to win these orders.

Mr. Simon: I thank the Minister for his answer and the Department for its support for British manufacturing, which can surely use all the help that it can get. However, a prerequisite of securing export orders is often that the contract first be given by the MOD—a point that is particularly true in respect of larger contracts involving newer products. I ask the Minister to reassure my constituents and me that—just as the French and the Americans always strive to buy home-grown products—wherever possible, the MOD will buy British products rather than foreign ones, because buying British is also the way to sell overseas.

Mr. Ingram: I did cite two very good examples of the great benefits of such major procurements, not just in terms of what the companies in question have delivered for our armed forces, but of our ability then to market those products internationally. The same point applies to the Typhoon, although I know that other parties oppose our efforts in that regard. Indeed, the Liberal Democrats, who are probably the prime opponents, totally oppose such efforts to sell British industry abroad. My hon. Friend has raised an important point, and we are putting every effort into ensuring that we continue to get the best equipment on time, and for the best value. We believe that British industry has the capacity to do that, and we will assist it in selling those products on.

Mr. Laurence Robertson (Tewkesbury) (Con): The Minister will be aware that there has been an adverse reaction in America to the lifting of the arms embargo on China. The Americans are strengthening their buy America policy, which is having an alarming effect on the aerospace industry in this country. Many companies in my constituency are concerned that, without their American orders, they cannot continue as viable companies. Can the Government do anything to pressure America to adopt a fair policy on orders from the UK?

Mr. Ingram: The embargo has not been lifted. There is a wide-ranging debate about that matter and all the issues must be fully taken into account. On access to the US market, I pointed out in my first answer that we have been successful in respect of the American EH101 equivalent helicopter. That provides one good example and we are also very much involved in the future joint strike fighter project. I suggest to the hon. Gentleman that major paybacks will come from that, not just in respect of manufacture, but in the potential for research and development.

Defence Procurement Agency

7. **Mr. David Watts** (St. Helens, North) (Lab): What reforms the Department is making through the Defence Procurement Agency to improve the performance of industry in delivering equipment to the armed forces. [221296]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The Department has initiated several reform processes to improve the performance of industry in delivering equipment to the armed forces. These comprise a programme of measures to apply the principles of smart acquisition more effectively, a programme of key supplier management and the more effective contracting initiative to improve the management of risk.

Mr. Watts: I congratulate the Minister on the efficiencies that his Department has already made, but does he agree that the Treasury Wood report seemed to suggest that some European countries have found ways to ensure that they get more contracts out to their own companies? Will he see what he can do to change his procurement policies to ensure that British companies are given the same fair treatment?

Mr. Ingram: My hon. Friend was right to use the phrase "some European countries", because it is not standard practice across the EU. The European Defence Agency was set up primarily to look at what is happening across the board on research and development, to examine procurement structures and how the various regulations and protocols apply and to ensure that there is a level playing field across Europe. That will take some time, but we have embarked on implementing all that. The UK has a competitive market, which benefits us greatly because it sharpens our industries in being the best at getting equipment delivered on time and on cost. We can then market our products to friendly and allied Governments. A major change is taking place in this sector and I believe that, over time, we will see a level playing field develop throughout Europe.

Mr. Michael Jack (Fylde) (Con): Can the Minister confirm that the improvements in procurement procedures in connection with tranche 2 of the Eurofighter give him confidence that BAE Systems and other partners will be able to make a strong case to his Department for confirming tranche 3? In that context, will he also confirm that the public expenditure totals for 2007 in the pre-Budget report contain an element of funding to finance tranche 3 should a yes decision be made?

Mr. Ingram: The right hon. Gentleman is active in promoting the cause of that aircraft, but in defence we have to work across the whole breadth of procurement streams. My right hon. Friend the Secretary State explained exactly where we stand on tranche 3. The negotiations will continue and a decision is not due, if my memory serves me correctly, until 2007. We will continue to discuss and negotiate with the company accordingly.

Mr. Kevan Jones (North Durham) (Lab): My right hon. Friend would agree that small and medium-sized enterprises have difficulty in accessing many defence projects. Will he join me in congratulating Northern Defence Industries on its work to allow SMEs in the north-east to access defence contracts? What encouragement can he give to organisations such as NDI to ensure that small companies that have not had work in the defence sector in the past can in the future?

Mr. Ingram: My hon. Friend raises an important issue. I have met Northern Defence Industries in the past three weeks and was impressed by the commitment of some of the companies to investing in research and development that will place them well within the supply chain for larger companies, as is required. We need to engage more with companies, but companies themselves, through their associations, also have a role to play and need to be clear about what they seek to achieve. I pay tribute to NDI for its clear strategy.

There are only so many procurement decisions to take at any point in time. We have to maintain the vibrancy of SMEs, because there are key capabilities among them. I have had the privilege of visiting a number of companies as well as of talking to their associations and I think that they are well placed. We have a robust manufacturing and research and technology base in this country. If it were not for defence procurement, much of that would not exist.

Mr. Gerald Howarth (Aldershot) (Con): Is it not the case that nothing betrays the failure of the much-vaunted smart procurement policy so much as the decision to bail out Swan Hunter for the relatively straightforward off-the-shelf design for the landing ships dock, which has suffered a staggering 60 per cent. cost overrun, described by the procurement Minister in the other place as value for money for the British taxpayer? Why were Ministers not frank with this House and admit that that decision amounted to financial assistance to a yard that had failed to honour its contract and a substantial pre-election bung to a company in Labour's north-east heartland? It will make no difference because on 6 May the Minister and I shall be swapping places.

Mr. Ingram: Dread the day for British industry. I ask the hon. Gentleman to look back at the procurement decisions taken when his party was in Government and the delays and problems associated with them. Many of the problems are still being visited on the Ministry of Defence, which is why we have had to radicalise and rationalise our strategies to gain a better focus and ensure that we get better value for money.

On Swan Hunter, I can only guess from what the hon. Gentleman said, which will perhaps be echoed across the Conservative Benches, that he wanted the yard to close down.

Iraq

8. **Mr. Eric Joyce** (Falkirk, West) (Lab): What support his Department is offering to the Iraqi Government. [221297]

The Secretary of State for Defence (Mr. Geoffrey Hoon): The Ministry of Defence is supporting the Iraqi Interim Government in providing security in Iraq, as mandated by United Nations Security Council resolution 1546. Our priority is to enable Iraqis to take responsibility for their own security. British military personnel and Ministry of Defence civil servants work closely with the Iraqi Interim Government and coalition partners to train capable and effective Iraqi security forces, properly equipped to deal with counter-insurgency. In Multi-National Division (South-East), we also assist the Iraqi Interim Government by providing framework security and engaging in counter-insurgency operations that currently the Iraqi security forces are not able to undertake on their own.

Mr. Joyce: How many Iraqi personnel have been trained up by United Kingdom and coalition force personnel?

Mr. Hoon: Something in the order of 136,000 members of the Iraqi security forces have been trained. That includes 57,000 police, 15,000 border guards, 12,000 members of the regular army and around 38,000 members of the national guard. Our forces are in Iraq only with the consent and agreement of the Iraqi

Interim Government and they will be there only so long as it is necessary—so long as there is a job to do—and not a day longer.

Mr. Julian Brazier (Canterbury) (Con): The Secretary of State will know that several thousand reservists and territorials will head for Iraq in the next few weeks. In a helpful briefing, the Under-Secretary of State for Defence, the hon. Member for Hove (Mr. Caplin), made it clear that the replacement for statutory instrument 1997/309, which deals with conditions of service out there in Iraq, is ready and drafted, containing many things that the reserve forces want. Will it be tabled before they go?

Mr. Hoon: The order will be tabled shortly. I take this opportunity—I know that the hon. Gentleman will join me—to congratulate our reservists on their tremendous work. It is a voluntary mobilisation and we are enormously indebted to them for their willingness to take on hugely difficult and demanding tasks.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Have the Iraqi Government asked for any extra military help from Britain following the withdrawal of Dutch troops to the west of Basra? If there has been such a request, what has been our response?

Mr. Hoon: We are responsible, obviously, for leading coalition forces in MND(SE). I have paid tribute to the contribution of Dutch troops over a long period. We look forward to the arrival in MND(SE) of Australian forces. In the meantime, we shall continue to provide security throughout the southern area, which we are responsible for and are pleased to be able to undertake.

Hugh Robertson (Faversham and Mid-Kent) (Con): Earlier, the Secretary of State drew the House's attention to the number of foreign fighters operating in Iraq, many of whom get there across the border with Syria. What practical measures are being taken to seal that border where possible—for example, with electronic surveillance—and how have such measures been affected by recent events in Damascus?

Mr. Hoon: Certainly, a determined effort is being made. It is a priority to train border guards and, as I said, some 15,000 have been trained so far. The borders are long and porous, given the geography and terrain. We look for greater co-operation from Syria because it is important that it plays its part in refusing access to Iraq across its border. Nevertheless, a continuing effort will be made to train appropriate personnel on the Iraqi side of the border to ensure that foreign fighters cannot gain access to that country.

Veterans

David Wright (Telford) (Lab): What plans his Department has further to support veterans. [221298]

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): We have a comprehensive programme of recognition and support for veterans that we keep under regular review. At the present time, a significant number of events are being planned to commemorate the 60th anniversary of the end of the second world war. We have produced the highly successful veterans badge, which we are issuing to all veterans of the first and second world wars—or, where appropriate, their dependants—to recognise their sacrifices during those wars and express our recognition of the debt that we owe them. We have also produced a number of commemorative booklets marking certain key events in the second world war, all of which are available in the Library, or online at www.mod.uk/aboutus/history.

David Wright: Will my hon. Friend join me in congratulating and thanking people such as Albert Colley, who works for the Royal British Legion in Telford and Dennis Edwards, who works for SSAFA—the Soldiers, Sailors and Airmen's Families Association—in Telford for the tremendous work that they and others do for veterans throughout the country? They work particularly hard for war widows, as well as veterans. What more will the Government do to support war widows?

Mr. Caplin: I congratulate my hon. Friend's British Legion and SSAFA branches for their work in his local community and the work that the organisations do throughout the United Kingdom. He may recall that, during the passage of the Armed Forces (Pensions and Compensation) Act 2004, I undertook to reconsider war widows. I can confirm to the House today that pre-1973 war widows will benefit from an immediate pension enhancement of £104 a year over and above inflation. That will become effective in April and the total cost to the Ministry of Defence will be £4 million a year. I hope that the House agrees that that is a proper way of recognising the role of those widows in our veteran society.

Dr. Julian Lewis (New Forest, East) (Con): As the Minister is about to become a sort of Ministry of Defence veteran, may I wish him well? Surely it is most important for veterans that we recognise their achievements. I have taken the opportunity to look at the documents relating to the non-award of the Arctic star immediately after the second world war. From looking at those documents, it seems that it was never considered whether a separate star should be awarded. Will he look again at the matter because the badge that has been awarded does not fulfil the need and the problem of clashing with Buckingham palace should not arise as the issue was never seriously considered in the first place?

Mr. Caplin: The hon. Gentleman started by talking about recognition and the fact that we are properly recognising the Arctic convoys with the emblem that has been announced by my right hon. Friend the Prime Minister is a proper and effective way forward.

Mr. Brian Jenkins (Tamworth) (Lab): When my hon. Friend has a chance during the next two days to talk to

other Ministers concerned with veterans' issues, will he, perhaps over coffee, talk to Ministers from the United States, Canada and Australia, and ask how their Governments dealt with the nuclear test veterans to find whether there are any lessons to be learned by our Government?

Mr. Caplin: I assure my hon. Friend that we will be discussing a wide range of issues, including Gulf war illnesses and other matters to which he referred.

Richard Ottaway (Croydon, South) (Con): Further to the question asked by my hon. Friend the Member for New Forest, East (Dr. Lewis), can the Minister explain why a medal was given five years ago for the Suez campaign, but not for the Arctic convoys?

Mr. Caplin: The Suez campaign was never considered by the appropriate committee. The hon. Gentleman will recall that the decision to award the Suez medal was taken in 2003, just two years ago, by this Government.

Malawi

Ann McKechin (Glasgow, Maryhill) (Lab): What support the Department is offering to de-mining efforts in Malawi. [221299]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): Sub-Saharan Africa is the most heavily mined region in the world. I recently had the pleasure of opening the UK-funded international mine action training centre in Kenya. It is the first training centre of its kind in the region and, as an internationally recognised centre of excellence, it provides high-quality training, advice and expertise on all aspects of humanitarian de-mining for military de-miners, NGOs and other organisations operating in a mine-affected region, and is open to all, including Malawi.

Ann McKechin: I thank my right hon. Friend for his reply and welcome the efforts made by his Department to assist the many victims of mines throughout sub-Saharan Africa. He will be aware that there are also many victims in countries such as Burundi, the Democratic Republic of the Congo and north Uganda. Will his Department be able to provide assistance in those areas as they move from conflict to peace?

Mr. Ingram: We are dealing with two separate subjects. In-country de-mining initiatives are the responsibility of the Department for International Development. The centre that I opened in Kenya is an internationally recognised major resource for Africa to train people in de-mining activities and it is open to all countries that wish to participate. Already, applications have come from neighbouring states, which have some of the most heavily mined areas. All the other support mechanisms are the responsibility of the DFID.

Salisbury Plain

Paul Flynn (Newport, West) (Lab): How much income was derived from the rent of military land on Salisbury plain in each of the past five years. [221300]

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): Income received as rent for agricultural land on the Salisbury plain training estate over each of the past five financial years is as follows: £978,000 for 2000–01; £1,039,000 for 2001–02; £1,046,000 for 2002–03; £1,069,000 for 2003–04; and £1,079,000 for 2004–05.

Paul Flynn: The latest figure works out at a mere £43 per hectare, which is a ludicrously low rent compared with that charged by the local authority of four times that amount—and that is a subsidised rent. It is decreasingly likely that the Army will use that rented land, because the nature of modern warfare means training for a peacekeeping role, rather than for gaining territory. Should not a fair market rent be charged on behalf of the taxpayer, or the land sold to the farmers?

Mr. Caplin: I disagree with my hon. Friend. The simple fact is that Salisbury plain is an important training environment for the British Army and will continue to be so.

Afghanistan

Ross Cranston (Dudley, North) (Lab): What progress was made on issues relating to Afghanistan at the recent NATO summit in Nice. [221301]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): Afghanistan is NATO's principal operational priority. Excellent progress was made at Nice regarding the continuing expansion of the NATO-led international security assistance force, as well as moves towards enhanced co-operation and co-ordination with the US-led Operation Enduring Freedom. That underscores NATO's long-term commitment to helping Afghanistan build a stable, prosperous and democratic future.

Ross Cranston: In relation to Question 4, my right hon. Friend heard from both sides of the House that it is vital that the UK and NATO play an essential part in stabilising Afghanistan. The Department is good at responding to correspondence, but it is disturbing that the Afghanistan entry on the MOD website has not been updated since 2002. Can he give an absolute assurance that the Department fully supports stages 2 and 3 of the international security assistance force expansion and can he give some specific details?

Mr. Ingram: I am sorry that the website has not been updated and I shall look into that. I confirm that we are very supportive of stage 2 expansion and are providing significant assistance. We plan to assist a Lithuanian reconnaissance mission to Chaghcharan and our Harriers are also available to support NATO in the west. We have no further plans to participate in stage 2, because our commitments lie in the north, but our aspiration is to move the focus of UK forces from the north to the south and to play a key role in ISAF stage 3. Other NATO allies plan to take over our provincial reconstruction teams in the north. There is a coherent NATO and ISAF programme as we begin to increase our presence across wider regions of Afghanistan.

Aircraft Carriers

14. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet BAE Systems plc to discuss the aircraft carrier project. [221303]

The Secretary of State for Defence (Mr. Geoffrey Hoon): I hold regular meetings with a number of defence companies, including BAE Systems, to discuss a variety of defence procurement projects.

Mr. Bellingham: Does the Secretary of State share our concern that the appointment of Kellogg, Brown and Root as systems integrator will lead to confusion and uncertainty at BAE Systems and Thales? Does he understand why staff at BAE in particular are so angry and disillusioned and can he confirm to the House that delivery of the first carrier will still take place in 2012? That will be two years before the joint strike fighter becomes available. Can he also confirm that there will be no reduction in the size and tonnage of the two carriers?

Mr. Hoon: I am sorry that the hon. Gentleman is relying on somewhat out-of-date press cuttings. If he had read his newspaper clippings a little more contemporaneously he would have discovered that there is actually an agreement on the way ahead as far as the alliance is concerned and that all parties are content with the arrangements that have been agreed. On the in-service date of the carriers and the joint combat aircraft, we anticipate receiving the first JCA some time around 2011. As the hon. Gentleman indicated, the in-service date for the first carrier is 2012. We anticipate a long period of training and trials in preparation for the in-service date for both capabilities operating together. I see no difficulty about the time scale that we have set out.

Mr. Nicholas Brown (Newcastle upon Tyne, East and Wallsend) (Lab): There is a substantial amount of shipbuilding work in the aircraft carrier programme and the shipyard workers of Tyneside hope to do some of it. Will my right hon. Friend remind the House that it was the last Conservative Government who closed Swan Hunter shipyard? The yard is back working on projects for the Ministry of Defence, so will he assure the House that Swan Hunter is a valued supplier of work to the MOD and will he condemn absolutely the hate campaign that is being run from the Opposition Benches against Swan Hunter and the shipyard workers of Tyneside?

Mr. Hoon: My right hon. Friend makes a good point. It would appear that the Conservatives are at least being consistent in their attitude not only to Swan Hunter but to British manufacturing generally. What is important is that we continue to have constructive conversations on the future of Swan Hunter and I congratulate my right hon. Friend on the efforts that he has made to secure work for that yard.

Mr. Andrew Robathan (Blaby) (Con): May I ask the Secretary of State about some more up-to-date comments? Does he agree with Mike Turner, the chief executive officer of BAE Systems, who said that ship designs will be scaled down? Or does he agree with Chris Geoghegan, the BAE man in charge of the carrier programme, who said:

"On the current model, there is a gap between the design they want and the budget available . . . The design will have to be rethought this summer, making it virtually impossible to meet the in-service date of 2012."

What is the alternative plan if the US scraps the jump-jet version of the joint strike fighter? Where will the extra billion pounds or so come from, as everybody now agrees that the £2.9 billion set aside for the carrier programme is woefully inadequate?

Mr. Hoon: There go the Conservatives again. Yet again, they are talking down British defence, British manufacturing industry and the future of our armed forces. If the hon. Gentleman cannot recognise a major company's negotiating ploy, he does not deserve to be in government.

Mr. Stephen Hepburn (Jarrow) (Lab): The Secretary of State will be aware that the average age of a skilled worker on the Tyne is 50. As the aircraft carrier programme is not due to start for some time yet, those skills could be lost to UK industry, with the great threat that UK ships could be built by imported foreign labour. Will my right hon. Friend make every effort to bring some work forward in the short term, whether it is refurbishment or refit—anything to ensure that we keep British jobs in British yards to build British ships?

Mr. Hoon: We have made it absolutely clear that British warships will be built in British yards. An enormous amount of work is in prospect for British yards in the excellent programme of warship construction that we have set out. I shall continue to discuss with my hon. Friend and other right hon. and hon. Friends the future of particular British yards.

Trident Replacement

15. **Jeremy Corbyn** (Islington, North) (Lab): When he expects to announce plans for the replacement of Trident submarines. [221304]

The Secretary of State for Defence (Mr. Geoffrey Hoon): The decision on whether or not to replace Trident is likely to be required during the next Parliament.

Jeremy Corbyn: I thank the Secretary of State for that answer, which is an enormous surprise. Will he take this opportunity to say that Britain will be the first of the five declared nuclear powers to declare its full adherence to the 1970 non-proliferation treaty, that Trident will not be replaced when it reaches the end of its life and that we will become the first permanent member of the Security Council voluntarily to give up our nuclear weapons, as we are bound to do under the terms of the treaty, signed 35 years ago?

Mr. Hoon: The non-proliferation treaty does not prevent existing member states from retaining or indeed replacing their existing nuclear capability, so I hope that my hon. Friend will study the terms of the treaty more closely in future.

Commission for Africa

3.31 pm

The Secretary of State for International Development (Hilary Benn): With permission, Mr. Speaker, I wish to make a statement about the Commission for Africa.

"African poverty and stagnation is the greatest tragedy of our time."

That is the conclusion of the Commission for Africa's report, which was published on 11 March. Seventeen commissioners appointed by my right hon. Friend the Prime Minister—the majority of whom are Africans—spent the last year assessing evidence and reaching out to the continent of Africa. We talked and listened to ordinary Africans, politicians, leaders of regional institutions, business people, trade unionists, academics and religious and civil leaders. We were supported by an outstanding secretariat, to which I pay tribute, as I also do to many hon. Members on both sides of the House who took such an interest in the commission's work. The report is the richer for all those contributions.

We live in a world of increasing prosperity, in which more people around the world share every year, but one continent—Africa—has been left behind. This year, 4 million African children will die before their fifth birthday. Millions more who survive will not go to school and will grow up to lead lives of abject poverty and frequent hunger. As the Prime Minister said on Friday, that is the fundamental moral challenge of our generation.

The report is painfully honest. It tells the truth about the corrosive effects of corruption and conflict in Africa. It tells the truth about the things that Africa needs to change. It is equally honest about the past broken promises of rich countries and about the things that we must now do. It also recognises, however, that there are signs of hope. There is more democracy in Africa than before. More Governments are trying to do the right thing by their people. There are fewer conflicts. In some countries, economies are now growing strongly for the first time in years, and poor people are being lifted out of poverty. And best of all, Africans are taking responsibility for Africa, with the African Union and the New Partnership for Africa's Development—NEPAD—having set out the continent's vision of its own future.

The report is clear that more ad hoc initiatives are not the answer. It sets out a comprehensive plan of action for implementation by Africa and by the rest of the world. It shows that Africa can absorb much more aid and can put it to good use to rebuild basic health care and education, to help countries scrap user fees that stop poor children going to school or poor families getting medical care, to assist in the fight against HIV and AIDS, and to reverse the decline in investment in water and sanitation. Aid to Africa should be doubled and made more reliable. The international finance facility should be launched immediately. For poor countries in sub-Saharan Africa, which need it, there should be 100 per cent. debt service cancellation as soon as possible.

The future of Africa lies, rightly, in the hands of its people and Governments. While Africa acts, as it must, to improve governance and tackle corruption, rich countries need to stop holding back Africa. We must make the international trade system fairer and end the damage that export subsidies are doing, while Africa increases its own capacity to trade. To do that, and to increase economic growth, Africa needs major investment in infrastructure. Leaving it to the private sector alone has not worked, so the report recommends a new $10 billion a year infrastructure fund, alongside proposals to improve the investment climate in Africa and to boost agriculture.

Finally, the report recommends support for the African Union's new leadership in peace and security and for Africa's increasingly important regional institutions, and it proposes a new monitoring mechanism to hold the world to account for implementing what the report tells us needs to be done.

The Government are committed to playing their part in responding to the report. We have already set out a timetable to reach the United Nations 0.7 per cent. aid target, and we are leading the world with my right hon. Friend the Chancellor's proposals on the international finance facility and on multilateral debt relief. We are on course to double aid to Africa by 2010, and we will need to do more to support good governance and tackle corruption.

This is not a report, however, to the UK alone; it is a report to all of us. My right hon. Friend the Prime Minister is committed to putting the commission's recommendations before our G8 colleagues and to doing so with determination. To succeed, we will need to harness the energy of all those who share the report's vision.

Most important of all, this report shows us that something can be done. It tells us how, and what it will cost. We—this generation—can no longer claim that we did not know about the condition of Africa or what to do to help it to change its future. Our challenge now is to do it. If we fail to act, as Africans or as the rest of the world, those who will come after us will ask how it was that people who were so aware of the suffering and so capable of responding chose to look away. If, however, we do act, we will help to build a safer, more secure and more just world. The choice is ours, and it is by the decisions that we make that we will be judged.

Mr. Alan Duncan (Rutland and Melton) (Con): I thank the Secretary of State for his statement and, after a busy and somewhat sleepless parliamentary week, the report of the Commission for Africa has given us all extensive reading over the weekend.

We welcome the report. It is a quality document that provides a thorough, detailed and perceptive analysis of the problems that confront Africa and that inhibit economic growth and poverty reduction. I acknowledge the Prime Minister's initiative in establishing the commission and commend his fellow commissioners and the secretariat for their contribution to the end product.

Although, in total, there are more people in Asia and south America who subsist on less than a dollar a day, only in Africa is poverty increasing and life expectancy falling. The continent suffers from disease, poor governance and conflict.This report has covered the ground comprehensively. Its analysis is excellent, but it risks being more of an academic work than a programme for action. Both sides of the House share the

[Mr. Alan Duncan]

common objective of wanting to tackle global poverty. Both major parties would spend the same amount on international development. Our policies, in many respects, overlap, and that is how it should be. Inasmuch as we differ, it is about how we spend our money on poverty reduction, not about how much we spend on it.

We can therefore endorse many of the commission's recommendations and share its objectives on issues such as trade reform, debt cancellation and setting up an advocacy fund. As an analysis, it gets very high marks indeed, but as a blueprint for the effective change and progress that we all want to see in Africa, it has some serious shortcomings. It describes and meticulously costs everything that we should do, but not so much what Africans should do. There is no implementation plan to show in comparable detail how the extra billions will be disbursed, how this disbursement will be monitored to ensure accountability and transparency, and what measures will ever be taken against errant Governments. The fundamental question I ask the Secretary of State, therefore, is: what mechanism will there be to monitor and secure the quality of governance that Africa so desperately needs?

For such a lengthy and detailed report, the coverage given to the African Governments' own obligations to fulfil their side of the project is disappointingly thin. For example, the chapter on governance states that

"corruption is a systemic challenge facing many African leaders"

and that the process of fighting it will be assisted by "increased transparency" by African Governments, but it offers no methodology for achieving this. Instead, the blame for corruption is heaped on those who offer bribes, but not at all on those who solicit them.

African Governments have had 30 or 40 years of independence to increase transparency. That is more than a generation and, indeed, longer than the life expectancy of many of their citizens. In the early years of independence, corruption might indeed have been fuelled from outside, but today it is almost exclusively home grown. It is characterised by a total indifference of the corrupt to the welfare of their fellow citizens.

Reference is of course made to the NEPAD African peer review mechanism as a way of addressing the problems of governance and corruption, but the portents are not good. On 24 February, the second phase of the NEPAD review on Kenya was launched. It was formally welcomed by the Kenyan Government as the

"commencement of intensive work on a process central to Kenya's search for greater democracy and economic growth."

The Kenyan Government said that they were

"aware that corruption could undermine"

their "commitment to the process", but were

"working to stem the vice."

That statement was made only 11 days after Kenya's anti-corruption chief, John Githongo, was forced out of his job and the country following threats to his life made by Ministers whose corruption he was investigating. Can we thus be confident that the peer review mechanism will bring the Kenyan Government to book and pressurise them to reform?

According to the NEPAD secretariat, the peer review mechanism does not rate Governments according to a score card for governance, transparency or suitability for donor support. It says:

"It is a voluntary process based on self assessment."

That would suggest that neither Kenya nor Uganda, which is also to embark on the process, will be subject to much peer pressure at all. Does the Secretary of State thus agree with what we have been saying for months: the entire project will work only if all participant countries subscribe to a collective commitment to govern well? If so, by what effective mechanism will the likes of Robert Mugabe be certain to reach the high standards of government we seek?

A further disappointment is the report's recommendation that the majority of the funds to build or restore Africa's infrastructure should be channelled directly to Governments. Commissioner Anna Tibijuka made a telling comment in that respect when she described how the promise offered by Tanzania's independence was squandered after donor Governments spent a fortune on infrastructure projects that were either not completed because money was stolen, or wasted because they were irrelevant to the country's needs, such as a motorway that went from nowhere to nowhere. *[Interruption.]* Does the Secretary of State believe that the recommendation in our manifesto of channelling aid through non-governmental organisations and civic organisations, as well as Governments, would produce both greater accountability and the more cost-effective use of available funds? *[Interruption.]* To put it differently, if the Secretary of State believes that he is doing things well already, what will he do differently now that he has the benefit of the Commission for Africa report?

Mr. Speaker: Order. I say to the Front-Bench spokesman that I have encouraged Ministers to cut down their contributions during these statements. The hon. Gentleman has now spoken for longer than the Minister did, and he has gone beyond the five minutes that the Select Committee asked Opposition spokesmen to take.

Mr. Duncan: I will therefore conclude, Mr. Speaker. I merely observe that the Secretary of State's statement was pretty thin.

It is no good the Secretary of State saying that the choice is ours, because the choice is also theirs: we need to be reassured that African Governments will properly join us in creating a better future for their people, because otherwise this will be another opportunity missed—although it is, by any measure, the best opportunity that we are ever likely to have.

Hilary Benn: I appreciate the hon. Gentleman's welcome for the report, its analysis and its recommendations, although he somewhat undid what he said at the beginning of his remarks with what came subsequently.

The hon. Gentleman raised several substantive issues. He asked how the increased aid will be distributed. The answer is that it is for each country that raises additional aid to ensure that it is used for the purpose for which it is intended. As the hon. Gentleman is well aware, we work through the British aid programme—his right hon. and

learned Friend the Leader of the Opposition has described it as "extremely effective"—using a range of mechanisms, depending on our judgment of the country in which we are working. In some countries we work through Governments, who have the capacity and the ability to do the job on behalf of their people; in other countries—he mentioned Zimbabwe, where we do not work with the Government because of the monumental failure of governance in that country—we work through NGOs, in particular in our programme to fight HIV and AIDS.

Governance and corruption are important issues, but we have to recognise that we have moved on from the colonial era and that we must be careful about the way in which we respond. As I think the hon. Gentleman meant to say, the primary responsibility rests with the Governments of Africa themselves. The best mechanism for holding them to account are the peoples of the countries of Africa—

Miss Julie Kirkbride (Bromsgrove) (Con): Come on.

Hilary Benn: It is all very well the hon. Lady saying that, but it is the peoples of Africa who will hold their Governments to account, who will ask questions about where the resources have gone and who will provide the pressure on Governments to crack down on corruption. All I would say about the African peer review mechanism is that time will tell whether it proves to be effective in holding the Governments of Africa to account. We should give it time to work and welcome the fact that the African Union created the APRM in the first place.

To be honest, I do not think that the hon. Member for Rutland and Melton (Mr. Duncan) meant this, but giving money to NGOs is not the way to deal with Africa's infrastructure problems. A large number of projects are awaiting effective funding; some have not happened because of problems experienced by the African Development Bank in disbursing the money, and others have not happened because they involve more than one country and it is difficult to secure agreements.

Even though one cannot simply lay one map on top of the other, it is instructive to compare the transport infrastructure of India with that of Africa. India's transport infrastructure links the country, whereas Africa's was designed to take raw materials from the place where they were found to the coast and away from the continent as quickly as possible. That is why, for example, to get from one part of west Africa to another, business people often have to fly to Europe and back, because it is the quickest way. That is a good example of why Africa needs a more effective infrastructure.

As for NGOs generally, the hon. Gentleman knows that in our rising aid programme the Government are increasing the financial support that we give to NGOs. We will work with a wide range of partners to ensure that Africa has the chance of a better future, but in the end it is for Africa to take the decisions and for us to do what we can to help.

Tom Brake (Carshalton and Wallington) (LD): I thank the Secretary of State for giving me an advance copy of his statement. The report of the Commission for Africa is to be welcomed. It contains many sensible recommendations, such as to invest in infrastructure and higher education, to tackle corruption in Africa and to remove trade barriers. It rightly highlights the importance of predictable aid flows, which applies not only to Africa but to the middle-income countries whose funds were cut by the Department when moneys were transferred to the reconstruction of Iraq.

The report prompts several questions, which I hope the Secretary of State will be able to answer. Why have no target dates been set by which the rich countries should meet their 0.7 per cent. target? Why is climate change—widely recognised to be one of the greatest global threats—hardly mentioned in the report? Why has so little progress been made in repatriating the funds salted away in UK banks by Abacha, for example? The right hon. Gentleman himself highlighted that issue in a speech to the money laundering conference three years ago.

UK arms are being used in 10 of Africa's conflicts. Will the Secretary of State say what progress has been made since the Foreign Secretary announced in September last year that the Government would support an international arms trade treaty? Russia is to hold the G8 presidency in 2006. What agreement has the UK secured, or what assurances have the Government been given, that Russia will pick up the UK aid baton and run with it? What will the two high-calibre individuals appointed to review progress do if that baton is dropped in future years?

The report has many strengths, but its weaknesses include the number of recommendations and the lack of specific timetables for implementation. A terrible burden now rests on the shoulders of the Secretary of State, the Chancellor and the Prime Minister, as they must help to turn those aspirations into reality. If they fail, Africa's terrible cycle of poverty, sickness and death will never be broken.

Hilary Benn: I am grateful for the hon. Gentleman's welcome for the report. Taking each of his points in turn, he is absolutely right about predictability—not only do we need increased aid but it must be more reliable; otherwise African Governments cannot use it both to employ teachers, doctors and nurses and to buy AIDS drugs for the long term. On the 0.7 per cent. UN target, as he will be aware, an increasing number of countries have set timetables or target dates, including the UK Government, who did so last summer for the first time in history.

On the repatriation of funds, we are in the process of ratifying the UN convention and we have strengthened our money-laundering legislation. We may well have to take further steps, as the Prime Minister made clear when responding to the report on Friday, and we must make sure that we are more effective in returning stolen funds. On the arms control treaty, we are currently looking at the range of measures that such a treaty should cover, and we will talk to other countries about that. On Russia's presidency of the G8 from 2006, in all honesty, the time to have a discussion with that country is when 2005 is out of the way and we know what progress we have been able to make. The Government have taken a responsibility upon themselves in establishing the commission, and I welcome the fact that Africa will be a priority of our G8 presidency this year.

[Hilary Benn]

I am sure, however, that the hon. Gentleman will recognise that the responsibility does not rest with the Government alone—it is a responsibility for the whole world.

Harry Cohen (Leyton and Wanstead) (Lab): Where is the link between arms sales and military action? Was my right hon. Friend astonished, like me, when on "Any Questions?" this Friday, our colleague the Minister for Children talked about Sierra Leone, where life expectancy is 34 and going down? We took military action there about four years ago, so why has there not been an improvement? Is not the failure to follow up a failure by the Department for International Development?

Hilary Benn: With respect to my hon. Friend, I do not accept that at all. Following our military action in Sierra Leone—a country that has suffered more than any other from conflict and brutality—we now have a 10-year memorandum of understanding with the Government there. We have provided practical support in the first instance to give the Royal Sierra Leonean armed forces and the police the capacity to provide internal security and to protect the borders, so that when UNAMSIL—the United Nations Mission in Sierra Leone—eventually withdraws, the peace and stability that that country now enjoys can be maintained by the Government. There remains one instance of serious corruption, and we have repeatedly made it clear to the Sierra Leonean Government that unless they tackle the problem of corruption the people will not see the benefit of the peace and stability that the action of the British Government has helped to bring about.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I have great respect for the Secretary of State, but I take issue with his comment that people in the poorest countries in the world can somehow influence bad Governments and deal with fraud, as they have low levels of literacy and poor communications. The donor countries will clearly have far more influence in tackling bad Governments and fraud. What sanctions will the Secretary of State impose if his idea of the people themselves influencing the situation does not work?

Hilary Benn: I do not accept the argument that the people of the countries of Africa do not have an important role to play. Kenya is a good example, because there was a change of Government there, partly because people wanted something different. They will be disappointed, however, by the lack of achievement so far. We must be careful not to talk down the growing willingness and capacity of civil society, independent institutions, trade unions, non-governmental organisations and others to play a part in calling Governments to account, as that is certainly part of the solution.

We cannot, with great respect, expect to do the job as donors, however well intentioned we are. What we can do, in answer to the hon. Gentleman's question, is ensure that we use our aid money in a way that protects it and the purpose for which it is intended. That is why, in answer to the earlier question, I indicated that we use a range of methods, according to our own assessment of the capacity of the Government in question, to make sure that the increasing aid that we are giving goes to the people and for the purpose for which it was intended.

Mr. Win Griffiths (Bridgend) (Lab): I have not had a chance to read the whole report—its size indicates the magnitude of the task. I want to pick up just one point. On page 385—*[Laughter]*—I have not got that far yet, but I happened to pick up this point—the report states:

> "In each recipient country, the government and donors should set up monitoring groups to assess the quality of donor assistance and co-ordination."

I wholeheartedly agree with that. Sierra Leone has been mentioned. I know from my own visits there that the Chinese are very active and are trying to develop economic sub-regions to focus their aid. To what extent have our Government been involved with the Chinese in trying to develop a coherent programme for Sierra Leone, and how quickly does my right hon. Friend think that system can be instituted across Africa?

Hilary Benn: I know my hon. Friend takes an extremely close interest in events in Sierra Leone. When I visited about a year ago, one of the meetings in which I took part was all the donors meeting round the table, together with the Government, to do exactly what the Commission for Africa report recommends, in order to ensure that the donor effort in Sierra Leone works with the Government to try and achieve the changes in that desperately poor country, which has suffered so much, to help bring about sustainable long-term change. If people are to invest in Sierra Leone, which is what that country needs, it will need infrastructure, it will need to be able to convince people that it is right to invest, and as I said earlier, it will need to tackle the problem of corruption. In the conversations that I had with ordinary Sierra Leoneans during that visit, every person I spoke to raised the problem of corruption. It is a very important issue and it must be resolved by the Government of Sierra Leone.

Sir Nicholas Winterton (Macclesfield) (Con): I have a very high regard for the Secretary of State. He is doing an excellent job. Does he believe that what is required is fair trade for Africa—that is, a change of policies in respect of trade, particularly in the European Union—and good governance? Leaders like Robert Mugabe are not an example of good governance. A large number of members of the Commonwealth are currently in the UK, taking part in the 54th Commonwealth Parliamentary Association seminar. Has the right hon. Gentleman had the opportunity of meeting the representatives from Africa who, I believe, would be wonderful ambassadors to their political parties and Governments in respect of what the report, with which we all agree, is saying to the world?

Hilary Benn: I have not had that opportunity, although my hon. Friend the Under-Secretary of State for International Development is meeting that group on Wednesday. If there were any opportunity between now and then for me to meet them, I would very happy to make the time available, if that were possible to arrange.

On the hon. Gentleman's main point, I agree with him. Zimbabwe stands as a very bad example of governance. The country has suffered grievously as a

result of the failure of governance. On trade, of course the hon. Gentleman is right. The report makes a powerful case for why we must take steps to enable Africa to earn and to trade its way out of poverty. Every one of us knows that in the end, that will be the engine of economic development on the sub-continent, and therefore the means whereby people will be lifted out of poverty.

Mr. John McFall (Dumbarton) (Lab/Co-op): I warmly welcome the report, especially the sections on good governance and corruption. The continent has seen economic growth and life expectancy largely go down rather than up over the past 30 years. One aspect that my right hon. Friend has not mentioned is civic society. I have friends in civic society in Lusaka—Pete Henriot, a Jesuit, and his African colleagues—who are working to ensure that the Government listen to them and to hold the Government to account. Can my right hon. Friend suggest what initiative we can take, not to demand action for Africa, but to help foster good relations with civic society, so that the Governments of those countries can be held to account?

Hilary Benn: I entirely agree with my hon. Friend about the importance of civic society. Effective governance requires that Governments are capable of doing the job and that the public and civil society organisations have expectations of the Government. In our development programme, we can be very proud of the fact that we are not only working a great deal with Governments to help them build their capacity, because in the end that is the only way that we will deal with the problem, but supporting a wide range of civil society organisations, because that will enable them to be a stronger voice on behalf of the people and communities whom they represent. They need to be able to say to Government, "This is what you should be doing", and to ask, "What has happened to the money? Why aren't you increasing expenditure on health and education?"—in other words, to say all the things that we take for granted in political debate in this country as the means by which Governments are held to account. Africa needs exactly the same.

Mr. Andrew Mackay (Bracknell) (Con): May I put it to the Secretary of State that his response to my hon. Friend the Member for Rutland and Melton (Mr. Duncan) was uncharacteristically disappointing, and give him an opportunity to put the record straight? Surely it is not colonialist or imperialist to criticise corruption in Kenya or abuse of human rights in Zimbabwe and surely our excellent high commissioner to Nairobi was absolutely correct robustly to point out that even the fresh Government in Kenya have been very weak on tackling corruption.

Hilary Benn: I am sorry if the right hon. Gentleman misunderstood what I said in reply to his hon. Friend. Of course it is not colonialist to criticise corruption—we are at one on that. I was simply pointing out the implication that it is solely down to us to sort out the problem, because—let us be truthful—it is not. That is why we have to recognise, first, that the steps that Africa itself is taking to tackle the problems of corruption and to promote good governance represent a change compared with the past; and secondly, that, as I said in response to two previous questions, the people who will ultimately do that will be the people of those countries themselves. We can help the process, but we cannot do it all. In the end, people will judge not only what we do but what happens in Africa, and that should be a matter for the people of those countries.

John McDonnell (Hayes and Harlington) (Lab): I congratulate my right hon. Friend on an excellent piece of work—his personal commitment has made it a very fruitful document, although it remains the start of this venture.

On corruption, I wholeheartedly agree that the people of Africa themselves will ultimately resolve the matter. However, some elements of corruption have an international aspect, and the people of certain African states are not currently capable of dealing with that. I suggest to my right hon. Friend that as we start this work we should continue the discussion and dialogue on the reform of international institutions so as to hold out the prospect of establishing an international corruption court comparable to the International Criminal Court. That would signal to the kleptocrats who have robbed Africa, and denied their own people, of so many resources that one day they may be held to account.

Hilary Benn: My hon. Friend makes an interesting point about ensuring that there are internationally effective mechanisms to ensure that money that is stolen and flees the continent of Africa can be returned. That means, first, that each individual country must have in place effective mechanisms for doing that and, secondly, that we must ask ourselves collectively whether they actually work. Our money laundering legislation was not strong enough, so we strengthened it through the Proceeds of Crime Act 2002. We need to continue to reflect on our experiences and, if the system does not work, to find more effective means of ensuring that such money is returned to where it belongs.

Tony Baldry (Banbury) (Con): The report is excellent, but the test will be success at the G8. It behoves all of us who want the report to work to lobby colleagues in G8 countries. Will the Secretary of State help us with that by providing a bullet-point summary of what the Government hope to achieve at the G8? What does he hope that the minutes will show after the G8 conference? Could such a summary be provided in the G8 languages, because we must carry many others with us? The debate is not between ourselves but between us and the G8. We need to be able to lobby those countries, otherwise the Government and the commission could have put in all that work only for it to be a lost opportunity unless it translates into action in the summer.

Hilary Benn: The hon. Gentleman is right about the big test being to turn the recommendations into action, especially by the G8 at the Gleneagles summit. In essence, the Government want, first, a doubling of aid to Africa. That means persuading countries, which may not be entirely convinced, that more aid will work effectively. The analysis in the report is clear that absorptive capacity exists and that properly used aid undoubtedly makes a difference.Secondly, we want to reach agreement on up to 100 per cent. multilateral debt

[Hilary Benn]

relief for all the reasons that everybody understands, not least because debt relief provides predictable sources of finance. Thirdly, we want to create the political space to allow the trade talks in Hong Kong in December to open up trade on a freer and fairer basis so that Africa can trade and earn its way out of poverty.

Those are the three big issues and the hon. Gentleman is right that we will all have to work hard to persuade other countries that may not currently be persuaded or those in which there is not much domestic pressure to do any of that. If there is no domestic pressure, we must create international pressure.

Mr. Derek Wyatt (Sittingbourne and Sheppey) (Lab): I congratulate my right hon. Friend the Secretary of State, the Prime Minister and the Chancellor on their work. Will my right hon. Friend please pass on our thanks to Myles Wickstead and his team?

It is salutary to remember that, in 1964, Africa's GDP was the same as China's. How things have changed 41 years on. One pan-African solution would be to use our three cultural battalions—the British Council, the Open university and the BBC World Service—to create an open primary school for Africa. Where is that on my right hon. Friend's priority list?

Hilary Benn: I am grateful for my hon. Friend's expression of appreciation to Myles Wickstead, Nick Stern and others who were responsible for writing the report. His point about the 1960s is interesting because at the time of the process of independence, the world was more worried about what would happen in Asia than what would happen in Africa. The past two generations have turned that concern on its head.

My hon. Friend makes an interesting proposal about using the three institutions that he mentioned to increase opportunities for education. From my visit to Africa, I know how much those who have access to British Council facilities rely on them. However, the first priority is to ensure that the remaining 40 million or so children in Africa who do not go to primary school get into a classroom, while working on other ideas such as the one my hon. Friend suggested.

Angus Robertson (Moray) (SNP): On behalf of the Scottish National party and Plaid Cymru, may I welcome the Secretary of State's statement, sentiments and the report, which urges a huge increase in aid donations? The Secretary of State will know that every United Kingdom Government have failed to commit 0.7 per cent. of gross national income since they signed up to the UN aid target in 1970. New House of Commons Library statistics show that more than half the UK underspend, on both past and planned development assistance—worth £42 billion—is by the current Government. When will the UK finally fulfil its promises on aid that every single Government in the past 35 years have broken?

Hilary Benn: I hope that the hon. Gentleman has noticed that this Government are the first ever to commit to a timetable for reaching the 0.7 per cent. target. As the Chancellor of the Exchequer announced last summer, we have set a date of 2013. The hon. Gentleman looks surprised at that. One of the reasons that we are in the current position is that, for 18 years, the official development assistance GNI figure for Britain fell from 0.51 per cent., where the Labour Government left it in 1979, to the 0.26 per cent. that we inherited when we were elected in 1997. That is not the way to go.

Mr. Peter Pike (Burnley) (Lab): I greatly welcome the report, which underlines the commitment of the Secretary of State and the Prime Minister to Africa and international development. My right hon. Friend referred to this country's role in the G8. Does he accept that we need to pursue the same issues later in the year in our European Union presidency and emphasise our commitment, especially to education and health, the lack of which is currently so damaging in Africa?

Furthermore, although we often emphasise the failing countries and the problems in Africa, the Secretary of State rightly said in his statement that there were some success stories and encouraging signs there. Does he agree that we need to do more to praise those examples of what some countries are doing?

Hilary Benn: I agree with my hon. Friend about the importance of the European Union playing a part. That is why one of the issues that we are discussing is a new EU aid target, which will contribute to the pressure to be put on the G8 countries before Gleneagles. He also made an important point about examples of success: Africa is a many-splendoured continent. There are problems there, and we referred to some countries in that regard in earlier exchanges, but other countries are making remarkable progress. Mozambique is an example that illustrates the importance of peace and stability. Having been through a terrible conflict, it is now in the process of reducing poverty and has a number of donors backing the plan that its Government have drawn up to do that. That shows the potential that exists in Africa as well as the problems, and it is important that we focus on both.

Dr. Jenny Tonge (Richmond Park) (LD): The Secretary of State is to be congratulated. This is an excellent report, as was the report from the Brandt commission more than 30 years ago. Many people in this House and outside know the problems of Africa; they also know the solutions. Will the Secretary of State tell us what is new this time? How will things be different?

Hilary Benn: One thing that is new is that it is the Prime Minister of the country holding the presidency of the G8 who has established the commission, and who has chosen to take it upon himself and our presidency of the G8 to make Africa one of the two priorities. That was not the case at all with the Brandt commission. That is one difference. The second is that we now have an opportunity to do something about this at a time when a process of change is beginning in Africa; that was not the case when the Brandt report was produced. There is now also a greater willingness on the part of Africa to say, "We are responsible for some of the problems of the continent, and this is what we are going to do about them." An example of that would be the recent events in

Togo, where, following the death of the president, the constitution was subverted. With one voice, Africa said, "No, you cannot do that", and the people involved rowed back from their position. That is a significant test of a commitment to good government. So there are signs of hope, and there is a greater willingness to recognise the scale of the problem. We have the capacity to act, and it can be done. That is different from the situation at the time of the Brandt report but, as I said in my statement, in the end, we shall be judged by what we do.

Mr. Michael Jabez Foster (Hastings and Rye) (Lab): I congratulate my right hon. Friend on his comments, but I urge him not to accept that corruption, however bad, should limit the amount of our aid. May I remind him that Lord Soper once said that if corruption halved aid, that would be a reason to give twice as much?

Hilary Benn: I agree with my hon. Friend. Kenya is a good example of that, because, while we are very critical of the failure to make progress on tackling corruption there, our aid is helping to make a real difference in that country. An example would be the newly elected Government's decision in 2002 to abolish primary school fees. We and other donors helped to pay for that. As a result, there are now a million more children in school in Kenya than there were before. So we need to get the balance right. We must ensure that our aid is provided in a way that protects it from corruption. At the same time, however, our high commissioner in Kenya has been absolutely fearless in pointing out the nature of the problem and the reasons that the Government there need to do something about it.

Miss Kirkbride: The Secretary of State upbraided me earlier when I suggested that democracy in Africa might put a brake on some of the corruption and poor governance there. I wonder whether he has gone back on that view in subsequent exchanges, and whether he recognises that there is a problem in that regard. Should not Her Majesty's Government be more actively engaged in these matters, so as to provide a better deal for Africa and for western taxpayers? Should not they positively incentivise those countries that are prepared to put in better Governments and to tackle corruption? That could result in a big difference between those countries that succeed, with western help, and those that do not. The citizens in the latter might then boot out their Government in a subsequent election.

Hilary Benn: I accept that point. The hon. Lady will no doubt be aware that, in the partnership agreements that we have with a number of African countries, we jointly draw up benchmarks to measure the progress that we expect to be made as a result of the partnership. They include benchmarks on governance, which arise out of commitments that the Governments themselves have set. I attach particular importance to that. I was not trying to make the point that we have no responsibility; I was trying to make it absolutely clear that, ultimately, I see the responsibility lying with those countries and their peoples. Of course we can support that process, however, and that is already reflected in our aid programme.

Mrs. Anne Campbell (Cambridge) (Lab): Does my right hon. Friend agree that to improve the economic viability of African countries, it is important to try to improve the higher education infrastructure as well as basic health and education? Has he had time yet to consider the requests that I made a little while ago to examine the African Institute for Mathematical Sciences, based in Cape Town, and the proposal to try to extend that to a network of mathematical institutes in other African countries? That has been promoted by some academics in my constituency.

Hilary Benn: I agree with my hon. Friend about the importance of higher education. That is one of the points that comes out strongly, as she will have seen, from the commission report. Last week, for example, I was able to announce a significant increase in funding for scientific research and development as part of DFID's research programme. As she will be aware, we have also revitalised the higher education links scheme, particularly to give a greater focus to science and technology and to the poorest countries in the world, including those in Africa. Certainly, I shall reflect further on her points about mathematics. It is important that we encourage, through a variety of means, the development of education at all levels, while being unapologetic, as we should be, about focusing the bulk of our aid programme on primary education, as that is the fundamental building block. If children are not going to school where they ought to be, it is difficult to improve their lives.

Alistair Burt (North-East Bedfordshire) (Con): Some 20 years ago, my hon. Friends—I use the term deliberately—the Members for Burnley (Mr. Pike) and for Southwark, North and Bermondsey (Simon Hughes) and I made our first visit to South Africa. One of the friends we met there, Bridget Collins, now works in an AIDS clinic in Khayelitsha, a shanty town that was hardly in existence then but is now home for 1.5 million people, such is the extent of the problems with which the South African Government are dealing. If the focus of our discussion is the effectiveness of the international community voice, what reassurance can the Secretary of State give Bridget that the international consensus on the origins of AIDS is having an impact on the internal debate in South Africa, which has threatened to hold up the delivery of support to sufferers of that terrible illness?

Hilary Benn: The hon. Gentleman raises an extremely important point. The international consensus is clear. We are absolutely firm in making the case for effective treatment. As he will be aware, policy has changed in South Africa because of the force of that argument, notwithstanding some people's views. There have been problems in relation to turning that change of policy into practical help on the ground, as he will be only too aware. We will continue to do what we have done up to now: to say that if we are to beat this disease, we must be honest and open about its causes and how people can protect themselves. We must make available the means of protection, including condoms; get treatment to people who need it, which is partly about the price of drugs and partly about having the health infrastructure, doctors and nurses to do the testing and to administer medicines and so on; and continue to do so resolutely. We can see from countries such as Uganda, which has managed to bring down the infection rate, that strong

[Hilary Benn]

leadership, combined with all those other measures, really can make a difference. We need to give support to everyone, and the fight against HIV/AIDS is a particular focus of our programme in South Africa.

Jeremy Corbyn (Islington, North) (Lab): In an earlier response, the Secretary of State rightly drew attention to the infrastructure problems of Africa, and pointed out that all the major transport links exist to take mineral or agricultural riches from Africa to the coast for export to western Europe and the United States. I welcome the commission's document. I hope that the Secretary of State will accept that the west has made an awful lot of money and riches out of the continent of Africa over the past 200 years. In our support for African development and future economic developments, will he assure me that the International Monetary Fund will no longer descend on African countries insisting on mass privatisation and the imposition of market economies, which do a great deal to damage the agricultural infrastructure and create more rural unemployment and urban shanty towns, and that instead we will develop African internal trade and markets?

Hilary Benn: The experience of structural adjustment in the 1980s was an unhappy one for Africa, as the report makes clear. On the other hand, we must be honest about what is needed if things are to change, and one of the things that Africa needs is investment. That is partly an issue of the climate that Africa itself creates for investment, which must include tackling corruption and establishing an independent legal system. How long does it take to establish a company? I believe that in the Democratic Republic of the Congo it takes an average of 263 days. That is not a great incentive for investment in the DRC, which has a good many other problems as well.

Part of the issue is what Africa does, and part of it is what the rest of the world does to give Africa an opportunity to trade and earn its way out of poverty. Only if both of those happen will Africa be able, in its own way, to reap the benefits of economic development.

Sir Sydney Chapman (Chipping Barnet) (Con): I associate myself entirely with what was said by both the Secretary of State and my hon. Friend the Member for Rutland and Melton (Mr. Duncan) about the need to encourage good governance and get rid of corruption in at least certain African countries. Does the Secretary of State agree that there is something that the developed world could do, namely end its obscene practice of subsidising its own agricultural industries? Will he confirm that the developed world subsidises its farmers to the tune of seven times what it gives, in cash or kind, to the developing countries in overseas aid? If that could be at least reversed, there is a better chance that the increased wealth of the world and the advancing engineering and medical technology could be used to stop the hideous obscenity of 8,000 African children dying every day from preventable water-borne diseases.

Hilary Benn: The hon. Gentleman is, of course, absolutely right. It is an obscenity, and he has given a powerful reason for why it must change. It is no good telling Africa to participate in the world economy if we make it difficult for it to participate. That is why reducing the EU's export subsidies, which have already fallen by 70 per cent. in the last 10 years, is a step in the right direction, and why the commitment to an end date for all export subsidies agreed last July is so important. Only in the negotiations will we see that reach fruition, but it is one of the most important steps that we can take to help Africa create a better future for its people.

Mr. Harry Barnes (North-East Derbyshire) (Lab): My right hon. Friend said in his statement that there was more democracy in Africa now than before. That is welcome, but is he aware that democracy is about much more than votes? The civic society provisions mentioned by my right hon. Friend the Member for Dumbarton (Mr. McFall) are part of that, as are civil liberties. How do we help to build a grass-roots Africa? Tackling poverty is part of creating conditions in which people can implement democratic provisions, but should we not be helping people to make advances in their democracy, rather than imposing sanctions and specifying no-go areas for aid?

Hilary Benn: We need to do exactly those things, and they are already a feature of our aid programme. We are working with a wide range of civil, voluntary and community organisations to build local capacity for the holding to account of local and national governments. That is a fundamental part of improving governance, and we need to do more of it. We also need to encourage Governments in Africa to engage in better dialogue with civil and community organisations. As I think every Member recognises, that is vital to making democracies function as they grow and develop.

Mr. Andrew Robathan (Blaby) (Con): Does the Secretary of State agree that by their works shall ye know them? He will be aware that one commissioner, Prime Minister Zenawi, has led Ethiopia for 15 years. Today, however, a Foreign Office profile says

> "The human rights situation in Ethiopia is poor. Detention without trial is frequent, and often open-ended; prison conditions are bad and torture widespread . . . Journalists . . . who are critical of the Ethiopian Government remain at risk of arbitrary arrest and detention."

Only last month, President Mkapa of Tanzania was lauding Robert Mugabe in Zimbabwe.

Does the Secretary of State not think that the report would be more credible if those people put their own houses in order before pronouncing on how things should be done? Does he agree with Kenya's former Finance Minister, a very honest man, who told the International Development Committee a few years ago "Don't give us any more money; ask us what we have done with the money you have already given us"?

Hilary Benn: I do not agree with the last point, because I can see—as the hon. Gentleman can—the impact that Britain's aid money is having in a number of the countries to which he referred, including Ethiopia and Kenya. Nor do I agree in any way with what President Mkapa had to say on Zimbabwe. Our partnership agreement with the Ethiopian Government—the hon. Member for Bromsgrove (Miss Kirkbride) raised this point earlier—refers to the steps

that they propose to take to address the problems to which the hon. Gentleman referred, such as those relating to human rights. Indeed, Prime Minister Meles Zenawi himself acknowledges the existence of such problems. The question is whether the Ethiopian Government are taking steps to change the situation for the better. That is the basis on which we should judge such countries, while at the same time recognising that Ethiopia has a lot of very poor people and that it cannot feed its population. In such circumstances, is it not right to give support to those people through an increasing aid programme, which is precisely what we are doing?

Hugh Bayley (City of York) (Lab): Does the Secretary of State agree that the important issue is not whether the British Government support the commission's robust recommendations—after all, our Prime Minister will take them to the G8 and to the EU presidency—but whether other world leaders fall in behind them? Does he also agree that if these recommendations are implemented by other G8 and EU leaders, that will mark a step change in the rich world's relations with Africa and enable a much-delayed but still vitally necessary wind of change to blow through Africa? What steps are the commissioners taking—especially those from other G8 countries—to get in touch with parliamentarians in their Parliaments, so that they debate this issue before the G8 summit and put pressure on their Governments to deliver when that summit comes?

Hilary Benn: On that last point, the commissioners will travel round their own countries and others, presenting the commission's recommendations, arguing the case and encouraging people to think about the proposals and what their own countries need to do. This is an argument that needs to be won, and in a sense I come back to where I started. We now have an opportunity—a moment—because the circumstances are right and we have the understanding and the means, as a world, to do something about the situation. The real test—if we accept the analysis—will be deciding what we do about it, which is why this year is so important. If there is the will and the commitment, we have the chance by the end of the year to reach agreement on doubling aid, on multilateral debt relief and on enabling Africa to trade its way out of poverty. If we can achieve that, this commission report will have been extremely worth while.

Dr. Vincent Cable (Twickenham) (LD): May I ask, as somebody who used to work for the Kenya Treasury in the years before it was looted by Arap Moi and his associates, why the Government are undermining the drive against corruption by exempting British businesses from the obligation to declare the identity of their commission agents and financial intermediaries when they apply for Export Credits Guarantee Department assistance and other assistance?

Hilary Benn: I do not know the answer to that question and I shall write to the hon. Gentleman on it. All that I would say is that we have taken a number of steps to try to tackle the problem of corruption, including signing up to the UN convention, passing the Proceeds of Crime Act 2002, making it an offence to offer a bribe—even if the offer is made abroad—and ensuring that, if evidence is brought forward, the person in question is prosecuted here in the UK. So we should recognise the steps that the Government have already taken, but as I said in answer to an earlier question, we will need to reflect further on whether additional steps need to be taken to ensure that we have the most effective means in place to enable the returning of any funds that are looted to the people from whom they have been stolen—namely, the people of Africa.

Orders of the Day

Education Bill *[Lords]*

Order for Second Reading read.

4.29 pm

The Secretary of State for Education and Skills (Ruth Kelly): I beg to move, That the Bill be now read a Second time.

When this Government took office in 1997, standards in our schools were too low. Almost half of primary schoolchildren left school not reaching the expected standards. Work force morale was disappointingly low, schools were starved of the investment that they needed to flourish, and the entire schools capital programme stood at less than £700 million. Teachers and children were expected to learn in schools that were literally falling apart at the seams.

Recognising the importance of education, the Government have worked with heads, governors and teacher unions to create a more stable system—a system in which standards are continuing to rise, we have a more diverse work force more suited to meeting the needs of our children, and resources have been put in to help meet those needs. Above all else, we aim for a system where every child is given the tools to reach their full potential at the earliest possible stage.

We took that challenge as our No. 1 priority, introducing the national literacy and numeracy strategies early in our first term of office. As a result, we have seen the first step change in primary standards for more than 50 years. About 78,000 more 11-year-olds left primary school last year having achieved the expected level for their age in reading and writing than did so in 1998. That means 78,000 more children given a greater chance of success at secondary school and beyond.

With the vital support and help of the majority of teacher associations, to which I pay tribute today, we established the national work load agreement. The sort of changes and standards that we want require the very best school work force—one that is better qualified and more flexible to meet the changing demands of children in schools. As a result, by January 2004, there were 28,500 more teachers in our schools and 105,000 extra support staff. We are rewarding success. The average classroom teacher's salary is more than 15 per cent. higher in real terms today than in 1997, and a top head teacher's pay more than one third higher. The chief inspector has now recognised that we have the best qualified work force that we have ever had.

Nor have we been complacent on investment. We have established the largest ever capital investment programme for our schools and will invest £17.5 billion in school buildings over the next three years, with the aim of transforming every secondary school in England. Investment in revenue has also risen dramatically. By 2005–06, our schools will have seen a £1,000 increase in funding per pupil in real terms since 1997.

Mr. Peter Atkinson (Hexham) (Con): The Secretary of State says that £17.5 billion is being invested in secondary schools, so why has Northumberland county council, which has the problem of having to replace many secondary schools, been told that no more money will be available until 2014 at the earliest and 2020 at the latest?

Ruth Kelly: I am glad to see that the hon. Gentleman accepts the case for investment in secondary school buildings, particularly in the light of the decades of neglect of investment in our secondary school system. The hon. Gentleman should reflect carefully on his policy of taking £1 billion out of the school system, and in respect of Northumberland county council, he should reflect on the fact that we are indeed introducing a staged 15-year programme to replace every secondary school in the country, or to refurbish it to world-class standards. That is our commitment and we will continue to see it through.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): The Secretary of State has once again referred to the figure of £1 billion, which she alleges we are committed to taking out of the school system. Can she point to a single Conservative document or Conservative Front-Bench statement that justifies that figure?

Ruth Kelly: I am absolutely delighted to hear that the hon. Gentleman seems to be backing away from his pupil passport policy. Perhaps it is not surprising that I have not heard that passport mentioned in recent policy debates, but if he would like to confirm that that is no longer Conservative party policy, I would be pleased to hear it.

Mr. Collins: The challenge, very specifically, was where the Secretary of State got the figure of £1 billion from. She made it up, did she not?

Ruth Kelly: I did not make the figure up. It is a figure that comes from the Centre for Policy Studies, and it relates to the impact that the pupil passport would have on the state school system, as the hon. Gentleman funds education for the elite few while taking funds away from the majority.

We have seen the results of our investment in schools and our reform of the secondary and primary school systems. Over the past eight years, there has been a 15 percentage point improvement in the number of pupils achieving expected standards for their age in key stage 2 English tests and a 12 percentage point improvement in mathematics. Our 10-year-olds are now the third best readers in the world. Since 1995, the standards in maths reached by our 10-year-olds have improved more than in any other country. Indeed, the chief inspector, David Bell, wrote in his annual report this year:

> "The English education system has not stood still but has instead continued to strive for further improvement."

At secondary level, there are now fewer than 80 schools where less than 20 per cent. of pupils leave with five good GCSEs. When we took office, that number was nearly five times higher. The chief inspector says that parents can have more confidence in the education that their children receive than ever before.

How, then, does the Bill carry us forward? It introduces three-year budgets for schools, offering unparalleled financial stability and giving governors

and heads the scope to plan ahead with greater certainty. It reforms the Teacher Training Agency, giving it responsibility for the continuing professional development of teachers and in the training and recruitment of support staff. The Bill also provides further opportunities for the National Assembly for Wales to build on its proposals, helping to take forward the Assembly's 10-year strategy for comprehensive education and lifelong learning. There are other important and valuable measures, too, which I commend to the House.

The fundamental reforms concern school inspection and school standards. The Bill transforms school inspection. We inherited a system in which a typical secondary school was inspected once every six years. With the Bill, that will be every three years. Schools now receive six weeks' notice of the inspector's visit. With the Bill, the school will receive next to no notice. Inspections will be "take us as you find us", rather than done when the coal has been whitewashed. A typical secondary inspection currently uses 50 inspector days. In future, inspection will use 24 inspector days, halving the cost and enabling Ofsted to reduce costs by £40 million.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): How does the Secretary of State regard that as providing more rigorous inspection?

Ruth Kelly: I shall come in due course to how schools will use the self-evaluation process and be monitored by Ofsted.

The new inspection regime will give a sharper picture of a school's effectiveness. It will start from the school's own evaluation of its strengths and weaknesses, look at the school's key systems for improvement and observe lessons. It will take into account the views of parents and all concerned with the school. It will produce shorter, more accessible inspection reports for parents.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Self-evaluation seems a very good idea, and I have heard that there has been a good response to it in schools. However, it is not an easy process. By what method will we train schools to be rigorous in their self-evaluation?

Ruth Kelly: My hon. Friend is doubtless aware that we are already piloting that new approach in schools, where the response has been overwhelmingly positive. We are working with schools to see how they can use the self-evaluation method to best effect. The key is to move away from a process-based system to one based on outcomes. In that way, the self-evaluation reports produced by schools will give a true reflection of what they do, how they are perceived and how they work with parents and the wider community. Of course, a school can use whatever approach works best for it in arriving at its self-evaluation report, but we shall continue to work with schools to make sure that they are constantly improved.

Dr. John Pugh (Southport) (LD): The Secretary of State has said that she is currently evaluating the pilots. Yet she is also putting self-evaluation into the legislative timetable. Why not wait until the pilot has finished, evaluate it and then introduce legislation? That would seem quite a rational process to me.

Ruth Kelly: We have already worked with 100 schools in the pilot process, and the results have been overwhelmingly positive. The feedback from schools has been good. They think that this is a much less bureaucratic method of inspecting schools and allows for continuous improvement in the school system, and they look forward to being able to use the new system. There is no sense in standing back from the improvements that we are committed to making. We must make it possible for all schools to see the benefit of what we have already achieved with some.

Mr. David Chaytor (Bury, North) (Lab): Does the Secretary of State believe that the majority of schools in England at the moment have the required quality of self-evaluation skills? Is not it only four years since a survey of secondary schools indicated that only 30 per cent. were producing self-evaluation reports that reached the required level? Is she confident that the majority have the skills? Has she looked at the Scottish system? Are there lessons to be learned from Scotland?

Ruth Kelly: The real point is to allow schools to work with school improvement partners to drive up the standards of the self-evaluation mechanism. I am under no illusion; the process will improve over time. But it is right to focus on outcomes rather than processes and to move away from a cosy professional talk among people in the know about what schools should do and towards an emphasis on outcomes and the well-being of children. We need to work with schools to drive their own improvements as they work with their partners, with parents, and with all those who have an interest in the school, to drive up standards. We shall keep the system constantly under review.

Mr. Huw Edwards (Monmouth) (Lab): I acknowledge the changes that my right hon. Friend proposes and I am sure that they will be welcomed within the education professions. Does she agree that the current system can highlight some great achievements and improvements that schools can make? I draw her attention to Ponthir primary school in my constituency, which has just had an excellent Estyn inspection report, the best SATS results in its authority, and the best attendance record in Torfaen. Unfortunately, Torfaen county borough council has proposed closing the school. When my right hon. Friend meets Jane Davidson, the Welsh Assembly Minister, will she discuss the absurdity of that situation?

Ruth Kelly: I shall certainly be happy to receive further details about that situation from my hon. Friend, who recognises the benefits of the procedures and how we can see standards rising throughout the schools system. If he sends me details, I will look into the case.

The inspection process will produce an ongoing dividend for all schools. A school will publish an annual profile showing its targets for improvements, as well as its current results, and explain the offer that it will make to the wider community in sport, extended services and child care. It will have an annual dialogue on its performance against its improvement targets, allowing a process of continuous improvement for all schools. In developing those proposals, we listened to what schools told us about what prevents them from attaining even higher standards. We are acting on what they have told us.

[Ruth Kelly]

The Government have made it clear that we will use the Bill to develop a new relationship with our schools. The Bill makes that a reality by removing the barriers and freeing up our schools. The new relationship is about intelligent accountability and more focused school improvement, reducing burdens on schools and freeing up the front line to concentrate on promoting excellent outcomes for our children.

Mr. Gibb: The right hon. Lady referred to a new relationship with schools. The document of that name states that the inspections will be shorter and sharper, and will take no more than two days in a school. Is that right?

Ruth Kelly: That is absolutely right, which is why, although there will be inspections twice as often, the overall impact will be to halve the bureaucracy and red tape associated with school inspections. That is partly why schools are welcoming the change so forcefully and looking forward to the introduction of the new relationship.

The system is based on professionalism and autonomy. It establishes clearer, stronger lines of accountability and frees our schools from the unnecessary bureaucracy that hinders them from getting on with the job they set out to do: to deliver high-quality educational care to our children. It is a system that allows strategic financial management, with the advent of three-year budgets for our schools.

Schools should be accountable for the outcomes and improvements they achieve for children, rather than just for having shown that they can jump through a series of regulatory hoops. They must be accountable to the people who are most important: their pupils, their parents and communities. Parents know and trust the judgment of Ofsted, which for the past 12 years has made a significant contribution to raising standards in our country. We must trust our schools and free them from the burdens of inspection. That requires a new system, which places the school and its users at its heart.

Inspection will start from a school's knowledge of itself. A school that knows itself, is serious about its strengths and weaknesses and engages with its parents, pupils, community and partners openly and transparently will be a strong school, and lead its own improvement faster than any external challenge.

We propose a new system that provides for more frequent inspections, and the report will specifically address the key issue for all parents: how successful the school is at achieving good educational outcomes for every child. Short notice of inspections will avoid the stress of long preparation, which adds little value to the outcomes for our children. It will also enable inspections to give a more realistic picture of what children experience at school. That is what parents really want to know. We know that, because parents have told us through extensive consultation and trials of the new system.

The chief inspector has already made it clear that parents' views are critical to the new system. In producing reports, for which he is now the single authority responsible for all quality and content, the chief inspector will not just speak to the school, he will listen to all those with an interest—parents, local authorities, governors, carers who have looked after children, staff and, perhaps most importantly, the children themselves.

Mr. Sheerman: I welcome what my right hon. Friend has just said, but how does she square that with the replacement of the formal consultation of parents by questionnaire? Will the new arrangements be good enough to provide real consultation with parents?

Ruth Kelly: Accountability to and consultation with parents will be much stronger under the new system. Under the old system, the whole inspection regime was very process-based. Lots of boxes had to be ticked, forms had to be filled in and meetings had to be held, without real consideration of the outcomes of the process. Under the new process, Ofsted and the school will let the parents know that the inspection is taking place, will provide a variety of means for taking parents' views into account, and will listen to parents about how they want their views to be taken into account. For example, the Ofsted inspector could provide a telephone number so that parents could ring him or her directly with their views of the school. Parents may want to stay behind for an hour after school and have their views listened to. The answer may be a tear-off slip at the end of the letter telling parents about the inspection, for them to send back. Parents will, for the first time, be really involved in the school inspection, in a much more productive way than they have been in the past.

Parents will be better able to challenge schools to achieve more for their children. They will be better able to make informed choices about which school is best for their children and they will be better equipped to participate fully in the life of the school. Clearer and stronger accountability is essential for the higher standards that our children deserve. Schools must be freed from unnecessary burdens and bureaucracy. One size no longer fits all, and schools must have the freedom to be creative, to be brave and to respond to the diverse challenges that they face. Only if schools are able to be flexible in response to the needs of their particular learners will each child achieve more.

Ms Ann Coffey (Stockport) (Lab): In the other place, Lord Filkin said:

"it is government policy that school places should be located where parents want them. There is therefore a strong presumption that proposals to expand successful and popular schools . . . should normally be approved. The fact that there are surplus places elsewhere in the area does not necessarily mean that that should not be approved."—[*Official Report, House of Lords* 18 January 2005; Vol. 668, c. 692.]

However, in Stockport LEA's recent response to comments on its review of secondary school places, it states:

"In Stockport, the context of falling rolls caused by the falling birthrate means there is no real justification for the expansion of a school anywhere in the borough".

Local parents recently challenged the LEA successfully on the lowering of the admission limits for a successful and popular school. However, can my right hon. Friend

clarify the way forward for parents when government policy supports their aspirations but they are frustrated by the attitude of the LEA?

Ruth Kelly: My hon. Friend makes an interesting point. I am not familiar with the details of that case, but I know that she has arranged a meeting with my hon. Friend the Minister for School Standards to talk about it. That is very welcome. I know of only two cases that have been turned down by local school organisation committees. We have a policy of allowing successful and popular schools to expand, and I would expect that to be the case in most situations.

Mr. Mark Hoban (Fareham) (Con): The Secretary of State said that only two applications for expansion had been turned down by school organisation committees. How many schools have successfully expanded?

Ruth Kelly: I do not have the figures to hand, but one would have to add the total agreed at a local level, to those agreed by the schools adjudicator, to those agreed by the DFES, to reach the sum total. It is not the case that every school wants to expand, but I want to make it the presumption that popular and successful schools should be allowed to expand. That will sometimes mean taking tough decisions, as the hon. Gentleman knows.

Mr. Hoban: I may be able to help the Secretary of State with the answer. A parliamentary answer I received in June last year revealed that the Government had helped four schools expand.

Ruth Kelly: The hon. Gentleman will know that the figure does not take into account all the categories that I have just outlined. Some of the proposals for expansion are agreed routinely by school organisation committees. He did not ask how the issue was determined at local level. As I understand it, most applications are agreed at local level—but the Bill will make it easier for capital to be put towards the expansion of successful and popular schools.

Mr. Chaytor: Following the Government's commitment to the 14-to-19 phase of education and their response to the 14-to-19 working group, would not it be more logical to have a common inspection framework that covered both schools and colleges? The improvements and changes to the schools inspection regime that my right hon. Friend is outlining are broadly welcomed by everybody concerned. Am I right in thinking that consultation on a common inspection framework for colleges finished on 31 January, and can she tell the House when she is likely to be able to respond to that? Does she see convergence into a common inspection framework for the whole 14-to-19 sector?

Ruth Kelly: My hon. Friend has made an extremely interesting point. As he knows, there is a big debate in Government, including in the DFES, about the future of inspection regimes, about how far Ofsted should be linked to the early years agenda—which has of course taken place—and about how far Ofsted should be linked across the early years agenda and children's services as a whole, and with training providers. We have consulted on some of the proposals and I expect that we shall be able to respond shortly, but I am afraid that my hon. Friend will have to await the outcome of the consultation.

Dr. Pugh: Can the Secretary of State clear up something for me? She seems to have decided that the best inspection system is user-friendly, flexible and almost tailor-made for each school. If that is the case, Ofsted inspectors will receive different amounts of data from different schools when they inspect them. Will that not lead to problems when drawing comparisons between schools—for example, when schools do or do not have telephone lines?

Ruth Kelly: I do not agree for a second. Clearly, national data will be developed that schools will apply in their own context. It will become easier to compare schools under the new system.

Schools need enough resources as well as a good inspection regime. They also need a work force with the right skills. Since the national agreement in January 2003 on the work force, "Raising standards and tackling workload", our schools are making more use than ever before of teaching assistants and other support staff in ways that allow teachers to focus their time and energies on what they do best—teaching.

The Bill continues the development of a world-class work force with a major reform of the Teacher Training Agency. The success of the agency is easy for all to see. More than a million staff are working in our schools, with more qualified teachers than ever before. Vacancy rates are down and recruitment in key subjects such as maths is on the increase, as is recruitment to London schools. The newly named Training and Development Agency for Schools will build on the success of the TTA by assuming responsibility for the continued professional development of serving teachers, as well as taking the lead role in the training and recruitment of the wider school work force. That will create a new professionalism across the school work force and ensure that teachers get the support they need in the classroom to deliver personalised learning to every child.

Charged with making best use of the record levels of investment available to it, the agency will oversee a new programme to deliver a world-class work force. The Bill introduces three-year budgets, giving schools unprecedented financial stability and the scope to plan resources more effectively to meet the needs of all learners. Head teachers and governors will be able to make decisions about staffing levels and pay, and about how to meet the long-term needs of their school with greater certainty than ever before.

The Bill will continue the Government's drive to raise standards and increase opportunity for all, irrespective of where they live or the challenges they face. The Bill will raise standards by making school inspection a more effective tool for school improvement, by making schools more accountable to parents, by removing unnecessary prescription that prevents schools from reaching their potential, by giving schools stability to plan for the future, by increasing the professionalism of the school work force and by promoting diversity and flexibility in the system to ensure that children's needs are met. I commend it to the House.

4.53 pm

Mr. Tim Collins (Westmorland and Lonsdale) (Con): I start by making it clear that although I hold the Government responsible for a number of problems with our education system, unlike the hon. Member for Southport (Dr. Pugh) I do not think that a large number of schools in our country have a problem with telephone lines. I think that most of them have probably managed to get connected up.

Dr. Pugh: The point I was endeavouring to make, as I am sure that the hon. Gentleman fully appreciates, is that some Ofsted inspectors allow schools to contact them by telephone but some do not. That is what the Secretary of State said. Had the hon. Gentleman been listening carefully, he would have got that point.

Mr. Collins: I think that I heard the hon. Gentleman clearly, and he said that some schools did not have telephone lines. Anyway, we have made progress and we all agree that, in the 21st century, even under a Labour Government, schools have got telephone lines. Indeed, more and more of them are getting broadband, which is even more important.

We also need to recognise that, although the Secretary of State started with a long list of achievements in recent years, that must be balanced by recognising that, sadly, a number things have not improved in recent years at all. Assaults on teachers have increased since 1997. Violence in schools is up by 50 per cent. Drug use among school-age children has doubled since 1997. The Statistics Commission recently said specifically that Ministers should not overstate the extent to which the national literacy strategy has made any difference to the improvement in the reported figures that relate to literacy for younger primary school children, yet the Secretary of State, once again, seems to have defied precisely that advice. The National Audit Office recently pointed out that the Government have spent £885 million in the past eight years on anti-truancy initiatives, yet truancy has not improved; indeed, on the Government's own figures, it has worsened by a third in that period.

The Secretary of State said that one purpose of the Bill is to get rid of bureaucracy. We are all in favour of that, but which Administration, more than any other in British history, have introduced bureaucracy, interference, second-guessing and measurement in respect of our schools? It is this Administration, and after 10 separate pieces of education legislation since 1977, of which this Bill is the 10th, we must judge the Government not by what they say, but by what they have done.

I was sorry that the Secretary of State found herself taking part in the campaign of what can only be described as smear, fear and, indeed, outright invention that is being pushed by some other members of the Cabinet. When challenged twice by me on whether she could come up with the words of a single Conservative Front Bencher or a Conservative document that would justify the repeated claims that we are committed to taking £1 billion from the schools system, she could only retort that she had got a quote from an independent think-tank. That is not the way in which such debates ought to proceed.

Indeed, the very policy that we advocate for our education system, which is that money provided by the taxpayer should be spent on behalf of someone else free of charge to that person, is precisely the policy that the Government are introducing in the national health service. Would the Secretary of State say that an NHS patient treated free of charge, paid for by the taxpayer, represents money taken from the NHS? I suspect that some Labour Back Benchers might take that view but I am absolutely certain that her Cabinet colleagues would not, so I hope that we will hear no more of that assertion.

Mr. Sheerman: Let us be clear about this. It is on the public record that any incoming Conservative Government would cut public expenditure by a significant amount. Is the hon. Gentleman saying that there would be no cut in education expenditure?

Mr. Collins: I am grateful to the hon. Gentleman for giving me the opportunity to say that we have made it clear that we will not reduce the total amount spent on education—either what is spent now, or what would be spent under the Government's plans for the future. On the contrary, we propose to increase school spending, for example, by £15 billion a year by the end of a five-year Parliament—an increase of a third on the present level—and any reduction or saving in a school budget made as a result of the Gershon process will be recycled in the school's budget. I am grateful to the hon. Gentleman for allowing me to put that firmly on record.

Mr. Sheerman: We get the same answer from the official Opposition spokesperson on health. The Conservatives suggest that they would make large cuts in public expenditure, but when Labour Members directly ask whether they would be made in education or health, Conservative members say no. Where would those cuts come?

Mr. Collins: Again, I am grateful to the hon. Gentleman for allowing me to point out that what the shadow Chancellor said most recently, for example, on the Frost programme yesterday—the hon. Gentleman may have seen it—was that we propose to save 2p in the pound of what is presently spent, bearing it in mind that the Government have increased overall Government expenditure by about 80 to 90 per cent. Contrary to what the Prime Minister and Labour Members often imply, the vast majority of public expenditure is not on schools or hospitals. We could not only preserve the entirety of those budgets and grow them significantly, but find massive savings elsewhere. As my right hon. Friend the Member for West Dorset (Mr. Letwin) pointed out yesterday, we could start by stopping the Department of Trade and Industry spending £120,000 over two years on potted plants. We could move on to getting rid of 168 quangos.

The Labour party must be clear about this. It is putting on its websites the claim that the Conservative party is committed to removing £35 billion from public services. That is the statement. However, we should bear it in mind that £23 billion of that £35 billion is actually part of the Gershon process, so is the Labour party taking the view—*[Interruption.]* The Secretary of State says that the Government propose to reallocate that

£23 billion to front-line services. So do we. The difference between us is only £12 billion out of £600 billion of total public spending, and, with that £12 billion, we propose to plug £8 billion of the Chancellor of the Exchequer's vast black hole of borrowing and reduce taxes by £4 billion. If she and Labour Members honestly believe that the public believe that 100p out of every pound are currently well spent and that we could not save 2p, she and her colleagues will be in for a sad process of disillusionment at the general election.

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): The hon. Gentleman has surprised the House by saying that the Conservative party's intention is to match the Government's spending on education as opposed to on schools. Can we be assured that, in the next few years, the Conservative party would match our spending on Sure Start, adult skills and apprenticeships?

Mr. Collins: It is certainly our intention, assuming that there is an election this year, not only to match the overall spending levels that we inherit, but to increase them. We will not spend them in exactly the same way as the hon. Gentleman but, as he raises the point, I am very happy to make it clear that, contrary again to allegations that are often made by the Labour party, we have no intention of shutting down Sure Start. It has been successful and important in a number of respects, and we wish to build upon it. However, I have to say that we wish to build upon it in a way that does not threaten the continuation of many existing forms of nursery provision in the way that the Government's present policies do.

Mr. Lewis: Will the hon. Gentleman give way?

Mr. Collins: I will give way one more time, but then I want to come to the Bill before us.

Mr. Lewis: Is the shadow Chancellor aware that the hon. Gentleman is now going beyond the shadow Chancellor's commitment, which is to match this Government's expenditure on schools but not on education? Will the hon. Gentleman confirm that that is the position of the shadow Chancellor and the Leader of the Opposition?

Mr. Collins: I understand perfectly that the hon. Gentleman has perhaps not kept up with the issue in the way that he should have done, but I am happy to make it clear that, as a result of the completion of the James process, it has now become possible for us to identify not only that, as we said 18 months and two years ago, we would more than match Government spending on schools, but that overall education funding will increase broadly in line with what the Government are proposing. The difference is that we will spend the money at the front line. We will provide autonomy to schools, budget control to head teachers, get rid of bureaucrats and paper pushers and reduce the Department for Education and Skills by two thirds in terms of its administrative functions and personnel. We will take the money that his Government are spending on paper pushers and give it to front-line teachers and colleges. That money will be—

Madam Deputy Speaker (Sylvia Heal): Order. Can we now get back to the Bill under discussion?

Mr. Collins: I am grateful to you, Madam Deputy Speaker.

Let us move on to the Bill. The Secretary of State will not be surprised to hear that the Bill is something that we can welcome. It would be a bit odd if we did not welcome it given that very large parts of this huge Bill involve re-enacting without amendment previous pieces of Conservative legislation. The Bill looks substantial, with 128 clauses and 19 schedules. What a testimony to the diligence, effort and original creative capacity of the Secretary of State and her team—one might think. However, sadly, one finds that the Education Act 1996, which the Bill repeals, is re-enacted word for word in clauses 1, 3, 4, 19, 20, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 35, 47, 48, 50, 51 and 57 and in schedules 1, 2, 3 and 4. There is an equally long list of word-for-word transpositions in the Bill from the Education Act 1994, which it also repeals. Given that 79 per cent. of the Bill's text is lifted word for word, clause for clause and schedule for schedule from legislation that was put on to the statute book by the last Conservative Government, of course Conservative Members are unlikely to oppose it. However, it shows that there is not a great deal of originality and creativity in the eighth year of a Labour Government.

There are a few new measures in the Bill about which I shall talk, but we must put that in context given that four fifths of it simply puts back on to the statute book what was there anyway. What an extraordinary waste of parliamentary time. The Government said in recent days and weeks that there was insufficient time for the proper consideration of the Prevention of Terrorism Bill or the European constitution, but they have found enough time to re-enact, word for word, measures that already exist, which make up 80 per cent. of the Bill.

Let us move on to one or two of the new measures that the Government have included in the Bill. About a week or so ago, we heard from the Prime Minister and the Secretary of State about the importance of parent power. We were told that parent power would be at the heart of their vision for the future of the UK education system. Parent power was going to be the way in which standards in schools would be driven up and something that would uniquely distinguish the Government from any of their predecessors. However, the Bill will remove the right of parents to meet Ofsted inspectors. It will scrap the annual school parents' meetings and remove annual school reports to parents. That does not sound much like parent power to us.

As is normal in such circumstances, the Bill has been improved during its passage through the other place, which is where it was introduced. Two important measures have been added as a result of amendments that Ministers in the other place resisted. In particular, the Bill now requires parental consultation before the closure of small, rural primary schools. As a result of the Government's defeat in the other place, parental consultation will be required before the closure of

[Mr. Collins]

special schools. Given the Government's rhetoric about parent power, we hope that the Secretary of State will accept those amendments—even though her colleagues in the other place resisted them—and that the provisions will be included in the Bill that finally completes its passage through the House.

I welcomed the fact that the Secretary of State talked about her wish for greater freedom for schools. The Bill will result in a little extra freedom for schools at the margin. However, that must be set in context by the fact that the Government's first action on coming into office in 1997 was to remove grant-maintained status from all schools without any consultation with parents, many tens of thousands of whom had voted in parental ballots throughout the land so that their schools could become grant maintained. Even after the Bill is enacted, supposedly freer foundation schools will lack many of the basic freedoms enjoyed by schools with grant-maintained status, which we propose to give to all schools without exception, or the wider school freedoms that we would like to introduce.

The so-called self-governing schools that the Government propose will not have the absolute freedom to decide whether they wish to expand. It is all very well for the Secretary of State to say that she does not want to stand in the way of those schools, but she does not propose to give them the power to take such decisions. They will have no power over admissions and there will be no change to the local authority controls over their funding mechanisms. They will have no control over exclusions, or their own right to set up a sixth form. Even city academies will have less freedom under this Government than they will under a future Conservative Government.

We welcome the Government's proposals to change the structure of local education authorities. Such change is a step in the right direction, but as usual it is half-hearted and belated.

It was interesting that the Secretary of State did not mention in her speech one of the measures that the leader of the Labour party general election campaign apparently wanted to put at the heart of the Bill: the new power for local education authorities to invite new providers to come along to have a look at whether they want to set up a new school. I wonder why. I suspect that it was partly because she felt that her own Back Benchers—those few who turned up—would not be strongly in favour of the proposal, and partly because she knows that it will make no real difference to any significant number of schools. As long as it remains for local education authorities to determine whether they want a new non-state provider in their area, non-state provision will remain a theory, not a practice. There is certainly no proposal to introduce a statutory right to supply for new providers of education, which the Conservatives propose to introduce straight after the general election.

The Secretary of State briefly mentioned the national literacy strategy. The Bill might not be the legislative vehicle in which to address such matters, but the Conservatives are wholly convinced—not least because of the splendid efforts made by my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb)—that a national literacy strategy that does not have phonics at its heart is a strategy that will not succeed in the way that today's children and future generations have every right to expect.

Sadly, the Bill constitutes a series of missed opportunities. Even though it is an education Bill, it contains no provision for teacher protection, including a statutory right of anonymity when facing an allegation of abuse. It contains no provision to give head teachers the final say on exclusions, or to give the Secretary of State an unambiguous power to impose a moratorium on special school closures or for parents to be involved in that process. It does not create a school expansion fund and thus makes no progress toward a genuine right to choose.

The Government still believe that a public sector monopoly, driven from the top, is the best and only way of providing education—even though that flies in the face of the experience in every other field of human endeavour and the example of a number of other European countries. The Secretary of State, like her predecessors, believes that she knows better than head teachers how to run their schools, how to impose discipline and how to control budgets. Perhaps that is why she got such a rough ride from the Secondary Heads Association.

Much is being done well in Britain's schools, but a great deal could be done a lot better. Tinkering at the edges will not work, still less tinkering by a Government who have clearly run out of ideas and are running out of time. It is time for action on school discipline, parental choice and professional freedom, and the Conservatives will provide it.

5.12 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): We have an interesting Bill before us, but I commence my remarks by expressing my surprise that in the last moments of his speech, the hon. Member for Westmorland and Lonsdale (Mr. Collins), speaking for a party that wants better behaviour in the classroom, did not condemn the rudeness of the Secondary Heads Association but instead voiced some approval for it. Such behaviour at teachers' conferences, whether of the Secondary Heads Association, the National Union of Teachers, or the National Association of Schoolmasters Union of Women Teachers, is unacceptable to me and to the head teachers whom I meet up and down the country. Such behaviour does not set an example of good leadership or inspire good behaviour in schools. As one who had a pretty rough time at a Secondary Heads Association conference five years ago and still has the bruises, I do not think that that is how conferences should behave. If one invites someone to be one's guest, one should listen to that person and question him or her robustly, not display such poor behaviour. It gives a much worse example to children and students than the behaviour of premier league footballers, which the Secondary Heads Association wants to—

Madam Deputy Speaker: Order. The hon. Gentleman really must address the Bill that is before the House today.

Mr. Sheerman: Now that I have got that off my chest, Madam Deputy Speaker, I shall get straight into the Bill.

The Bill is the legislative vehicle for the provisions of "A New Relationship with Schools". It also has an interesting relationship with the "Five Year Strategy for Children and Learners". I have to tell the Secretary of State—once she has finished her little conflab and bad behaviour on the Front Bench—that some of us in the education sector are bemused by the fact that there is not more of the five-year strategy in the Bill. There is a general thrust in the five-year strategy towards greater choice and allowing schools to become foundation schools with much more independence and autonomy. We would expect that to be made explicit in the Bill, as the stated aim of the Government's policy is to free schools from bureaucratic burdens and to provide greater school autonomy.

This is a quiet little Bill in some senses but a momentous one in others. Given developments in the education sector and the direction of Government policy, one can see that a great deal of the architecture and infrastructure of education is changing dramatically. It is therefore important during the Bill's progress through Parliament that we are aware of the fundamental changes that it will bring about. As Chairman of the Select Committee on Education and Skills, I know that when it is suggested that there will soon be a general election one tends to have a lot of planes in the air that one has to land before it is called. I spent a busy weekend dealing with the final drafts of a number of reports that impinge on Government policy in the Bill. A number of themes emerge from a range of reports on 14 to 19-year-olds and the early years, the Green Paper "Every Child Matters", and the secondary schools review over the past 18 months. The Government believe in greater co-operation between schools, and in giving schools a collegiate structure.

In her very first speech as Secretary of State, my right hon. Friend the Member for Bolton, West (Ruth Kelly) emphasised to the north of England conference the importance of good behaviour by children and students, and talked about the need to tackle problems by establishing partnership and collegiate schools. I, for one, was inspired by her remarks, as not only did she propose that a group of schools would collaborate to tackle poor behaviour but facilities to do so would be provided. The umbilical cord linking pupils and students to the school would remain intact, so there would be a core responsibility, whether the student was in a pupil referral unit or on work experience.

The notion of collegiate schools is associated with Tim Brighouse—the Select Committee saw the very good work that he is doing in Birmingham and he is also the inspiration behind work in London. Collegiates, co-operation, partnership and the specialist school agenda link together to make a broader choice in the curriculum available to a greater number of students. I am not sure that that ties in with another strand in Government thinking about providing greater independence for schools.

Although it is included in the five-year plan, the Bill does not make include provision for schools to obtain foundation status after a single meeting by the governors. After deciding that they want their school to have foundation status, the governors can move on to owning their own buildings and land and gaining a great deal of autonomy. There is a tension in Government policy between those two ideals. Do they complement or compete with each other? The Government should be aware that many people in the education world wonder how those tensions will resolve themselves, but it is an important issue to consider as we begin our deliberations on the Bill.

Another respect in which the Bill is deceptive is the momentous impact that the Children Act 2004 will have on the Department for Education and Skills. It marks a dramatic change in the education infrastructure of our country. Until a recent meeting with the Local Government Association, I did not realise, and as Chairman of the Select Committee, I was rapped over the knuckles for not realising, that local education authorities no longer exist. That is a momentous change. It does not mean that local authorities do not have responsibility for education, but as the LGA said, it no longer refers to local authorities as LEAs, and any literature from the Committee that did so would be incorrect. LEAs are now local authorities with responsibility for the Children Act and for many other aspects of education, but are no longer the traditional local education authorities.

Dr. Pugh: Has the hon. Gentleman identified any reference in the Bill to the Children Act 2004? If not, does he find that deeply surprising?

Mr. Sheerman: That is a fair point, and I shall come to it in a moment.

With the demise of LEAs, there is a new role for local authorities. A consequence of "Every Child Matters", the Children Act and the Bill is the move to direct funding. Our Committee recently carried out a thorough investigation, and only today I received from the Secretary of State the reply to the inquiry into public spending on education. I know that some of our comments and recommendations in that report have been rebutted by the Department. We will be considering that at an early meeting.

The direct funding of schools by the Department changes what I have called the infrastructure of education. Local authorities may not continue their traditional role, but they still have a role. I know that the Secretary of State and her predecessor believe that. Local authorities have a large range of responsibilities, albeit different ones.

Mr. Gibb: I am grateful to the hon. Gentleman, who chairs the Committee, on which I serve. The Bill refers throughout to LEAs. Is it likely that the Local Government Association is wrong to say that LEAs have been abolished, or is the Bill wrong to refer to local education authorities?

Mr. Sheerman: I was teasing the Secretary of State to come back with an answer as to which is right.

There are two aspects to the architecture of change—the role of local authorities and the independence of schools, and inspection. Many of the provisions in the Bill for more streamlined inspections have been called for by the Select Committee for some time. We welcome many of the changes in the inspection process. There is no doubt that an inspection process that has been in place for 12 years needs to be adapted to new circumstances. Most people will welcome lighter inspection and more rapid and regular inspection.

[Mr. Sheerman]

There is to be much greater emphasis on self-evaluation and self-improvement. As the House heard in my intervention on the Secretary of State, there is some concern about getting self-evaluation right. Even in the pilot areas, there have been cases where schools have gone in for rigorous self-evaluation and found themselves utterly vulnerable when the inspectorate focused on the weaknesses identified by the school, which some schools felt was rather unfair.

There needs to be an understanding of the self-evaluation process, how it can lead to self-improvement, and how that will mesh into the new system of inspection. That balance will have to be worked out over time. I asked the Secretary of State what measures were in place to raise the level of knowledge and introduce training for self-evaluation. The experience of the 100 pilot areas and good practice must quickly be disseminated to all the thousands of schools that need to know how to play the new game.

Over the weekend, when I looked at the reports that the Select Committee will soon be completing, I was struck by the vast number of inspections and inspectorates in the local authority education sector. We interviewed some of the people involved in those during our inquiry into the Children Act 2004. There are undoubtedly great sensitivities between bodies such as the Audit Commission, the social services inspectorate and Her Majesty's inspector of schools, and those will not be quickly resolved. There have been many attempts to get a working agreement to ensure that there will not be over-inspection of local authorities whereby several departments are inspected by Ofsted, and then the Audit Commission comes in to inspect the same departments. We must be very careful about the amount of inspection. That has become much more complex since the introduction of the 2004 Act, and most of the people to whom I speak, whether in the country or in this House, do not understand its ramifications or just how much difference it makes to the responsibilities of the Department for Education and Skills, which is the lead Department.

I was disappointed when the hon. Member for Westmorland and Lonsdale seemed to put so much faith in getting rid of potted plants in the Department of Trade and Industry as a way of helping with the cuts in public expenditure that have been much vaunted by the shadow Chancellor. However, I too have some concern about the role of parents. There is no doubt that parents seem to be losing some of their rights in terms of Ofsted inspections—namely, their annual meeting and annual report. Let us be honest about this. We all know that the Conservative Government's original legislation on annual meetings has been disappointing. It may be an old-fashioned way to do things. I know that many schools around the country are deeply disappointed about the amount of parent participation that comes through those more traditional methods. Perhaps it would be better to use the internet or questionnaires, but the process has to be fully worked through in a positive spirit to ensure that parents are closely involved. I am not one of those who believes that the whole answer lies in parent participation—it does not.

Last week, I spoke at the Royal Society of Arts about designing decent schools in view of the massive expenditure on new school buildings that the Government have embarked on. As someone who is very interested in design and architecture, especially its sustainability, I am keen, as are the RSA, the Design Council and others, that the quality of the new build is good—that it will not only last for a very long time but will be exactly what the people who are educated in those buildings will enjoy.

Mr. Collins: The hon. Gentleman may be aware—I would be interested to hear his comments on this as Chairman of the Select Committee—that some of the people behind the exciting projects for new city academies say that they find it very frustrating to have to use a high proportion of the funds available to them on architects' fees. They would like standard, bespoke, off-the-shelf designs from which they could choose and which they could move around in a modular fashion. Does he agree that that would not only be desirable but would deal with his points about quality of design?

Mr. Sheerman: I could not disagree more. This country's public architecture has been blighted for years by off-the-shelf design. If the hon. Gentleman is interested in design, I can take him to within a mile of this Palace and show him the ghastly effects of off-the-shelf design in the public and private sectors. Such design is a blight and the last thing that I want. I have seen some exciting developments in design in city academies. One of the London academies—in Hackney, I think—supported by the Union Bank of Switzerland concentrates on maths and music and is designed in the shape of a guitar. That is wonderful and exhilarating, and one of the finest architects in Britain is designing it.

Individual design is therefore important. The Select Committee has visited many new build schools and found that three things appear to work: taking design seriously, consulting students and teachers, and having good architects who know something about the locality. We need unique, not off-the-shelf design.

Mr. David Rendel (Newbury) (LD): I could not agree with the hon. Gentleman more about design, but does he agree not only that the school design needs to be unique but that how it fits into the local environment is important?

Mr. Sheerman: Absolutely. I compliment John Sorrel and the Sorrel Foundation and joined-up design in schools. They do a fantastic job in inspiring students to be involved in the design and modification of their schools. I see you are looking at me, Madam Deputy Speaker, so I shall leave design and revert to inspections.

The inspections will be generally welcomed for being lighter and faster. As I said, the role of parents has to be carefully evaluated because they do not have all the answers. Before the hon. Member for Westmorland and Lonsdale intervened, I was about to say that parents do not know everything. Indeed, if we let parents have the only say on design, I fear that we would end up with mock Tudor, half-timbered schools. A balance between good architects and parent-student views is desirable.

I want to ask the Secretary of State a serious question. I am a bit worried about her since she took up her position in only one regard. The Bill appears to remove

the strong claim that the Select Committee, by custom and practice, had to calling the chief inspector of schools and Ofsted to account. For a long time, there has been a belief that the right way for the chief inspector to be held accountable to Parliament is through the Select Committee. That came about when Chris Woodhead was the chief inspector. I understand that he will play a major role in designing much of the curriculum for the Conservative party. We look forward to seeing what sort of curriculum that will be. It seems a lot of power to give one former chief inspector.

Mr. Ivan Lewis: Teachers will love it.

Mr. Sheerman: Yes—the teachers will be queueing up to help.

However, I am making an important parliamentary point. The three former Secretaries of State accepted that there was a special relationship of accountability between Ofsted and Parliament through our Committee. Unfortunately, the Bill appears to push in the opposite direction. The previous measure that pertained to Ofsted provided for only four responsibilities for the chief inspector of schools in relation to the Secretary of State. The Bill provides for eight, starting with

"the quality of the education provided in the school"

and ending with behaviour and attendance of pupils. It seems to establish a clear relationship with Ofsted at one end and the bosses—the Department—at the other. Will the Secretary of State give my Committee and me some comfort by assuring us that we remain in the loop and that we shall continue to have a role in future?

This is an interesting Bill, but I suspect that we shall have to have this debate all over again at some point, because as we all know, the Bill will not come to fruition if there is an election on 5 May. Perhaps that explains the lighter attendance today. Education debates are usually very well attended on both sides of the House. However, it is an important Bill, and there are some interesting dilemmas that all of us in the education sector want to press the Government on. That is the nature of a healthy relationship between Parliament and the Executive.

Lastly, I want to know whether the Secretary of State and her team believe that the relationship between Ofsted and Parliament will be changed by the Bill.

5.35 pm

Dr. John Pugh (Southport) (LD): The Bill does not set the pulse racing, which is probably why most hon. Members so far have preferred to talk about something else. It was well summarised by the Conservative Lord Hanningfield, who described it in the House of Lords as

"a Bill which appears to be a large compendium of different issues without . . . truly innovative ideas within it".—[*Official Report, House of Lords*, 13 December 2004; Vol. 667, c. 1099.]

Perhaps we should not regret the lack of innovation. Innovation is good in schools and in teachers, and perhaps in local education authorities, but probably not in Governments coming up to an election wanting to create eye-catching headlines and capture cheap votes.

The Bill is certainly a compendium; the noble Lord was right in that regard. It is a piecemeal affair, with a number of hastily added clauses and schedules. We can almost see the draftsmen adding bits on here and there as they went along. It is the product of at least four different forces: the wild ideologues of No. 10; the Department for Education and Skills, which has a slightly better grasp of real-time education; the educational world and its lobbyists; and the wise counsel of the noble Lords. All four have had an input. I do not want to over-stress the role of the noble Lords, because they have had enough flattery lately and there is a danger that they might become seriously vain.

The Bill is a curate's egg; it is both good and bad. The good is fairly evident and has been mapped out already in this debate. The Bill introduces a more frequent inspection regime with a lighter touch, which is good. Although Ofsted has done much good in sharpening focus and procedure in schools, we should not forget its past failings. Assessors should always be assessed and, when possible, made accountable. Ofsted, particularly under its previous chief inspector, Chris Woodhead, ran a reign of terror without adequate appeal. I know from personal experience that it drove good teachers out of their chosen profession and saddled all teachers with an absurd bureaucratic role.

Mr. Chaytor: Does the hon. Gentleman find it unusual that the official Opposition now appear to have re-employed the former chief inspector, and does he expect him to run a reign of terror through their election manifesto?

Dr. Pugh: The official Opposition are not averse to kamikaze tactics. I can assure them that that simple announcement has lost them the vote of every teacher in the country in one fell swoop.

To return to the issue of bureaucracy, most schools not only have inspections of inordinate length but hire consultants to do pre-inspections, which adds to the overall cost and bureaucratic burden. Overdosing on inspections without first demonstrating the need for them is a mistake that the Government make over and over again. Best value in local government is another example of such bureaucracy. An equivalent situation in the medical world would be a doctor who dealt with every ailment by first giving the patient the maximum dose of a drug, and only reducing it over a period of time, or who sawed off a limb before considering applying a plaster.

The changes proposed in the Bill are predictable, and the Government should probably apologise for introducing them as late as this. However, it is too late for some schools. In relation to Mr. Woodhead—the Pol Pot of the inspection world—I was given the example of Islington Green school, which complained about the chief inspector's judgments in 1997. In that year, Chris Woodhead overruled a unanimous decision by a series of inspectors that the north London comprehensive had passed its inspection, and declared it to be failing. It has taken eight years and the Freedom of Information Act 2000 to disclose what the staff and pupils knew all along: that the school was improving. A team of Her Majesty's inspectors sent to the school on behalf of Mr. Woodhead to carry out a corroboration visit unanimously backed the view that it was not failing. None the less, Mr. Woodhead went ahead and put it on the list of 265 schools requiring special

[Dr. Pugh]

measures. That is not an encouraging precedent, but it is encouraging that the Tories see a future role for the gentleman.

A change in model is proposed, coupled with a saving of bureaucracy and the ending of pre-inspections, which schools cannot do all the time, as there would simply be no point. I do not know whether short, sharp, unheralded inspections will be less frightening for schools, but there is the promise that they will be more constructive. Some of the comments of the Secretary of State move in that line. The Bill still provides a key role—I thought that I would talk about the Bill—for HMIs, and a residual role, as I understand it, for LEAs' inspection, too, which can perform a positive role.

There is no evidence that the Government have learned a great deal from history, however, and those who do not learn from history are doomed to repeat it. It would be remiss of me not to mention that school inspections have a long history in this country. The 19th century poet, Matthew Arnold, was a school inspector—I ponder how much poetry is in the soul of the current school inspectorate.

None the less, the range of inspections, including nursery, careers, child minding, independent schools and religious education, is well mapped out, and we have no particular objection to such a range. What is at issue—and what has not been entirely clear so far—is the manner and objectives of such inspections. Perhaps the whole issue was left deliberately cloudy. We are broadly sympathetic, however, to the changes in that direction. We are broadly sympathetic to the reduction in categories of failure, and to the strange inclusion, for this Government, somewhere in the Bill in relation to Wales, of a reduction in the Secretary of State's power in relation to inspections. That is the first time in the House that I have seen a Secretary of State's power reduced voluntarily.

I want to flag up one issue that might create problems later. The Government are now giving a green light, in a sense, to further sixth-form expansion where there is some sort of demand, and where schools have proved their ability. That will almost inevitably lead to smaller sixth forms that do not provide the full range of subjects for pupils and their parents. In those circumstances, there will be more scope, not less, for examining sixth forms.

The Bill contains other proposals to which we have no particular objection. A hooray is due for the abolition of parents' meetings. I say that as someone who was once on an LEA and examined the absolutely dismal turnout at those meetings. Contrary to what the hon. Member for Westmorland and Lonsdale (Mr. Collins) thinks, LEA after LEA has asked the Department whether it can stop this charade, as it is not how parents wish to be involved. Various recipes have been tried to get parents more involved but they have persistently stayed away. In one school that I examined, one parent and a whole phalanx of governors attended the meeting. When I inquired as to why that one parent had come, I was told that, coincidentally, that parent was the caretaker and had to come. That shows the support for such meetings in many places.

We are generally fairly neutral on whether to change the governors' report into a profile, as it could be the same thing under another banner. Three-year funding, varied with data, is quite a reasonable idea. In that proposal, however, it seems to me that No. 10 wanted its pound of flesh. It seemed to want a move towards equalisation of funding, and there might be some hidden agenda in that regard. The current arrangements are subtly changed. At the moment, as I understand it, there is core LEA funding in addition to discretionary LEA funding taken from or recharged to the schools, with the Government specifying the overall spending level. The legislation seems to put in a hurdle whereby the school forum's approval must be secured. I presume that that idea has crept in from No. 10. The LEA can appeal to the Secretary of State, however, if it is not satisfied. It strikes me that such sophistication is not necessary and does not add a great deal to the process.

The Bill deals with two aspects of school organisation: the opening of new schools and the rationalisation or closure of existing schools. In the context of the opening of schools, the LEA is largely being reduced to the status of promoter—the decision-maker being the school organisation committee, the Secretary of State being involved whenever the magic word "academy" is used, and the adjudicator being the final point for appeals. That is how the system operates, but given that it is bounded by the Secretary of State's regulations in the first place, what we have is a process that an authority can start but cannot subsequently control, and ultimately must fund. That regime is well established by the Bill.

On school closures, the Government have been very bold—I would almost say reckless: brave, but foolhardy. They will give directions to LEAs and foundation schools when there seems to be over-provision, without of course mentioning individual schools. If they are not satisfied with how the process is evolving, they can take it over. Many Governments in the past have thrown on local authorities the onus to make all the unpopular decisions, and perhaps I should praise the Government in this instance for having taken some of the burden of unpopularity on themselves. It is possible that they are serious about falling rolls, and want to address what could be a considerable issue for the country; it is also possible that they will live to regret what they are doing.

There is an animus against LEAs in this and the previous Government's legislation, which was reflected in the comments of the hon. Member for Westmorland and Lonsdale. If LEAs did not exist, however, it would be necessary to invent them. They have a hugely important role to play in quality control, behaviour support and so on—a role that the Government are not entirely capable of playing, and perhaps are not competent to play. Hon. Members will recall that a few days ago the former Minister for Sc. ols, the hon. Member for South Shields (Mr. Miliband), was chastised by Mr. Speaker for misbehaviour in the Chamber. In those circumstances, we cannot have a great deal of confidence in the Government's ability to address issues of behaviour.

LEAs, it seems to me, are supporters of schools, co-ordinators of schools and sources of innovation for schools, but, crucially, their role is to guarantee that no child in a given area fails to receive a proper entitlement.

They are guarantors of equal provision. No free market, no anarchy, no competition will fulfil that role. The unjustified erosion of LEA powers is regrettable, but it is argued for. LEAs are given targets and duties, but in no sense are they given enhanced powers.

The hon. Member for Huddersfield (Mr. Sheerman) mentioned allowing public-school governors to get their schools to opt out of the LEA family simply by means of a vote, without even the democratic procedures that the Conservatives built into the opt-out system. That is a regressive step. During the opt-out procedure, the governing body of a school in my LEA, in what was once my ward, chose that route. There was a vote by parents, which—in a middle-class area in which the governing body might have expected to succeed—contradicted the governing body. That school has gone on to be extraordinarily successful. It has well-behaved children and high standards, and is very much part of the LEA family.

Mr. Kelvin Hopkins (Luton, North) (Lab): A school in my constituency which opted out subsequently became a failing school and was subjected to special measures. Happily, that is no longer the case, but the difference between opted-out schools and those that stay with local authorities now seems to be fairly meaningless.

Dr. Pugh: What the Government are doing, and what the Conservatives never did, is disempowering parents whose children attend a school and preventing them from making a decision on behalf of that school, while allowing a limited number of governors to make decisions that might have radical consequences for the educational picture in their area.

Finally, I turn to an issue that detained their lordships a little: the role of the General Teaching Council. The GTC as defined in previous legislation was set up to give a professional image to a heavily unionised profession, and the model was the General Medical Council. The GTC tried to acquire a role in the educational environment commensurate with the initial definition of its functions, but this Bill allows teachers in academies not to belong to the GTC. As a result, the GTC is to some extent losing its real role and the reasons for its creation are largely being forgotten. If this compendium of legislation is to contain a measure that works against other legislation, the compendium will be very muddled.

5.50 pm

Mr. David Chaytor (Bury, North) (Lab): This is not the most exciting or radical Education Bill of recent years but it contains a number of sensible proposals and certain principles on which there is now broad consensus. I simply want to make some general observations about some of the Bill's implications. Frankly, nobody is going to object to the new inspection proposals, and I commend Ofsted and the current chief inspector on the drawing up of his new inspection framework, which responds sensitively to the criticisms of the old regime of terror to which the hon. Member for Southport (Dr. Pugh) referred.

However, the issue of inspection does give rise to certain questions. Mention has already been made of the extent to which all—or even most—schools are fully prepared, through their self-evaluation procedures, to take on greater autonomy in this regard. There is also the question of the role of school improvement partners, and of the Ofsted system in England, which traditionally involves purely inspection and accepts no responsibility for following up criticisms made during the inspection process. Perhaps we could learn more from the system that applies in Scotland, where inspection and follow-through are seen as part of a continuous process. I urge the Secretary of State and the Government to take on board what happens in Scotland.

Nobody is going to object to the change to the name of the Teacher Training Agency or to the introduction of three-year budgets. The tragedy is that we have not had such budgets in our schools for many years, and I commend the Government on finally getting to grips with this issue. But I should draw attention to an issue that might affect some of the local authorities—they include my own in Bury—that were the biggest losers under the old standard spending assessment system. By and large, those at the bottom of the funding league table under the SSA system welcomed the change in the formula introduced two years ago and the move to formula spending share. Generally speaking, the authorities that lost out under the old system made gains under the new one, but some—including my own—found that the full gains to which they were entitled did not follow through because of the introduction of floors and ceilings. My local authority claims to have lost several million pounds to which it was entitled under the new formula but which it has yet to receive in grant allocation.

Will the move not only to three-year budgeting but to direct central control of budgeting ensure that authorities that should have gained under the move from SSA to FSS will get the full gains to which they are entitled? I raised this issue with the former Secretary of State for Education when he responded to the phoney funding crisis of two years ago and decided that direct funding from the centre was the way forward. Everyone will doubtless agree that it would be completely unjust if, when we had moved to a fairer system, some authorities still did not get their full gains because of the additional move to a highly centralised system.

Mr. Mark Francois (Rayleigh) (Con): I know that the hon. Gentleman follows these matters closely, but I must contend with what he has just said. The funding crisis was not phoney; indeed, in Essex there was a very severe crisis because of the change from SSA to FSS, and a large number of schools had to throw in all their reserves in one go so as not to set deficit budgets. That caused real anger among schools and teachers in the county, so I ask the hon. Gentleman to withdraw that remark.

Mr. Chaytor: I am afraid that I am not going to, because the point is that schools in Essex and in other authorities had for a number of years been receiving up to £1,500 per pupil more than some metropolitan districts. The issue is: what have they done with that money? The hon. Gentleman mentions Essex schools' reserves, but many others never had the opportunity to build up reserves, precisely because the funding system

[Mr. Chaytor]

was skewed against some of the poorer northern districts. So I am afraid that I am not going to withdraw that comment.

Mr. Francois *rose—*

Madam Deputy Speaker: Order. I remind hon. Members of the nature of today's debate.

Mr. Chaytor: I shall move on to the two issues to which I really want to draw attention. First, one reason why the Bill is spectacularly consensual is that many of the Government's more radical proposals of recent times do not need current legislation. The principle of schools becoming foundation schools by a single vote of the governing body, and last autumn's consultation document, on shifting the presumption in favour of the opening of new sixth forms, could have radical implications for the structure of our school system and colleges. Moreover, the major decisions on the curriculum have been taken through the Government's response to the 14-to-19 working party's recommendations, so the interesting thing about the Bill is that the really radical changes to our secondary school system's funding, structure and curriculum have all taken place outside the Bill.

The Government have made their decision on Tomlinson, and I hope that there will be a further chance to come back to that issue in the 2008 review. But I urge them to look particularly carefully at the responses to their proposed presumption in favour of the opening of new sixth forms, which has the potential massively to destabilise the provision of education in certain areas. If the preference or ambition of a particular school or head teacher were to lead to the opening of a new small sixth form without reference to the pattern of education in a particular area, that could prove destabilising and could actually work against the Government's declared intention of bringing about greater co-operation between schools in order to implement the full implications of the new 14-to-19 curriculum.

I now turn to my second major observation. Although I appreciate the extent to which, as the hon. Member for Westmorland and Lonsdale (Mr. Collins) pointed out, the Bill is designed to repeal earlier legislation, many of its clauses seem to have been conceived in advance of the Government's decision to establish a clear 14-to-19 phase of education. I referred to inspection during an intervention on the Secretary of State at the start of the debate. If we are to have a unified 14-to-19 phase of education—and if students in the 16-to-19 phase can be in school or in college, and which type of institution they find themselves in is just a matter of historical or geographical accident—it is surely self-evident that subjecting those schools and colleges to different inspection regimes is an enormous anomaly. There can be no logical argument for continuing with two separate inspection regimes. Once we have decided on a unified 14-to-19 phase of education, it follows that inspection of the institutions that are co-operating to deliver that phase should be carried out under a unified framework.

I make a similar point in respect of the training and development agency. It is obvious that students pursuing the same course in adjacent districts or even within the same district could be taught either by a secondary school teacher or a further education teacher, yet it remains the case that the secondary school teacher will be subject to the new Training and Development Agency for Schools, but the further education teacher will not. How can the same teachers working with students on the same courses find themselves ineligible to take advantage of the same professional development opportunities? I believe that the Government should revisit the issue of whether the new body should cover both school teachers and FE college teachers.

Staffing is a related matter. Some clauses bring about new requirements to provide more accurate monitoring of staffing in our secondary schools, but the same requirements do not apply to staffing in FE colleges. The reality is that since 1993, successive Governments have said that the staffing of FE colleges is not a matter for the Government, but entirely for the individual college corporations. That cannot be sensible when—I reiterate the point—we have a unified curriculum. Where is the sense in collecting statistics on staff teaching GCSE and A-level courses in schools without collecting them on staff teaching similar courses in FE colleges?

I want to draw attention to some of the implications of foundation status for all schools. I vividly recall the Education Reform Act 1988 and the opportunities offered to schools to become grant maintained. My argument then, as chair of an education committee that faced the prospect of being the first local education authority in the country to implode because of the pressure of so many schools opting to become grant maintained, was either that the legislation allowing grant-maintained status must be abolished or that all schools must be allowed to become grant maintained. I am delighted that, 17 years on, the Government have now finally accepted that we should not have a two-tier system in which special funding privileges and special autonomies apply to certain schools but not to others. The Bill makes it clear that all schools will be eligible for foundation status.

I question whether everything that the Government are doing is moving in the same direction. Alongside the move to greater autonomy and managerial devolution, we also have a parallel movement towards recognition of a much greater need for co-operation. The Government's argument in putting the case for the growth of specialist schools is that such schools will need to co-operate with other specialist schools to provide a rich curriculum and staff development opportunities. In response to the Tomlinson report and the 14-to-19 working group, it was argued that in future, schools would have to take collective responsibility for the progress of pupils in a given area. It is increasingly likely that individual pupils will attend different schools to take advantage of a particular specialism, or attend schools or colleges for curricular reasons.

If we are giving schools greater powers of autonomy and greater independence, but also saying that they will have to co-operate more closely with each other in order to provide the full range of the curriculum for 14 to 19-year-old students, there is clearly a tension

between those two proposals. I wonder whether the Government have fully thought through the implications of the new autonomy. What incentives will they offer schools to co-operate in the recommended way?

That issue is highlighted above all in the matter of the school's autonomy on admissions. As the law now stands, if 3,000 secondary schools all become foundation schools, we will have 3,000 new admissions authorities. If we think about the war on bureaucracy, I would have thought that there was no argument whatever for increasing the number of individual admissions authorities, which would inevitably lead to a greater level of bureaucracy, form-filling and needless paperwork. I am therefore flagging up the question of whether the Government have really thought through the implications of foundation status for all schools, in terms of every school becoming its own admissions authority.

Broadly, it is impossible to take exception to the Bill, which moves our education system forward in the right direction. The Government's achievements over the last eight years are indisputable. It was encouraging to hear the official Opposition recognise—despite some nit-picking over statistics—the great improvements made to both primary and secondary schools. Parents in my constituency, however, will be unconvinced by the Opposition's assurance that if they ever come to power, they will not cut the education budget. Parents will not be convinced that under a Conservative Government it would be possible to sustain the year-on-year level of investment that this Government have sustained over the last eight years. The hon. Member for Westmorland and Lonsdale may think that an attack on bureaucracy and foliage may find the savings that he is looking for, but I do not believe that that is credible.

6.6 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): It is a pleasure to follow the hon. Member for Bury, North (Mr. Chaytor), but I have to shatter the illusion that no one objects to the Bill's provisions. I do object to some of them, particularly on inspection regimes and self-evaluation. It is terribly important to maintain a rigorous and independent inspectorate of our schools and I have serious concerns about the Bill in that respect. I share the view of the hon. Member for Huddersfield (Mr. Sheerman) about the behaviour of the Secondary Heads Association at its recent conference. It reflects badly on their profession and if those heads cannot even set a decent example, it will make it more difficult for them to maintain discipline in their own schools.

I am continually struck by the cycle of decline in British education, which predates this Administration, but still flourishes, despite a lot of rhetoric to the contrary, under new Labour. How does the cycle of decline work? Those with an egalitarian viewpoint—alas, they still dominate policy making in the education world—introduce a reform, for example the AS-level as a component part of the A-level exam, in order to create an over-arching exam that blends two different ability levels. That over-burdens A-level students with too many exams, so to tackle the problem, they propose sweeping away external assessment at 16, replacing it with more self-evaluation and teacher assessment. Thank goodness the Secretary of State has rejected that proposal.

Another example was the introduction of GCSEs in the mid-80s. Again, it was an overarching exam to encompass both CSE and GCSEs with grades ranging from A and now A* to G. Predictably, grades D to G began to be regarded as fail grades, so it was then proposed to return to separate level 1 and level 2 qualifications within the Tomlinson diploma proposals—essentially a return to the old distinction. The worst clauses in the Bill propose making more of such reforms.

Ofsted was established in 1992 to tackle the very real concern that Her Majesty's inspectors were insufficiently robust in their opinions. There were concerns about the rigour and quality of their inspections. They were, as it was said at the time, the dog that did not bark in the night, and were too close to the Department of Education. That was why Ofsted was established as a non-ministerial department with, as the hon. Member for Huddersfield said, Her Majesty's chief inspector directly accountable to Parliament. I share his concerns about where that accountability rests under the Bill.

It soon became clear that Ofsted's reports were rigorous and led to many schools having to reassess their quality of teaching. Most inspections were carried out by independent inspectors who were trained and registered as Ofsted inspectors, but were sub-contractors. My concerns about the Bill are that it means smaller inspection teams, led by an inspector, and that the chief inspector will be able to amend its reports. It also proposes to reverse the requirement to tender for contractors in respect of each inspection and removes the requirement to maintain a register of authorised inspectors. All that looks to me like a move to take inspection back in house, and to return, in other words, to the bad old days of HMI and the days of the curious incident of the dog in the night.

I am concerned by the notion of the short, sharp inspection. Of course, over the years the bureaucracy of Ofsted inspections has increased, with schools being required by the Department and local education authorities to produce volumes of paper as preparation for an inspection. That was never the purpose of the rigorous inspection envisaged in the 1992 legislation. It is right, therefore, that the Bill introduces a shorter notice period for inspections to prevent that bureaucratic nonsense from occurring.

It is not right, however, to reduce either the number of inspectors or the length of the inspection. Inspectors will, under the Bill, as the Secretary of State has confirmed, take no more than two days and will have smaller inspection teams. We are told that the inspectors will focus on the school's own self-evaluation evidence. As Lord Filkin said in the other place, schools will feed in their self-evaluation evidence to the inspection team, then inspectors will engage with the schools in a professional dialogue examining the evidence in support of the self-evaluation. Yet because inspectors will see little actual teaching during their inspections, there is little that the inspections will add to the sum total of knowledge about the school, other than in reprinting already available exam result data.

[Mr. Nick Gibb]

In two days there will be very little time to obtain evidence to support or contradict self-evaluation. As Baroness Perry said:

"The framework which has been piloted in the current year for the light-touch inspections smacks too much of bureaucratic ticks in boxes".—[*Official Report, House of Lords*, 13 December 2004; Vol. 667, c. 1133.]

I share that concern. A rigorous, independent inspection of the quality of teaching in a school is to be replaced by a short bureaucratic box-ticking exercise.

So the cycle of decline will continue. Every form designed to deal with the over-bureaucratisation of Ofsted inspections, which was never intended, has been hijacked now to emasculate the rigour and independence of those inspections. That matters hugely. In our system, schools are, in practice, unaccountable. The only real accountability were the Ofsted inspections and reports that received widespread local coverage.

If a local parent is unhappy with the policies of his or her children's school, there is very little he or she can do. For example, if the head teacher of a comprehensive decides that all English lessons should be taught in mixed ability classes, who should local people lobby if they object? Do they lobby their Member of Parliament, who can then raise the matter with the Secretary of State? No. Questions of whether or not to stream are, it seems, matters for the profession—the head teacher and the governors of a particular school. Do parents raise the matter with their local councillor so that he or she can raise it with the council cabinet member responsible for education or with the director of education? No, and for the same reason.

Key policy decisions, such as the degree of setting or streaming, which directly affect the quality of teaching in a school, are totally outside the democratic structures of the state. The only thing parents can do is to become a governor of a school. Most simply do not have the time to take on such obligations. In any case, there is real doubt—I know of no examples—as to whether a parent-governor would be able to change key policies, such as whether the synthetic phonics programmes referred to by my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins) are used to teach reading in primary schools or whether streaming should be reintroduced in a comprehensive.

The only real accountability has rested with the Ofsted inspections, and the Bill effectively renders such inspections meaningless.

Mr. Francois: Before my hon. Friend moves on from governors, may I put one point to him? One reason why many schools are having difficulty finding governors is that where schools themselves have had to deal with much more paperwork in recent years, that has rolled on down to the governors who have had to deal with more, too. The time involved in being a governor seems to go up and up. Does my hon. Friend agree that that is increasingly a deterrent to parents serving as governors in schools?

Mr. Gibb: I agree totally. The responsibilities involved in becoming a school governor are very onerous. It is understandable that people shy away from taking them on. Even among those who do take them on, many find themselves having to lean on the head teacher of a school, which is not what is meant to happen. They are meant to be independent of the head and responsible for the head's conduct. In practice, though, even the chairman or chairwoman of the board of governors tends to lean too much on the head teacher.

Perhaps it does not matter if our state schools are unaccountable for their performance. Perhaps the British state education system is the envy of the world. Perhaps the public are wrong when they consistently put education in the top three of their concerns. Perhaps parents are wrong to be concerned about the quality of their local schools. After all, Ministers are fond of citing the programme for international student assessment study of 2000, which showed British 15-year-olds fourth in science, seventh in English and eighth in maths among all the Organisation for Economic Co-operation and Development countries. They also cite the progress in the international reading literacy study report, showing us third in reading.

Perhaps, however, it is just always in the interests of Education Ministers, of either party, to trumpet the achievements of our education system and overlook its deficiencies. They overlook the fact that 23 per cent. of adults in Britain cannot read the dosage on an aspirin bottle, compared with 7 per cent. in Sweden. They overlook the fact that 23 per cent. of adults in Britain cannot add 50 and two, and that 17 per cent. of 11-year-olds leave primary school unable to read at level 4 while 37 per cent. cannot write properly.

Perhaps it is in the interests of the education establishment to overlook the fact that in all OECD international studies in which Britain participates, we have a much lower participation rate than other countries have. In fact, the 2003 PISA survey was interestingly omitted from the Secretary of State's speech; perhaps that is because that survey had such a low participation rate—36 per cent. of the schools in the sample refused to take part—that the OECD refused to include the results in the tabulation. Had the figures been included, the UK would have ranked eighteenth out of 41 countries. PISA 2003 is consistent with previous international studies, such as the trends in international mathematics and science study, which put England twentieth out of 41 OECD countries. Ministers use only PISA 2000 and PIRLS, which most critics believe are inconsistent and probably flawed, on the basis of even lower participation rates in the case of the 1999–2000 PISA study and the type of questions asked.

The Bill is consistent with the general direction of education policy in this country since the late 1950s. As that approach gained strength over 50 years, so standards of education gradually declined. Attempts to reverse the decline have sometimes led to improvements, but the tide gradually turns again, and we are seeing the tide turning now for inspections. The literacy hour is regarded as a huge success, resulting in a rise in achievement, with standards rising from 56 per cent. of 11-year-olds achieving level 4 in 1996 to 77 per cent. now. But Professor Timms, of Durham university, who has conducted standardised reading tests over a large number of primary schools throughout those years has shown that there has been no significant improvement in literacy over that period, merely better teaching to the tests.

I do not believe that any Administration will be able to tackle the root problems with our education system until it is prepared to engage with and challenge many of the fundamental tenets of education orthodoxy that dominate policy making today. We need more accountability, not less, which the weakened inspection system introduced by the Bill will produce. We need to move away from assertion-based policy making to evidence-based policy. Ministers need to advise themselves that the current national literacy strategy approach to reading is the best that we can provide for our children. They need to look at the Clackmannanshire study, to which my hon. Friend the Member for Westmorland and Lonsdale referred. They need to talk to the proponents of synthetic phonics, to visit the schools that have transformed their teaching of reading and to talk to the heads of those schools to hear what they have to say about what they have achieved and how. They need to see what change is needed and to ensure that it is delivered in our schools. An Ofsted inspection system that reduces the quantum of information from schools, which will be inevitable with a light-touch, two-day inspection, places more of an onus on Ministers to research the issues and to look at research. For example, research from Kulik and Kulik in the United States shows dramatic improvements in educational attainment from streaming at secondary school level when the curriculum is tailored to the ability grouping.

Until the Government are prepared to tackle those issues, we will see no real improvements in educational attainment in this country. Reports will be published, there will be spin about statistics, and exam grades will be inflated to prove that standards are improving, but we will see no genuine improvement in standards. We will see more Bills like this one, more reports like the Tomlinson report and, above all, British school leavers will fail in the international job market to command the income and living standards that a more rigorous education would have granted them.

6.21 pm

Mr. Mark Francois (Rayleigh) (Con): I am pleased to contribute to this debate, because the Bill touches on a number of important issues, including inspections, teacher training and the development and supply of reports from schools to other bodies. Like all hon. Members here this evening, I recognise the importance of education for the future of our young people and thus for the country. I also appreciate and value the efforts of those who work in education, and I hope to raise a number of specific issues on their behalf this afternoon.

I am pleased to see the Minister at the Dispatch Box, but I am surprised to see that the Labour Benches behind him are entirely empty.

Like many Members of Parliament, I take a close interest in the schools in my constituency, all of which may be affected by the Bill, but in varying degrees. For example, its effect on secondary and primary schools may be slightly different and I shall speak about that later.

Shortly after I was elected to Parliament in 2001, I set myself the challenge of visiting all the schools in my constituency, and I completed that task earlier this year. Of the 38 schools there, four are secondary schools—Sweyne Park and FitzWimarc in the town of Rayleigh, Greensward college in Hockley and William de Ferrers in South Woodham Ferrers—all very good schools. There is one special school, Ramsden Hall in Ramsden Heath, and 33 other infant and/or junior schools, most of which are very good. Two schools are in special measures, although at least one, which I had the privilege of visiting only recently, should soon be re-emerging from that status under new and dynamic leadership.

During my visits to schools I try to chat to both staff and pupils and to have a detailed discussion with the head teacher, which includes some of the issues that we are discussing this evening. In that context, it is a pleasure to follow my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb), who has taken a great interest in these issues for a number of years. If I may say so without embarrassing him, that was evident from the quality of his speech.

On a personal note, my late mother, Anna Francois, worked for many years as a school dinner lady, so I often pop into the kitchen and try to talk to the kitchen staff to see how they are getting on. I hope that you will forgive me that small indulgence, Mr. Deputy Speaker.

The most revealing part of those trips has often been when I have been able to visit the staff room at break time, ask the staff to raise any issues of concern and give them an opportunity to "Jeremy Paxman" their Member of Parliament. A number of them have not been shy of taking advantage of that opportunity. On behalf of the teachers and heads I have spoken to, I would like to ask the Minister a number of specific questions, and I hope that he will provide some direct replies.

The Bill has much to say about the inspection of schools against the national curriculum. I shall criticise the Government on a number of issues—for example, the lack of well-defined history lessons, which has featured in the media recently. However, in fairness and to be non-partisan, I give them credit for the emphasis that they have placed on citizenship in the national curriculum, which has all-party support, and I am sure that we are all in favour of school councils to teach children the value of democracy in action.

Like many other Members of Parliament, I have spoken at a number of school assemblies on the roles and duties of MPs, and I confess that I have faced some challenging questions. I have encouraged schools to visit the Palace of Westminster to see our process in action. I genuinely believe that that is important, particularly in an age of falling voter turnout and when there are some people at the extremes of the political spectrum with ugly politics and for whom the democratic process is anathema.

We must encourage our young people to be proud of their history, heritage and traditions, including the evolution of the mother of Parliaments. Whoever they vote for in future is their business, but it is crucial to teach them the value of our democratic system, for all its imperfections, so that they do not take it for granted. I really believe that.

Perhaps more contentiously, I want to make a number of points about the inclusion agenda, which part 4 of the Bill touches on. I have discussed the inclusion issue in detail during a number of my school visits, and unfortunately the Government's approach is not working. Most of the staff I spoke to were

[Mr. Mark Francois]

sympathetic to the principle of trying to include children with challenges, whether medical or behavioural, in mainstream education. Again and again, they pointed out that this is a matter of degree and of providing sufficient resources to make such arrangements viable. In practice, that often means providing a full-time teaching assistant to keep an eye on a challenged child, which many schools cannot afford and the local education authority is often unable to fund.

Moreover, it was put to me repeatedly that there are some children who because of their persistent bad behaviour are simply not suitable for mainstream education. I was given several examples, in several different schools, of children who were so disruptive that they effectively undermined the education of the other 29 children in the classroom, as the teacher and perhaps the supporting teaching assistant—if there was one—spent far too much time trying to control the one child, to the detriment of all the others. Several teachers said to me that when they had such a child in their classroom, they spent the whole lesson wondering when he or she was going to start playing up, and knowing that at that point the lesson would, effectively, be terminated. Even worse, the head teacher then often has to spend an inordinate amount of time liaising with the parents of the child and the LEA over a single case, as well as dealing with complaints from the other parents who that feel their children are missing out.

Ministers have to accept that there are some children whose behaviour is so severe that they simply cannot be accommodated in mainstream schooling, and no amount of political correctness or soft-soaping can overcome that. That comes directly from several heads and teachers in my constituency, and I hope that the Minister will take my word for it. I believe that it is better to confront the issue honestly, and thus I favour our policy of "turnaround schools", which will focus on educating those resource-intensive children who have real behavioural problems in schools that are optimised to deal with those problems. That would have the additional benefit of allowing teachers in mainstream schools to get on and teach the well-behaved pupils in their classrooms. We do a disservice to the teachers, the well-behaved pupils and the children with the real problems if we try to pretend that the situation does not exist and to muddle through. We have to accept the world as it is, not as the politically correct—I do not include myself in their number—would like it to be.

The Bill touches on the issue of bureaucracy, but it fails to confront it head on. I have sat in staff rooms and asked teachers and teaching assistants, "If there was one thing about the education system that you could change, what would it be?" Almost without exception, the answer is the paperwork. There is now so much paperwork that many teachers find it genuinely dispiriting. I hope to convey that to the Minister this evening. More than one in three newly qualified teachers now leave the profession within the first two years, many of them citing bureaucracy as their reason for quitting—although many now also cite indiscipline.

Many of those who remain in the profession are becoming increasingly fed up with writing internal reports that they believe no one will ever read anyway. One deputy head I spoke to at one of my rural schools said she was planning to include the names Mickey Mouse and Donald Duck in several of her forthcoming returns to the LEA to see whether anyone would notice. However, the whole system of depressing bureaucracy was best put to me on a doorstep in Ashingdon a few years ago during an evening canvass, when I spoke to one teacher who made the point to me so bluntly that I have never forgotten it. She said, "Look, if I had wanted to be an accountant, I would have trained for that, but I didn't—I wanted to teach kids. I am a professional, so just let me get on with my job." That has stayed with me ever since.

Ministers keep making ritualistic gestures towards reducing form-filling, but the blizzard of DFES circulars keeps coming. We are losing good people from the teaching profession—and it is a profession—because teachers are getting fed up. Ministers crow about the much vaunted 10 per cent. of non-contact time, but who will take the lessons in the teachers' place? I acknowledge that teaching assistants do a good job, but they are not qualified teachers. If I were a parent, I would not be happy with the suggestion that 10 per cent. of my child's maths lessons would not be taken by a teacher, because the teacher had to go away and fill in forms instead. Perhaps the Minister could say how the new arrangements will work, because that is a concern in several schools that I have visited in the past year.

Head teacher work load is also an issue, and it will not be materially reduced by the 128 clauses of the Bill. The head teacher has to cope with more bumf than any other member of staff, especially in primary schools. With perhaps only a small senior management team to share the work load, the pressure on the head teacher is often very substantial. One primary school head explained that to me by writing out, off the top of her head, a list of all the plans and strategies that she had to produce, in addition to the everyday task of running her school. I kept her list and I have it here. It includes an overall primary strategy, which seems fair enough; a physical education/sport initiative, as part of a local sports partnership with other schools; a plan for e-confident schools; a healthy schools plan; an inclusion strategy; a modern foreign languages strategy; a work force remodelling plan; a work load initiative plan, including arranging and staffing non-contact time; a wraparound care plan; an initial extended schools plan; a school leadership and management restructuring plan; and a travel plan.

That is a dozen different plans and strategies, each one in response to another bright idea from the Government, and each one requiring additional work by, primarily, the head teacher. I am not convinced that we really require all that information, but if we do, why could there not be just one overall school plan, for which each plan I have listed could be a separate annexe? That would mean less work and is a point that head teachers have put to me repeatedly. When I was in the Army, we were told that there could only ever be one plan at one time, because anything else led to confusion. That is also a reasonable maxim in this context. Many head teachers feel that they are drowning in paperwork and I am not convinced that the Bill will address that problem on the scale required, although I shall listen carefully to what the Minister has to offer.

In my tour of local schools over the past four years, I have been to a number of wonderful schools. As just one example, the rendition of the "Well Done Song" at

Riverside junior school in Hullbridge will live in my memory for ever. I shall not attempt to reproduce it for the House this evening, but it was a sight to behold. However, I have also found a number of heads, teachers and even teaching assistants who are fighting what they see as a losing battle against bureaucracy, and many of them are becoming dispirited as a result. Most of them joined the profession in the first place because they had a burning desire to educate children.

The best thing that Ministers can do to re-enthuse those people is to stop second-guessing them and get out of their way. They should be able to concentrate on what they came into teaching for in the first place—to teach children. I hope that the Minister will accept that I have tried not to be partisan tonight, but to focus on some problems that have been raised directly with me. I believe that our plans for education would address many of those points more effectively than the Government's offerings, but I wish to hear the Minister's response, so that I can pass it back to some of those who have raised issues with me.

6.36 pm

Mr. David Rendel (Newbury) (LD): I was delighted to hear some cross-party agreement breaking out today after the shenanigans of last week in both Houses of Parliament. I was pleased to hear from the hon. Member for Westmorland and Lonsdale (Mr. Collins) that his party intends to support the Bill. It is right to do so, even though some aspects of it are not yet perfect. It was amusing to hear that the Conservatives now have a potted plant policy. By eradicating a few potted plants, they intend to eradicate all the woes of the public services. I am not sure that I agree with the hon. Gentleman about that.

Some aspects of the Bill that focus on accountability appear to work in one direction, but others appear to work in the opposite direction. The Bill suggests that more academies will be introduced. However, it is odd that a Bill that seeks to introduce greater accountability for what happens in education should also propose further academies, for which a sponsor who puts in £2 million can attract some £24 million of public money. That means that the sponsor will have an 8 per cent. stake, as against a public stake of 92 per cent., but will have 100 per cent. control. To what extent will the public have the right to ensure that their wishes for such a school are properly considered? Where will the accountability lie?

In May, the Government will back a conference entitled "Schools at the Heart of the Community", the stated aim of which is to explore the role that schools can play in community empowerment and regeneration. I find it difficult to reconcile that aim with the whole idea of academies. The public will put in most of the finance, but where is the accountability for how the academies will be run?

Other provisions in the Bill appear to take power away from the local education authority and hand it to the Secretary of State. For example, clauses 67 and 102 both give the Secretary of State extra powers to impose requirements on an LEA, rather than allowing it greater autonomy to make its own decisions on behalf of the people whom it represents. Some aspects of the Bill would cut schools off from their local community moorings, but those are very important. We should try to ensure that schools are accountable to their local communities as far as possible.

In respect of the provisions that apply to Wales and the Welsh Assembly, however, the opposite seems to be true. The Government seem to be attempting to reduce the cold hand of central Government and strengthen local accountability by giving more power to the Welsh Assembly. I know that my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams) is delighted to welcome those aspects of the Bill, especially those that address the danger to small rural schools—indeed, to small schools generally. I, too, very much welcome those provisions, and in particular clause 70, which was inserted by the Lords with Conservative and Liberal Democrat support, and I hope that the Government will see fit to leave it in the Bill.

Last year, I made it my job to visit all the small rural schools in my constituency because I was aware that there was a problem with falling rolls. Demography creates that, even in an area such as mine where the population in general is growing. We are an attractive area and there is a lot of employment, so many people want to move to west Berkshire, but although the population is growing the number of children born each year is still going down. Falling rolls in some of the small rural primary schools have led to low numbers, which has an effect in terms not only of the school's financial viability but, perhaps even more important, of its educational viability. If a school gets too small, with only one or two teachers, the full scope of the national curriculum may not be properly delivered.

In my area, as in many areas, schools form federations to share teaching staff and facilities. That can overcome some of the problems, and I am happy to say that my local authority is doing its utmost to ensure that all the small rural schools are kept open. So far, it has been successful, but the problem is increasing. Numbers are falling every year and will continue to fall for a few years more. I am pleased that clause 70 has been included, as it gives rights to the local community so that at least it can be consulted properly about whether a small rural school should close.

Nearly 12 years ago, I made my maiden speech in the House. I do not pretend to remember it word for word. I suspect that some Members in the Chamber today were not here on that occasion, and even if they had been they probably would not remember it word for word either. However, I certainly remember what it was about—the problem of the closure of rural post offices. Closures of rural schools and rural post offices have similar effects. Both institutions often play a critical part in the village community and village life. Sadly, when one or other closes, and certainly if both close, the community may collapse, leaving only rich people or those who have a second home in the village, because it is so difficult for poorer people to remain, especially if they do not have their own transport, as so little public transport is left in some rural areas. That is certainly the case in west Berkshire, as well as elsewhere.

There is an inherent danger in the Bill if parents have greater rights to choose popular schools, which may expand and take in extra children. There could be two village schools of more or less equal quality, but one might be slightly more popular than the other—for good or not-so-good reasons—so there is a danger that

[Mr. David Rendel]

a few of the richer parents from the village whose school is marginally less good may decide to move their children to the school in the next village. They can take up that option because they can drive the children to the school in the next village in their 4x4 vehicles, leaving a decreasing population in the other village until finally the school is no longer viable. That is to the huge detriment of the poorer people in that village. They do not have transport to take their children to the next village and life could become extremely difficult for them.

There are reasons for taking an overall view of education throughout a community area to allow for the maintenance, as far as possible, of a local community primary school in each local community. That can have huge benefits, which may, for the whole community, over the whole LEA area, outweigh people's understandable wish to choose a school that has become a bit more popular, simply because they are wealthy enough to take advantage of that choice.

Schools go up and down quickly. I am sure that all of us have seen examples in our area of a school that has become unpopular and not as good as it was suddenly being turned round by the arrival of a new head teacher. That can often make a huge difference to a school. A school that was beginning to fail and become unpopular can find that situation reversed and quickly grow again. However, if we follow the principle that the Bill seems to enunciate, we may endanger some schools by allowing other local schools that have become popular over a short period, because of a good head teacher, to expand quickly and take children from the less popular schools. Schools could become non-viable when simply putting in a good new teacher might be enough to reverse the situation. I certainly do not want to see the closure of my smaller rural schools, which might be the result if we were to go ahead purely with the Government's proposals and would certainly be the case if clause 70 were removed, as I fear the Government may be threatening. It is all very well for rich parents, but not so good for those who are poor. We have to protect the whole of our community, not just those who have the power and wealth to go where they choose.

There is much that is right in the Bill, but some things seem to be working in contradiction to one another. The Government need to reconsider some of them, perhaps in Committee, if the Bill gets that far, where we could then iron out some of its contradictory aspects.

6.46 pm

Mr. Kelvin Hopkins (Luton, North) (Lab): I am pleased to have this rather unexpected opportunity to speak in the debate. I have a great interest in education in general, and in some of these matters in particular, as at one time I was a teacher. I taught A-level economics and politics, although in further education rather than in a school, and it was an interesting experience. Many of my close relatives are or have been teachers at various levels. I have a close involvement with all the schools and colleges in my constituency and I am vice-chair of the governors of our sixth-form college. I also spend an hour or so every year teaching a class myself, so I have some feel for what is happening on the ground, rather than just speaking from the lofty heights—the ivory tower—of Parliament.

For many years, I have been concerned about what is going wrong in British education. The Organisation for Economic Co-operation and Development statistics on educational achievement in Britain show a pattern different from that in any other country. The top 10 per cent. of our students do extremely well and compare with the best in the world, yet the bottom 30 per cent. of our pupils are near the bottom of the table. Our average puts us at a reasonable level in the OECD table, but our extremes are at opposite ends, and the bottom third is of most concern.

When I was in teaching, inspection was not good. I entered teaching with a degree but no teaching qualification. When I was inspected, the vice-principal came in for half an hour and his only comment was that my writing on the board was untidy. That was not news to me, as I have always struggled with writing. That was the extent of the criticism of my teaching. Fortunately, I got good results and my pupils made complimentary remarks about my teaching relative to that of some of my colleagues. That was the nearest I got to proper inspection—inspection by my pupils rather than by a professional from outside.

Inspectors were of various types. The teaching philosophy at the time was for informal methods, which had the education system by the throat—not a good idea, in my view. One of my associates taught in a very formal way, and when he was aware that the inspector was coming he got his pupils to put their desks into little groups and asked them to talk to each other while the inspector was in the room. The inspector thought that was splendid, but when he went away the teacher said, "Put your desks back in lines, be quiet and listen to me". The inspector was unaware that the teacher taught formally. That teacher was extremely popular with parents, because pupils learned much more in his class than in some of the other classes. So inspection was perfunctory and not very good. Some of the philosophies that were peddled by inspectors in those days clearly led to some of today's problems.

Behaviour was not considered a serious problem in those days. We have lived to regret that, because we have developed a culture of boisterous behaviour in schools, to say the least. The hon. Member for Rayleigh (Mr. Francois) drew our attention to that fact. We now have to deal with that and row back from allowing classroom behaviour to get out of hand. When I was first elected, I suggested to a junior Education Minister that we should deal with such behaviour in the classroom, but the Minister said that that would be too prescriptive.

I am glad that my hon. Friends who now sit on the Front Bench have a different view and that we are looking at classroom behaviour. I do not know whether this is true for other hon. Members, but I could never learn well in a boisterous, noisy atmosphere. I learned better in a quiet and orderly atmosphere. That sounds old-fashioned, but it seems obvious to anyone with a bit of common sense. However, that was not the situation in many schools for many years, and most teachers found it difficult to cope with that.

Primary and secondary schools in my constituency have had problems. Four schools have been in special measures, but they have come out of them because of the efforts of some superb head teachers and some very good teachers. Many of them have moved towards a more traditional approach to teaching, which has been

beneficial. I shall dwell on one school in particular, which was not in special measures but was not a star performer, although it was still a good school. It was part of the three-year pilot scheme for inclusion units, whereby pupils who misbehaved or found it difficult to behave themselves in class were taken out of the class and put into the inclusion unit, where they received perhaps one-to-one teaching until such time as they felt able to return to the classroom and behave.

This year, that school was listed as one of the 100 most improved schools in the country, and it is not improbable that the inclusion unit had an effect. Pupils who had difficulties behaving themselves in class were taken out immediately so that the teacher could get on and teach the other pupils, and when they felt better about things they could return to the classroom. That has made a difference. It is a fine school with a wonderful head teacher. I go there regularly, and it is a delight to see that it has done so well this year.

I am glad that, under clause 44, the Government are rowing back a little from declaring too easily that schools are failing. The category for schools that look likely to fail will be removed, and in future only when schools are really failing will they be categorised as such. That is wise. As I have told Ministers in the past, we should not label schools before they get into difficulties but should be aware that they are not performing well and get resources into them early on, to start to improve them long before they start to fail. I want to press Ministers to take that approach: to look at schools that are not performing well, to put in resources and to make sure that those schools have the right management and head teachers, even if we have to pay them a little more and give them a premium for teaching in difficult areas, to ensure that those schools improve.

The market approach of letting a lot of schools compete with one another and allowing some to fail and some to succeed is not only divisive but expensive and wasteful. I would prefer the resources go into making every school in the country a good school. That is not just a fair but an efficient way forward, and it would cost a lot less public money.

What causes the problems in schools? Many problems relate to social divisions. Sadly, Britain is still a socially divided society—much more so than the continent of Europe. We have had an enormous variety of schools since the second world war—grammar, secondary modern, comprehensive, technical and faith—and each area now has a hierarchy of schools that reinforces those social divisions rather than cutting across them.

I have suggested to my hon. Friend the Minister for School Standards, who recently left the Chamber, that if we approached education by producing a balance of population in every school and ensuring that every school is a good school, we might start to address those social divisions and divisions in education and make some progress in bringing Britain together as a society, as well as improving the educational performance of those at the bottom who have been doing less well.

At the moment, we have hierarchies of schools, even in areas with a good education system, such as my constituency. Some schools are in areas with relatively poor living standards where people face a degree of deprivation. Of course, children from those areas perform less well at school. In other areas, we have magnet schools that are targeted by middle-class people, who move into the area and push up house prices. There is a little enclave of middle-class families, with middle-class children going to middle-class schools, and they all do very well. That is fine for them, but it is not fine for the 30 per cent. who do not do so well.

We must deal with that problem and try to achieve a balanced population in schools. In most urban areas, that would not be too difficult because the distances involved are not great. When I taught 35 years ago, comprehensivisation was starting and there was an attempt to ensure a balance-of-ability range in the schools in some areas. Pupils were roughly categorised at the age of 11 into As, Bs, Cs and Ds. There was no 11-plus, but an attempt was made to ensure that schools had a balanced population.

In those circumstances, a genuine comparison could be made between schools that were performing well and those that were performing badly. Value-added measures, as well as different teaching methods, could be compared in each school, and inspectors could make a proper assessment of how well certain forms of teaching were succeeding. If we do not do that, we will continue with a hierarchy of schools, which is socially and educationally damaging, thus reinforcing the social divisions that are so uncomfortable and disagreeable in our society.

We want to avoid any kind of segregation along racial lines as well as those of social class. We also want a nice mixture of people in each school. Certainly in my constituency, most schools are like that. There is a tendency for one school to take more pupils from one community than another, but there is a mixture in each school nevertheless. I want that mixture to include the whole community.

Finally, I want to discuss patterns of school provision in different areas.

Mr. Francois: We all know that the Liberal Democrats are opposed to faith schools, such as Church of England schools, even though they are overwhelmingly popular with parents. I have listened carefully to the hon. Gentleman. Is he saying that he opposes faith schools as well?

Mr. Hopkins: The reality is that we decided to include faith schools in the Education Act 1944—with Catholic schools, Church of England schools and Jewish schools—and that pattern cannot be changed now. Therefore, it is unfair to tell any community that it cannot have a faith school when there are clearly faith schools in other areas.

Dr. Pugh: I am sure the hon. Gentleman agrees that the hon. Member for Rayleigh (Mr. Francois) cannot know that Liberal Democrats are opposed to faith schools, because that proposition is not true.

Mr. Hopkins: I thank the hon. Gentleman for that information.

On the general case about faith schools, some may choose to have faith schools, but I hope that we will not see an enormous burgeoning in their number because I like the idea of people from different faiths being educated together. Clearly, some people in certain faiths

[Mr. Hopkins]

would not want that to happen. They want to keep faith schools, and they clearly have that right. That will not be changed by any Government of any colour, so it is unfair to say that any community cannot have a faith school.

Angela Watkinson (Upminster) (Con): I happen to be a governor at a Roman Catholic girls secondary school. The school is different because all its pupils are Roman Catholic and it caters only for girls. However, it has a genuinely comprehensive intake, accepting girls from another parish that is much more deprived. In that respect, the school is made up of a mix of pupils from right across the social spectrum. The school's ethos is that parents take a close interest in their children's education, which is one of the most valuable elements in a school community. The school has extremely good results. I therefore hope that the hon. Gentleman would not deny those parents the choice of such an education for their children.

Mr. Hopkins: I agree with just about everything that the hon. Lady has said. My constituency has the largest Roman Catholic primary school in the country, and it is one of the best schools that one could find. There is also a large 11-to-18 Catholic secondary school. It is first class and does a wonderful job for pupils in my area. I am sure that the hon. Lady recognises that, for many years, the overwhelming majority of pupils at such schools came from Irish backgrounds. That is no longer the case because Roman Catholics from the Congo, the Philippines and many countries in eastern Europe have come to my constituency. There has been a wonderful flowering of multicultural education, even in Catholic schools. People learn about each other's cultures, and it is nice to see a faith that covers different communities from different parts of the world and that allows people to understand each other. That is a great advance. I do no not want faith to reinforce the other divisions that exist in our country, and the position is starting to change.

We have faith schools and they will continue, but I do not want an enormous variety of other schools to be set up to compete against each other. Rather, society, the Government and all of us should make sure that every school is a good school and that no school is allowed to fail.

Angela Watkinson: I hope that the hon. Gentleman is saying that he wants levelling up and not levelling down to the lowest common denominator.

Mr. Hopkins: Precisely. The way to level up is to find the problems and build up those schools. That has happened in my constituency and across the country. It is to the Government's credit that they have taken that approach. They have looked at the schools that are not doing well and have put in extra resources to start to bring them up. That requires rigorous inspection and a sensible approach to the teaching philosophy.

I speak with a little knowledge of this subject, but some teaching philosophies in the past were mistaken. We have been through an era in which extremely informal methods in certain areas caused serious problems. Such methods might be fine for people from enriched middle-class backgrounds who have houses full of books. I was one of them; I had great advantages. The hon. Lady may know of Millfield, which is a private boarding school that some colleagues may have gone to. A television programme about the school said how wonderful, informal and relaxed it was. The pupils called the teachers by their first names and it was meant to epitomise informal teaching and the relaxed approach to education. However, the school allowed in only a minority of the population—as determined by money—and, even then, pupils had to be interviewed. Only people with a certain type of personality were allowed into the school, so that it could teach in the way that I have described.

Perhaps I could have been educated by informal methods and done very well. I happen to come from an enriched environment in which I started off with every possible advantage in educational terms. That may not show now, but it certainly did at the time. However, that is not true for the great majority of youngsters who come from ordinary backgrounds. Good schools make the difference for them, so we must make sure that every school is good.

I was coming to the end of my speech when I took one or two interventions. They have prolonged my speech, but I hope that I have not delayed hon. Members too much. However, I want to point out to my hon. Friends on the Front Bench that we should not change systems that work well. I urge them to consider the Luton system where we have 11-to-16 high schools and a sixth form college. That system provides the ideal form of secondary education, and I challenge anyone to demonstrate that any other system works as well.

Such a system works well provided that we have good schools, so it is important to ensure that they have the resources and good staff, and offer quality education. Once that is assured, we can go on to success. I frequently go to the schools in Luton and I am full of admiration for what they do. The teachers are dedicated and the pupils are enthusiastic. There are undoubtedly problems because some pupils come from deprived backgrounds and behaviour here and there is not what it should be, but the schools in Luton, which is not an advantaged area, do brilliantly.

I urge Ministers not to try to change the systems that we have or, in particular, to insist that we change the system in Luton. They should look at what we do in Luton and think about adjusting secondary education elsewhere to follow our pattern. In particular, I suggest that, in certain areas, a sixth-form college system that pools sixth forms from schools is beneficial to pupils and education in those communities. I hope very much that the Government will consider promoting the sixth-form college model of secondary education in the future. I have spoken for longer than I intended, but I hope that Ministers will take into account some of what I have said.

7.6 pm

Mr. Andy Reed (Loughborough) (Lab/Co-op): I apologise to the House for not being here at the start of the debate, but the Adjournment debate is about education funding in Leicestershire, and I hope to speak in it, so I hope that I will get a double go at talking about

the issues. I am grateful for the chance to follow my hon. Friend the Member for Luton, North (Mr. Hopkins). I know that he is a fellow Leicester City supporter so, like me, he will be feeling aggrieved by a late penalty decision in the FA cup.

I wish to concentrate on two aspects of the Bill. The first is the inspection regime and the second is what are described as the small financial aspects, which I believe do not go far enough. I welcome the Bill as part of the wider package of reforms that were set out in a number of documents: "Five Year Strategy for Children and Learners", "A New Relationship with Schools: Next Steps" and the paving document on the learning country and a comprehensive education. Plenty of heavyweight tomes are flying around describing what will happen.

The Government's stated aims and strategy sound extremely good. They are

"to establish a new relationship between government and schools. The overall purpose of this strategy is to reduce the burden of bureaucracy for schools, freeing up resources within schools, enabling them to concentrate on the core task of delivering high quality education."

It is on that point that I wish to speak from my experience in Leicestershire—not just as the Member of Parliament for Loughborough but as the parent of a child aged six who started school last year and a daughter who has just started free nursery education for three-year-olds. She will be three this Saturday. I have daily experience as a parent, and as the governor at a local primary school for several years.

I visited all the 36 schools in my constituency early in my time in Parliament and have maintained a healthy relationship with all the governors and head teachers since then. Unfortunately, events in the House on Friday meant that I was not able to take part in an assembly at Burleigh community college, so I would like to place on the record my apologies to all the students there. They were really looking forward to my entrance with my red nose and red wig. That did not happen—much to my relief, if not theirs.

It is important to concentrate on what is happening in schools, and that is why I referred to the Government's aims and strategy for education. Those all sound very laudable, but there are still problems at the grass roots in delivering many of the changes. When Ministers visit schools, the first issue that teachers raise is the paperwork and bureaucracy that goes with teaching these days. Ironically, when my wife was helping out in my local school, only last week, she walked into the staff room and saw a photocopied cutting in bold, large print about my right hon. Friend the Secretary of State's idea that teachers could give their pupils reports every six weeks. The feedback on that suggestion was probably not the most helpful that we have received. It is important for us to recognise the impact that such measures have on teachers and the enormous amount of excellent work that they do.

I think that the number of teachers and teaching assistants in Leicestershire has risen by about 400 over the past few years, which is to be welcomed. I was pleased to hear that the hon. Member for Newbury (Mr. Rendel) spoke about education in his maiden speech 12 years ago. I made my maiden speech on the Bill that contained measures to reduce class sizes for five, six and seven-year-olds, and I am pleased to say that my son, who is at key stage 1 at primary school, is in a class of fewer than 30 pupils. I know that there are 24 children in the class, because I had to take sweets in today to celebrate his birthday last weekend, so I had to count out the right number for each child. Given my interest in nutrition and health, I should have taken in some fruit, but the tradition seems to be taking in sweets or cakes. I hope that we can change that over time.

I spoke this morning at Loughborough college about a health initiative and felt guilty that I had taken those sweets in. However, I noticed that my pedometer showed that I had already done 9,000 steps by 10 am when I arrived to speak at the meeting. I am now up to 27,500 steps, so I have probably made up for the little packet of sweets that I had this morning with my son. One of the most welcome things that we have managed to introduce is nursery provision for three and four-year-olds, in addition to reduced class sizes for five, six and seven-year-olds.

Mr. Hopkins: May I take my hon. Friend back to his comments about diet? He is visibly one of the healthiest Members in the House, so I am sure that he is interested in recent research showing the impact of pupils' diets on their behaviour in school. Such things as the additives in drinks can affect behaviour, so will he urge our hon. Friends the Ministers to ensure that pupils' diets in schools are appropriate and help them to behave better?

Mr. Reed: I entirely agree with my hon. Friend. There is a lot of research showing that not only diet, but health, has such an effect. My son walks to school with us every day. We live at the other end of the village and the walk takes 20 minutes. Research demonstrates clearly that physical activity in the morning has an effect throughout the day. One might have thought that children who were physically active at school came home tired, but research shows that if an activity is combined with a healthy and nutritional diet, their ability to learn throughout the day is lifted and that is maintained after school. When such children leave school, they are thus still physically active and able to play.

Although this matter is not covered by the Bill, an amendment relating to it was moved in the House of Lords. I would like the amount of training in physical education given to primary school teachers, especially, to increase. Primary school teachers receive an average of seven or eight hours' such training during their course. Many of us who are interested in sport and physical activity would like the amount of such training to increase to 30 hours, as the amendment would have provided, because physical education is a key area in which we need to generate primary school pupils' interest. Teachers often lack confidence in delivering physical education because of a lack of training, but if there were sufficient training, children's activity rates could be increased at an early age, to help them to continue such activity throughout their time at school.

Clive Efford (Eltham) (Lab): May I take my hon. Friend back to the intervention made by my hon. Friend the Member for Luton, North (Mr. Hopkins) on diet and school meals? Schools in my constituency are currently subjected to the Jamie Oliver treatment, because Greenwich schools feature in his Channel 4 programme. He has been able to demonstrate clearly that the standard

[Clive Efford]

of school meals has declined considerably over time under compulsory competitive tendering. He was also able to demonstrate that the diets of children at home are crucial, so we should not forget that. I encourage Jamie Oliver to take on supermarkets about the foods that they encourage parents to buy for children as well, because the problem does not begin and end at the school gate.

Mr. Reed: I agree entirely with my hon. Friend. I was a sponsor of the private Member's Bill promoted by my hon. Friend the Member for Stourbridge (Ms Shipley) on food advertising, especially that directed at children under 12. My licence fee to the BBC is worth while for CBeebies and CBBC alone, because I think that it was nearly five and a half years before my son saw an advert and started clamouring for things. The fact that BBC broadcasting is free of advertising makes an enormous difference. I would like some control of the products that supermarkets are able to sell and the activities that they may carry out.

The Government document on increasing physical activity and tackling our nutritional problems that was published last week is one of the most important that we have seen, but unfortunately it was slightly lost due to the coverage of what was happening in the Chamber. My hon. Friend the Member for Eltham (Clive Efford) is right to say that there is little point addressing children's school meals at lunchtime if they go home and eat meals high in fat, salt and sugar in the evening. Diet is important in general, not only an aspect of schooling. As my hon. Friend knows, this country's obesity levels are increasing greatly.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. This is an interesting discussion, but I think that we are departing from the terms of the Bill.

Mr. Reed: I am grateful for your stricture, Mr. Deputy Speaker. I shall not be led astray by my hon. Friends.

I wanted to link what I was saying to an important point about the inspection of schools that came out of this morning's discussion. The matter has also been considered by the Health Committee. We are clear about what we know about children's educational and academic attainment through inspection, but we do not know enough about the physical activity that they are undertaking. I would like the opportunity to discuss the matter in Committee, because I would welcome the return of something along the lines of the health check. It would not be like the traditional health check that we lost 20 years ago, but a way of examining children's health by measuring their body mass index, and perhaps other aspects of their health.

The main aspects of the Bill that I want to talk about are the inspection and finance regimes. I know from being a governor about the work and stress caused by the current inspection system, and I am sure that all hon. Members in the Chamber are aware of that. I was a governor of Sileby Highgate school in 1997 and we had an inspection several months after I was elected to the House. The whole regime seemed to revolve around ensuring that all the paperwork was in the right place to demonstrate that the paperwork was in the right place, rather than showing what the school was like on an average day. Since the inspection in 1997, I have argued for something along the lines of the system proposed in the Bill. Most teachers to whom I have spoken would prefer such a system. Shorter, sharper and more frequent inspections would be appropriate—but to go a little further, perhaps there should be no notice of when inspections will occur, especially if they are short. The preparation period for an inspection seems to be the most stressful time, because people have to try to ensure that everything is in place.

I agreed with the hon. Member for Rayleigh (Mr. Francois) when he talked about the number of plans and other documents that must be in place for an inspection. The walls of staff rooms tend to be covered with plans and documents, but one must wonder when they were last taken down from the shelf and referred to. I am sure that good teachers and heads read them regularly and know them off by heart, but to be realistic, I worry that the fact that there are so many such documents causes extra strain and pressure for teachers, because they must ensure that they are up to date.

Mr. Francois: It was good of the hon. Gentleman to amplify the point that I made earlier, which shows that hon. Members on both sides of the House encounter such problems in their schools, and I was not making a partisan point. Does he agree that teachers, and especially heads, find it annoying that they spend a great deal of time producing those plans, but seldom get much feedback on them? They are not sure that the documents have even been read by the people to whom they send them.

Mr. Reed: I agree with the hon. Gentleman. When I go into schools, the heads are usually proud to show me their in-trays and the number of circulars that they have received that week alone. I show them a photo on my phone of the daily post that I receive here, so that I can say, "Snap." Both heads and Members experience information overload, so we probably know how heads feel.

A further problem is how the standards fund and other funding streams for schools require an application process, which causes a great deal of concern. Schools that are good at applying and have been successful do not mind putting in bids, but schools with a history of being unsuccessful stay outside the regime—they do not want to keep applying. Even where large sums are available—I am thinking of the New Opportunities Fund round of funding for school sports facilities—many schools have been put off making an application. By simplifying the process, we could give schools that do not normally apply—perhaps because they have been rejected a couple of times and have become discouraged—the feeling that they are part of the system, and the confidence to apply in future.

The big problem, as my hon. Friend the Minister knows—and will learn more about later during the Adjournment debate—is the funding mechanism. On 17 February, the Department circulated a consultation document on the new school funding arrangements. I am grateful for what it contains. The Bill provides for technical changes to implement one of its positive measures—three-year funding guaranteed in advance. Everyone involved in school financial planning

knows that among the greatest difficulties are being unable to plan more than a year or two ahead, not knowing pupil numbers, and not knowing what is likely to happen. Three-year planning would make an enormous difference, and is to be welcomed. The document also mentions ring-fenced grants for schools via local authorities, which is also welcome, and the new single standards grant. The latter addresses the problem that I mentioned earlier by simplifying and streamlining the process of applying for the standards-related funding streams for schools. It will make an enormous difference.

None the less, in Leicestershire the problem of the funding formula remains. I shall not bore my hon. Friend the Minister with the details, because he will have to listen to them again later, but in Leicestershire the school funding formula causes enormous problems because of the way in which it operates and the weighting given to the various elements of the regime. The Bill and the consultation document rightly suggest that the current formula has improved the transparency of the process, but it does not go far enough in terms of adjusting the weightings. The formula is only a part of the overall funding for education in Leicestershire. We welcome the extra capital funding that has come to our area; the figure used to be £2 million a year, but is now running at £32 million a year. That has made an enormous difference.

Mr. Andrew Robathan (Blaby) (Con): My Leicestershire neighbour is being incredibly loyal by coming to speak in this debate when he is to speak later about education funding in Leicestershire, but does the hon. Gentleman not think that he is being over-loyal with regard to the new funding formula? According to Leicestershire county council and the teachers with whom I have spoken, the proposed new funding formula will make matters worse in Leicestershire, which, as he is well aware, is the worst-funded education authority in the country.

Mr. Reed: Having worked at county hall and on the funding formula in the past, I would like to see the evidence for that assertion. I am sure that the Minister will tell us later how the new formula will work. Generally, however, I am sure that the hon. Gentleman will acknowledge that we in Leicestershire have seen a funding increase of more than £800 per pupil per year. I worked at Leicestershire county council and was a governor from 1992 to 1997, and I remember a real-terms decrease in spending in Leicestershire—we saw cuts, cuts and cuts. I acknowledge that although we have made some advances, the formula does not mean that we have done as well as we would like to. I am sure that the hon. Gentleman and I can do some cross-party work to ensure that the technical problem is resolved. He will know that the funding formula that the Conservatives propose to keep is not dissimilar to those in the Bill and the consultation document—

Mr. Deputy Speaker: Order. Although I am sure that the whole House is looking forward with keen anticipation to the debate on the Adjournment, we really must not hold it now.

Mr. Reed: That is a real shame, Mr. Deputy Speaker. I hope that my hon. Friend the Minister will be able to expose the Tories' intentions regarding the education funding formula and their cuts. The idea that pupil passports would generate improvements to schools in Leicestershire, such as the one that my son attends, is a fallacy that needs exposing. Although the hon. Member for Blaby (Mr. Robathan) and I have achieved cross-party agreement on the need to improve the funding formula, I assure him that we do not agree about the Tories' record on funding in Leicestershire or on their proposals to cut funding from schools such as my son's.

I raise this issue because the Bill provides a golden opportunity that must not be missed. As it makes progress, the funding formula will be discussed. Although it is welcome that one of the clauses makes an improvement, with three-year funding, I hope that we can also examine the way in which the formula works—the weighting given to core funding per pupil relative to the area cost adjustment and the deprivation and sparsity elements. We need improvements to the formula if we are to build on the massive improvements that have been made in education in Leicestershire since 1997. I urge Ministers to pay heed to the representations made by the F40 group and other heads with whom I am working to put together a Loughborough schools response to the proposals.

I urge my the Minister for School Standards to go a little further in respect of school inspections—to make them lighter and easier, but more informative to parents—and to examine more closely what we can do about the funding formula. However, I also draw his attention to a piece of research conducted by the London School of Economics that concluded last year. It showed that what goes on in education funding, and whether a child is from a middle-class or a working-class family, matter less than the extent to which a child's parents are actively involved with that child's education. That is the single most important factor in a child's educational attainment. We can do everything we can to improve what happens in schools, but unless parents are genuinely involved in their children's education, we will not be able to achieve much.

I am therefore disappointed by a specific measure in the Bill to get rid of the annual meeting of parents and governors. I can understand the reason for the measure—parents do not turn up. My school has run such meetings and the ratio of governors to parents has been about 5:1—

Dr. Pugh: Good ratio.

Mr. Reed: It did not feel like it on the evening, given all the work that had gone into the meetings. That sort of thing is a sad reflection of the problems facing schools. I urge the Minister to consider how we can rebuild the relationship between parents and schools. It does not have to entail lots of paperwork. We just generally need to involve parents in their children's education.

7.28 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am pleased to catch your eye during the latter stages of the debate, Mr. Deputy Speaker. I assure the House that I shall be brief—

Mr. Robathan: Hear, hear.

Mr. Clifton-Brown: I am pleased that my hon. Friend is so happy to hear that.

The Bill is a big Christmas-tree measure comprising 128 clauses and 19 schedules. Having read the explanatory notes, I am pleased to know that it is not likely to reach the statute book. Hon. Members on both sides of the House have spoken in some detail about the problems of bureaucracy, targets and paperwork in today's education system. Anyone who has visited local schools and talked to head teachers can be in no doubt about the amount of paperwork with which they have to deal and the time they have to spend on it—time that they do not spend in the classroom where they ought to be.

There are one or two good parts of the Bill—there need to be, because many elements of today's education system are unacceptable. There are many good schools in the Cotswolds—I am sure that there are many throughout the country—but the system as a whole is failing this nation. One million children still play truant every year, and 35,000 children leave school with 1 GCSE or less. We still have a shocking situation in which three out of 11 children leave school without adequate arithmetic or reading skills, which has led to 10 per cent. of our work force or 2.6 million people lacking the skills that they need to do their job, as was recently revealed by a survey of 76,000 employers.

That is a poor situation for one of the most advanced modern economies in the world. One would expect the Bill to rectify those problems, particularly the amount of paperwork and bureaucracy, but I am afraid that it does exactly the reverse. I shall quote verbatim paragraph 231 of the explanatory notes on clause 114, because if it represents the sort of gobbledygook that we are going to get from the Department for Education and Skills, heaven help our education system. It is headed "Supply of information about school workforce", and I shall test the Minister afterwards to see if he understands it:

"This clause enables regulations to require or authorise the proprietor of a school, a children's services authority in England or Wales or any person prescribed in regulations to supply information (of a kind prescribed by regulations) to the Secretary of State, the Assembly or prescribed persons. The information will primarily be used for statistical analysis and research, but will also be shared between organisations which have an independent legal right to the information. Details of the categories of information and the format in which it will be expected to be supplied will be available in guidance to be placed on the internet. Examples of the type of data to be supplied are date of birth, ethnicity and pay details."

Can the Minister, without notes from his officials, explain exactly what that means in his winding-up speech?

Clive Efford *rose—*

Mr. Clifton-Brown: Ah, we are going to get an explanation.

Clive Efford: Would the hon. Gentleman list the items of information that he would not publish?

Mr. Clifton-Brown: The Minister will doubtless supply that information—it is not for me to do so. I did not write the Bill or the notes on clauses, but the Minister will surely give a more than adequate explanation of what it all means.

I welcome one or two things in the Bill, particularly the protection for small rural schools. There are a number of such schools in my constituency and they are vulnerable. Although they may have only one or two teachers and have difficulty in teaching the full curriculum, the dedication of the staff is welcomed by the pupils. As has been said by Members on both sides of the House, they offer a good service to the village, and help to keep it together.

I also welcome the measures on special schools. It is a pity that it has taken the Government eight years to realise that such schools should only be closed in exceptional circumstances. I used to represent Tewkesbury, which is now the constituency of my hon. Friend the Member for Tewkesbury (Mr. Robertson) and includes the excellent Alderman Knight school. Even though that school offers excellent education and steps have been taken to keep it open, it is going to close.

The real mischief that the Bill will cause only becomes apparent in paragraph 261 on page 45 of the explanatory notes. I am concerned that the Bill will weaken the school inspection regime—the mechanism that provides independent measurement of one school's performance against another. Paragraph 261 states:

"This Part makes changes to school inspections and the inspection of early years education provision. Ofsted anticipates direct savings of at least £10 million per annum in the cost of schools inspections".

No one would worry too much about that, but the paragraph goes on:

"Ofsted is reorganising to deliver the new inspection regime and this will reduce its staffing levels by some 500 posts".

Either Ofsted has been grossly inefficient—that is not my perception—or a cut of that magnitude will decimate the school inspection regime. I should therefore be grateful for an explanation from the Minister. I should also like an explanation about the provisions on excluded pupils. I have referred to the 1 million children who are excluded every year. Paragraph 241 of the explanatory notes says that

"pupils who are excluded from school for a fixed period or are appealing against a permanent exclusion cannot attend a school from which they have been excluded."

That is self-evident. However, if the Minister would do me the courtesy of listening, the paragraph goes on to say:

"As a result schools cannot direct such excluded pupils to attend alternative educational provision."

It would be helpful to know why that is the case. The Minister is scowling, so doubtless he will provide an explanation.

My main concern, however, is about funding for maintained schools and for further and higher education, on which there are a number of provisions in the Bill. Like the area represented by the hon. Member for Loughborough (Mr. Reed), Gloucestershire is well within the bottom sector of the F40 group, because it has always been a low-spending authority. It is grossly unfair that one child should receive different funding from another child receiving the same education in broadly similar circumstances in a different part of the country. Whatever the nature of the Government in power, it is about time that we devised a fairer system for funding our children's education. I have long suggested that a basic amount should be allocated to every single

primary and secondary child in the country. Thereafter, extra would be given for the normal criteria such as deprivation and so on. The formula would be transparent. That is not the case at the moment, and it is almost impossible for a parent or child to work out why their school has been given a particular amount of funding. It is surely possible to make the funding of schools more transparent.

As for further and higher education, it is wrong that they should be funded differently from secondary education, as such institutions offer exactly the same A-levels or AS-levels. It is wrong, for example that Cirencester college, an excellent further education college in my constituency, should receive less funding per pupil than a school in the maintained sector. I trust that we will hear something about that in the Chancellor's Budget on Wednesday, but I certainly hope that the Bill will do something to address that difference in funding.

Mr. Reed: On the funding formula, we probably agree about the size of the difference between the best and worst funded local authorities. However, how successful has the hon. Gentleman been in convincing his Front Bench team to change the formula, as the Tory proposals seem to be exactly the same as ours? Does he believe that change is possible at all or, like me, does he wish to continue working with the F40 to try to make improvements?

Mr. Clifton-Brown: With the greatest humility, may I suggest that if the hon. Gentleman had been here at the beginning of our debate and heard the excellent speech by my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins), he would have learned a little more about Conservative funding? I know that the hon. Gentleman is very loyal and has come to the Chamber to make a contribution at the last minute, but he has read out a speech for another debate. He was quite rightly ruled out of order by the Chair. While I appreciate his intervention, we all know what the situation is.

I have said almost enough. I started by talking about bureaucracy and gobbledygook in the Bill, and I should like to end with the same subjects. I refer the Minister to paragraph 218 of the explanatory notes, which says:

"Subsection (4) allows persons specified in subsection (3) to supply information received under this clause from the Inland Revenue, Department for Work and Pensions or the Department for Social Development in Northern Ireland to any of the persons specified in subsection (5) for purposes relating to eligibility for education maintenance allowances."

As the Inland Revenue is mentioned, will we receive information about people's tax returns? If not, what is being alluded to? The explanatory note continues:

"It also allows those who have received this information to pass it on to those who are actually administering education maintenance allowance schemes. The intention is for the clause to facilitate a single information sharing scheme, enabling the Secretary of State, or any other person specified in subsection (3) to receive information on specific applicants directly from the Inland Revenue and Department for Work and Pensions on behalf of the other administrations and to pass it on to them so that they in turn can pass it on to those administering their education maintenance allowance schemes."

That may be clear to the Minister, but it is not over-clear to me why the Inland Revenue is involved. I know what the Department is getting at. In relation to free school meals, it is necessary for the Inland Revenue to be involved. I urge caution on the Minister in that regard. Free school meals and parents who are on benefits are a very sensitive matter in schools. It is bad enough for some children to be castigated because they receive free school meals. It is even worse if their parents are to be investigated as to whether the children are entitled to free school meals. If that does happen, it should in no way involve the children. That could be extremely damaging.

The Bill is not a particularly good one. It does not address the problems of our education system in 2005, which are deep-seated and require solutions. I regret to say that the Bill is not the way to solve them.

7.41 pm

Mr. Mark Hoban (Fareham) (Con): The debate has been wide ranging. At times the topics covered in speeches from hon. Members on both sides have touched only tangentially on the Bill. That is not surprising, given that the hon. Member for Huddersfield (Mr. Sheerman), the Chairman of the Select Committee, called it a quiet little Bill, with little of the radicalism of the five-year plan in its content.

We heard speeches from the hon. Members for Huddersfield, for Southport (Dr. Pugh) and for Bury, North (Mr. Chaytor), and an excellent speech from my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb), who once again demonstrated his deep knowledge of the education system and his views on how to tackle some of the deep-seated problems facing us. When the Select Committee lands the reports to which its Chairman referred in his opening remarks, it will be interesting to see the conclusions on the teaching of reading in our schools.

In a wide ranging speech my hon. Friend the Member for Rayleigh (Mr. Francois) demonstrated his deep knowledge of education based on visits to all the schools in his constituency. He has been assiduous in his visiting, and I shall return to some of his remarks. The hon. Member for Newbury (Mr. Rendel) spoke about issues concerning rural schools. As he rightly pointed out, it was the action of Conservative and Liberal peers in the other place that introduced greater safeguards for rural schools in the Bill. We had two late additions to the Government ranks—the hon. Members for Luton, North (Mr. Hopkins) and for Loughborough (Mr. Reed), who probably gave longer speeches than they expected when they arrived at the House this morning. My hon. Friend the Member for Cotswold (Mr. Clifton-Brown) discussed issues of bureaucracy in the Bill.

I shall touch on some of the comments that hon. Members made, starting with three-year funding. Conservatives welcome the introduction of three-year budgets, which provide much-needed stability for schools. The proposal raises an issue that the hon. Member for Bury, North highlighted in his remarks. He spoke about his metropolitan district council, where the ceiling had been applied when the funding regime changed a couple of years ago. My local authority, Hampshire, has the floor applied to it. The last figures that I saw suggested that if the floor were removed, Hampshire would lose £18 million in funding for its schools. We should be grateful for some clarification from the Minister about how floors and ceilings will be applied when we move to the three-year funding regime.

[Mr. Mark Hoban]

The hon. Member for Loughborough gave us a curtain-raiser for the Adjournment debate later. I shall not comment on that, but he echoed the concern expressed by my hon. Friend the Member for Rayleigh about school funding and the arrangements for the transition to the three-year rules. My hon. Friend, in a great display of cross-party consensus with the hon. Member for Loughborough, spoke about bureaucracy in our schools, as did my hon. Friend the Member for Cotswold. It is a recurrent theme in visits that I make to schools in my constituency and elsewhere.

Teachers feel burdened by bureaucracy and are worried about the amount of paperwork that they have to sift through. They are concerned about the 12 pages of red tape that hit a teacher's desk every day of the school year. Until we lift the burden of bureaucracy and red tape from our schools, particularly primary schools, head teachers will be diverted from their key task of leading the teaching and learning in our schools and will become accountants, administrators and bureaucrats. We need to move away from that if we are to raise standards in our schools.

As hon. Members noted, the Bill includes provisions for a change in the relationship between Ofsted and schools. I was rather curious about the comments of the hon. Member for Southport, who welcomed the change in the inspection regime and spoke about Ofsted in almost glowing terms, but I seem to recollect that last week the Liberal Democrats proposed to scrap Ofsted. I am intrigued that the hon. Gentleman made no reference to that in his speech. That demonstrates once again that the Liberal Democrats need to be consistent and clear in their messages. Perhaps they will table amendments to that effect in Committee, demonstrating the importance that they attach to standards in education.

Dr. Pugh: If the hon. Gentleman reads my remarks in *Hansard* tomorrow, he will find that speaking of Ofsted in glowing terms is probably not a fair summary of what I said.

Mr. Hoban: And the hon. Gentleman will note, if he reads *Hansard* carefully tomorrow, that I said almost glowing terms. That does not get away from the key fact that, yet again, he did not talk about his party's plans to abolish Ofsted, so we wait with bated breath to hear in Committee what the Liberals' plans are for Ofsted.

I shall comment on some changes to the inspection regime and Ofsted. The first is the change to the definition of special measures. The hon. Member for Luton, North commended the weakening of the definition set out in the Bill. At present, schools that are failing or are likely to fail can be put into special measures. The Bill waters down the definition of special measures. Schools that are likely to fail can no longer be put into special measures, and where a school has failed but has demonstrated a capacity to improve, it can avoid being put into special measures. The result will be fewer schools going into special measures, but that will not mean that fewer schools are failing their pupils. It seems that we must wait until schools have failed before we bring in the detailed intervention and support that Ofsted can give when schools are in special measures.

We have spoken about the interaction between Ofsted and parents and the fact that the Bill moves away from the formal meeting between Ofsted and parents. One of my concerns is the lack of information to parents once a school has gone into special measures. I know of one parent who had to use the Freedom of Information Act 2000 to gain access to the subsequent Ofsted reports on their school. It is wrong that parents should have to resort to the Act to obtain such information. They should be able to have access to the reports without going down that route. If we are to extend choice in our schools, parents need to know what is happening in their child's school. Obtaining that information is bureaucratic, inappropriate and laborious.

The Bill seeks to encourage greater choice and diversity in schools—a pale imitation of our own plans for the right to supply. There are proposals in the Bill to allow local authorities to invite promoters to come forward with proposals to run a new school. That is a modest measure. We will introduce proposals to give people the right to establish new schools, rather than having to seek permission to do so. I wonder whether the proposal in the Bill is yet another example of a Government who are all talk. When I asked the Under-Secretary of State for Education and Skills, the hon. Member for Halton (Derek Twigg) about the measure, he stated in a written answer:

> "The Education Bill currently before Parliament will extend the requirement for a competition to all new secondary schools, including schools replacing existing schools as a result of re-organisation."—[*Official Report*, 28 February 2005; Vol. 431, c. 939W.]

Under "Building Schools for the Future", a whole series of new schools is about to be built. Will they be subject to the same power of competition that is set out in the Bill? The Minister needs to be very clear whether they will be open to the competition to find people who are prepared to take on those schools and to manage them. If that is not the case, these clauses, like other measures on school choice and diversity, are window dressing. The Government have form in this area. They talk a big story on choice and diversity but the reality is often somewhat different. When I asked how many competitions had been held by local education authorities for the provision of a new school since the powers were introduced, the Under-Secretary said—there will be no prizes for guessing the answer—

> "There have been no competitions for new secondary schools since the requirement for a competition for additional secondary schools was introduced in June 2003."—[*Official Report*, 28 February 2005; Vol. 431, c. 939W.]

Yet again, we see measures in a Bill to introduce choice and diversity, and yet again we see no action on those areas.

Another area where the Bill takes no action, save for the amendments tabled by my hon. Friends in another place, is that of behaviour. One of the areas of consensus in this debate concerns the declining standards of behaviour in our schools. This morning, I spent some time with head teachers from a range of schools in south Hampshire, from primary to secondary schools, and mainstream schools to special schools, particularly those teaching children with emotional and behavioural difficulties. There was a clear consensus in that meeting that behaviour was a growing problem from the primary stage right through to the secondary stage. If we are to

raise standards in our schools, we must ensure that those children who want to learn can do so in lessons that are free of disruption from the troublemakers who prevent them from getting the education that they deserve and need.

This Bill would have been the ideal opportunity to introduce measures to help to bring that about. The Government could have introduced measures to protect our teachers. A teacher is assaulted every seven minutes in our schools, but the Government do not bring forward any measures to help them. Once again, we have to rely on Members of the other place to introduce statutory duties to get the chief inspector to report on discipline and behaviour in school and to put pressure on the Government to ensure that it is a duty of the Training and Development Agency for Schools to ensure that the school work force are trained to promote behavioural development.

Why have not the Government brought forward measures to strengthen the position of head teachers who have to make decisions to exclude pupils? In one Hampshire school recently, the head's decision to exclude a pupil who assaulted a teacher was overturned by an independent appeals panel. That head teacher's judgment was second-guessed, which undermined his authority, sent a clear message to pupils who wonder why children who disrupt lessons are allowed to stay there, and made teachers feel more vulnerable to attack.

The Bill introduces no measures to tackle the problems that arise when false accusations are made against teachers. How many stories do we have to hear about teachers suffering from false accusations? False accusations destroy many teachers' professional and personal lives, yet the Government fail to act. No wonder teachers are losing faith in them. Our teacher protection Bill would give teachers anonymity when faced with an accusation until the point at which they are charged, sending a clear signal that Conservatives support teachers—that we are concerned about their safety and security and the threats that they face to their professional lives.

As many hon. Members have said, this is a modest Bill. If it is passed before the general election, it will be a fitting epitaph to a Labour Government who came into office with bold promises for education but have delivered so little. There is little in the Bill for the teachers who are subject to an assault, little to tackle the 1.3 million children who truant and little to help parents who despair of finding the right school for their child. It bears all the hallmarks of a Government who have run out of steam, direction and drive. It is time for a change in education. The people of this country want a Government who will put education at the heart of their priorities and pursue the raising of standards of attainment and school discipline with drive, commitment and enthusiasm. It is time to give the people of this country that choice.

7.54 pm

The Minister for School Standards (Mr. Stephen Twigg): It is a pleasure to have the opportunity to respond to what the hon. Member for Fareham (Mr. Hoban) rightly described as a wide-ranging debate. It went somewhat wider than the Bill, but enabled various education-related issues to be explored while leaving me with two hours and five minutes to respond. I can assure all hon. Members that I will do my very best not to take up the entire time. In case we do finish unexpectedly early, let me inform the House that my right hon. Friend the Secretary of State would have been back with us for 10 o'clock, but she is attending the *Evening Standard* teaching awards. My hon. Friend the hon. Member for Huddersfield (Mr. Sheerman) asked me to give his apologies because he, too, has an engagement.

In the course of the debate, the Bill was described as modest, sensible, quiet and momentous. It is a Bill that responds to some of the key challenges that we all face when we visit schools. The hon. Member for Rayleigh (Mr. Francois) set out the issues that are raised with him when he visits schools in his constituency, and I have to say that they are exactly the same as those that are raised with me when I visit schools across the country and in my own constituency. The Bill seeks to deal with some of those issues.

The hon. Member for Westmorland and Lonsdale (Mr. Collins) said that 79 per cent. of the Bill simply re-enacts legislation. I am advised that that is not true, although I must confess that I have not carried out such a close analysis of the clauses. It is true that part 1 re-enacts much of the Education Act 1996 with regard to Wales, which simply reflects the effects of devolution and the preference of the Welsh Assembly Government in that respect. For England, there is some re-enactment, but we believe that that applies to less than half the Bill. Perhaps we can return to that subject in Committee.

My hon. Friend the Member for Huddersfield raised a serious issue in relation to the chief inspector continuing to report to the Select Committee. I spoke to him privately and want to reassure the House by repeating what I said to him—that the chief inspector absolutely will continue to report to the Select Committee. That relationship of Ofsted to Parliament is very important, and there is no intention whatever for it to change. *[Interruption.]* I apologise to my right hon. Friend the Secretary of State for having given the House her apologies—she is in fact here.

My hon. Friend the Member for Huddersfield asked why more of the five-year strategy is not contained in the Bill. That point was addressed by my hon. Friend the Member for Bury, North (Mr. Chaytor). Some of the important measures on which we are consulting and which have featured in the debate—for example, changing category to foundation status—do not require primary legislation but will be done via secondary legislation. Much of the tone and tempo of the five-year strategy is about deregulation and therefore does not necessarily require direct legislation. If some elements do, we can return to them in due course.

The hon. Member for Southport (Dr. Pugh) reminded the House about the Conservatives' decision to appoint the former chief inspector and referred to a specific example from that period at Islington Green school. I do not want to comment on that, but I would like to say, in respect of the work that we are doing through the London challenge, that Islington Green school is very much a school on the up. I look forward to working with his colleagues in Islington on making it a city academy.

[Mr. Stephen Twigg]

They are very keen to create an academy that will serve that important community and give its children opportunities that may not have been there in the past.

The hon. Member for Southport said that the Bill demonstrates an animus towards local education authorities. I simply do not accept that. An important role for local authorities remains through the Bill and the five-year strategy. It is not the old, traditional role of providing but it involves local leadership, strategic planning and being a champion of the child and the family. Bringing together the Bill with the Children Act 1989 will provide an opportunity for local government to play such a role in future.

My hon. Friend the Member for Bury, North described the Bill as not the most exciting or radical measure. He said that it was sensible. Like other hon. Members, he drew attention to the benefits that the introduction of three-years budgets will bring to schools. That is an important change. One thing that schools tell us is that lack of predictability and certainty in planning their budgeting is a serious challenge for them. In the light of difficulties two years ago with school funding, we have introduced those arrangements, and I believe that they will create stability in the way in which my hon. Friend pointed out.

The hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) made a characteristically thoughtful speech. He is right that we need evidence-based policy development. The opportunities to deal through the Select Committee with some of issues that he raised—for example, the role of phonics in the national literacy strategy—have been important. I am studying Clackmannanshire and the evidence there. My understanding, on advice, is that the teaching of phonics in Clackmannanshire bears a close resemblance to what we do in the national literacy strategy in England and that the main contrast is with what happens in the rest of Scotland. However, I have asked for a more detailed analysis because it is important to consider evidence on such matters.

The hon. Gentleman expressed a concern that was echoed by others in the debate: the danger of losing the hard edge of Ofsted's approach. It is vital to maintain the integrity and robustness of Ofsted's systems. He said that schools were, in practice, unaccountable. I do not believe that he would find many schools that thought that. The combination of inspection, which the Bill tackles, the publication of data in considerable detail and the new school profile, which the measure introduces, forms a powerful set of weapons with which to hold schools to account. I hope that parents would feel that they could use those weapons to gain the sort of accountability that he rightly said we should expect of all schools.

The hon. Member for Rayleigh, in a thoughtful speech, mentioned schools in his constituency. I remember visiting Greensward school in Hockley, and it is indeed a fine school. I was pleased by his comments about citizenship—I do not know whether he will pass them on to the former chief inspector of schools who is conducting the curriculum review for the Conservative party, as I believe that he expressed a different view. I agree with the hon. Gentleman that including citizenship in the national curriculum was an important move that enjoyed cross-party support, and I hope that it will continue to do so.

The hon. Gentleman rightly set out some of the dilemmas of inclusion and exclusion. We are all trying to get the balance right. At our advice surgeries, we have all met parents who want a special school to remain for their child and those who want their child with a special educational need to be included in the mainstream. We need a system that can meet the needs of all those children and we must work together to ensure that that happens.

The hon. Gentleman dealt with perhaps the most important element of the Bill: the bureaucracy and red tape that so many teachers, head teachers and others in education tell us can be such a burden. The Bill creates the new relationship with schools, leading to a single conversation and moving towards a single funding stream precisely to get away from the position that he accurately described as frustrating for teachers and head teachers. The test will be whether we can make the system work, but I believe that we should be able to do that.

The hon. Member for Newbury (Mr. Rendel) mentioned academies and asked where their accountability lies. Strictly speaking, they are directly accountable to the Secretary of State. We aim to have 200 academies and we want them to work with local schools and local education authorities to be part of the community. I do not accept the argument that the hon. Gentleman and others make that there is some automatic contradiction between academies' independence, autonomy and ability to innovate, and the desire for collaboration. I believe that we can achieve both. If we do, we can reach a position of genuine excellence for communities, which schools and local education authorities have often let down in the past.

I apologise to my hon. Friend the Member for Luton, North (Mr. Hopkins) for briefly leaving the Chamber during his speech. He started with a powerful point about the way in which our system does well for the top 10 per cent. and far less well for the bottom 10 per cent. In the jargon, we have a system that is high on excellence but low on equity. That is a big part of the challenge that we face. We have made good progress. Evidence of the impact of excellence in cities, specialist schools and the primary strategy shows that the biggest beneficiaries have been schools in some of the poorest and most deprived areas in the country. However, I do not deny that a big challenge confronts us.

The hon. Member for Newbury and others referred to clause 70. We do not propose to remove its substance. We will table an amendment in Committee to tidy up aspects of the drafting but leave the principles intact. It is worth reminding hon. Members that, since February 1998, when we introduced the presumption against the closure of rural schools, there has been a significant fall in the rate of closure. The average before 1997 was 30 rural schools a year, and it is now five. Anything that can be done to strengthen that through legislation will enjoy wide support throughout the House.

Mr. Rendel: Will the Minister also provide the necessary funding to ensure that rural schools can stay open?

Mr. Twigg: That is one of the challenges. With funding, we must always deal with several different concerns. One is stability, which in a sense is what the hon. Gentleman means, but another is fairness. Several hon. Members have referred to that in the context of the way in which the formula currently works. Consultation is now taking place on exactly how the three-year funding and the dedicated schools grant will work. That is powerful in giving certainty and stability to schools, but we must acknowledge that we will receive requests from all sorts of authorities, such as Leicestershire, to revert to the basic funding formula. Hon. Members will wish to consider that again later.

My hon. Friend the Member for Loughborough (Mr. Reed) raised several issues, some of which related to the Bill. He made important points about physical activity. He reminded us of the reduction in class sizes in infant schools and reinforced the importance of the reduction in bureaucracy to which the measure will lead. He then anticipated the Adjournment debate. I know that my ministerial colleague, my hon. Friend the Member for Halton (Derek Twigg), is looking forward to responding to that debate on the position in Leicestershire, so I shall not anticipate it—not even with a curtain raiser.

The hon. Member for Cotswold (Mr. Clifton-Brown) set me a challenge. It was hard to hear exactly what he was saying, but I ignored his comments about getting advice from the Box and I therefore have that advice. Clause 114 will simplify the supply of information from schools in multiple surveys by providing for a single survey. That precisely meets the concerns that the hon. Member for Rayleigh expressed about the multiple requests for information and their contribution to the bureaucracy to which he and others referred during the debate.

The hon. Member for Cotswold also raised a concern about data sharing on free school meals and education maintenance allowances. I believe that he understands that that is designed to reduce bureaucracy, encourage take-up of free school meals and reduce the stigma that, as he said, is sometimes attached to the current application process. That sharing of information is also designed to reduce the capacity for fraud, especially with regard to education maintenance allowances, but we may revert to that in Committee.

We have had a wide-ranging debate. This is an important Bill and I hope that it will enjoy cross-party support.

Mr. Clifton-Brown: One of the important facets of the Bill is the proposal for a three-year budget. There can be problems with such budgets, however, if they are wrong to start with, as happened in Gloucestershire, which is at the bottom of the F40 league. Will the Minister give us an assurance that, if the Bill becomes law, even under the three-year budgetary process, there will be an opportunity to look at individual local education authorities to see whether their funding is at the right level?

Mr. Twigg: I would not want to mislead the hon. Gentleman or the House. We are consulting on three-year budgets, and I encourage him and others to participate in that consultation, which started recently. Meanwhile, I would simply repeat what I just said, which was that nothing is ever set in stone, and that there are opportunities for people to express their views in the House and directly to Ministers. I shall be happy to have such an exchange with the hon. Gentleman and to have meetings with him and representatives from his education authority, but I do not want to raise a false expectation that things are going to change overnight.

This is a good Bill that builds on what we have done over the past eight years—

Mr. Francois: Will the Minister give way?

Mr. Twigg: For the last time.

Mr. Francois: I thank the Minister for giving way; I am sure he can just about squeeze this intervention in. I also thank him for some of the kind things that he said about what I and some of my colleagues had to say this evening. He has tried to address some of the points that we raised. However, I want to press him further on an important point. He argues that the Bill will reduce bureaucracy, but I am not convinced that it will. May I stress that, whoever is in power in the DFES, there is now genuine and serious cynicism in the profession, and teachers will believe that bureaucracy has been reduced only when they can see it with their own eyes. I really want him to take that on board.

Mr. Twigg: Of course that is true. I sought to respond to every Member, so I did not go into detail earlier, but what struck me about the hon. Gentleman's description of the list that appeared in the staff room was that it contained things that all of us would have wanted to see, such as PE, sport and modern foreign languages in our schools. The Bill is saying that we should have a single plan for a school, that we should have a single conversation with the school and that the school should work with a single partner to bring about school improvement. The hon. Gentleman is right: if we can make that work, the cynicism will go down. The challenge is to ensure that that system will work. I believe that we can achieve that, and I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

EDUCATION BILL *[LORDS]* (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order 83A(6) (Programming of bills),

That the following provisions shall apply to the Education Bill [Lords]:

Committal

1. The Bill shall be committed to a Standing Committee.

Proceedings in Standing Committee

2. Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 14th April 2005.

3. The Standing Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

Programming Committee

6. Standing Order No.83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Programming of proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of any message from the Lords) may be programmed.—*[Mr. Ainger.]*

Question agreed to.

EDUCATION BILL *[LORDS] [MONEY]*

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Education Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of—

(a) any expenditure incurred by the Secretary of State under the Act, and

(b) any increase attributable to the Act in the sums which by virtue of any other Act are payable out of money provided by Parliament, and

(2) payments into the Consolidated Fund.—*[Mr. Ainger.]*

Question agreed to.

Mr. David Wilshire (Spelthorne) (Con): On a point of order, Madam Deputy Speaker. I notice that, having disposed of the business relating to the Bill that we have been considering, we now come to 15 orders. As you will know, we have a Government who deliberately refuse to do anything sensible with Parliament: they gag us and they insist that everything is rubber-stamped. If I understand this correctly, we now have the opportunity, if we choose to use it, to vote on these 15 orders between now and 10 o'clock. Is there any way in which common sense can be applied? As we have an hour and three quarters in which Parliament could use its time to discuss these matters instead of simply tramping through the Lobby, is there any way—despite the fact that the Government treat Parliament with contempt—in which you could enable us to debate these important matters rather than simply voting on them without discussion?

Madam Deputy Speaker (Sylvia Heal): There is no way in which the Chair can enable such a debate to take place. The hon. Gentleman is correct, however, in saying that the orders may be voted on.

DELEGATED LEGISLATION

Madam Deputy Speaker: I propose to put together motions 4, 5 and 6.

Mr. Wilshire: Object.

Madam Deputy Speaker: Objection taken.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Northern Ireland Act 2000 (Modification) Order 2005, which was laid before this House on 3rd February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 115(3) (Northern Ireland Grand Committee (delegated legislation)),

That the draft Budget (Northern Ireland) Order 2005, which was laid before this House on 9th February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

That the draft Public Processions (Amendment) (Northern Ireland) Order 2005, which was laid before this House on 22nd February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

CRIMINAL LAW

That the draft Criminal Justice and Police Act 2001 (Amendment) Order 2005, which was laid before this House on 10th February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

SOCIAL SECURITY

That the draft Social Security Commissioners (Procedure) (Amendment) Regulations 2005, which were laid before this House on 23rd February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

That the draft Social Security (Inherited SERPS) (Amendment) Regulations 2005, which were laid before this House on 31st January, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

FAMILY LAW

That the draft Child Support (Miscellaneous Amendments) Regulations 2005, which were laid before this House on 2nd February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

PENSIONS

That the draft Pension Protection Fund (PPF Ombudsman) Order 2005, which was laid before this House on 31st January, be approved. —*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

That the draft Pension Protection Fund (Pension Compensation Cap) Order 2005, which was laid before this House on 31st January, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

That the draft Occupational Pension Schemes (Levies) Regulations 2005, which were laid before this House on 9th February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

JUSTICES OF THE PEACE

That the draft Courts Act 2003 (Consequential Provisions) Order 2005, which was laid before this House on 9th February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NATIONAL LOTTERY

That the draft New Opportunities Fund (Specification of Initiative) Order 2005, which was laid before this House on 9th February, be approved.—*[Mr. Ainger.]*

Question agreed to.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

FISHERIES: TOTAL ALLOWABLE CATCH QUOTAS IN 2005 AND 2006

That this House takes not of European Union Documents No.15390/04, draft Council Regulation fixing for 2005 and 2006 the fishing opportunities for Community fishing vessels for certain deep sea stocks, and No.15237/04, draft Council Regulation fixing for 2005 the fishing opportunities and associated conditions for certain fish stocks and groups of fish stocks, applicable in Community waters and, for Community vessels, in waters where catch limitations are required; and supports the Government's objective of achieving the conservation and sustainable exploitation of fishing resources in line with the precautionary principle whilst preserving a viable degree of activity for the industry.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

THIRD RAILWAY PACKAGE

That this House takes note of European Union Documents No.7170/04, Commission Communication: further integration of the European rail system, No.7147/04, draft Directive amending Council Directive 91/440/EEC on the development of the Community's railways, No.7172/04, Commission staff working paper: draft Directive amending Directive 91/440/EEC on the development of the Community's railways to gradually open up the market for international passenger services by rail, No.7149/04, draft Regulation on international rail passengers' rights and obligations, No.7148/04, draft Directive on the certification of train crews operating locomotives and trains on the Community's rail network, and No.7150/04, draft Regulation on compensation in cases of non compliance with contractual quality requirements for rail freight services; and endorses the Government's approach to continuing discussions in Council in order to secure practical, proportionate and cost effective legislation aimed at developing the Community single rail area.—*[Mr. Ainger.]*

Question agreed to.

ADJOURNMENT (EASTER)

Motion made, and Question put forthwith, pursuant to Standing Order No. 25 (Periodic adjournments),

That this House, at its rising on Thursday 24th March, do adjourn till Monday 4th April 2005.—*[Mr. Ainger.]*

Question agreed to.

Madam Deputy Speaker: We now come to motion 19.

Lord Commissioner of Her Majesty's Treasury (Mr. Nick Ainger): Not moved.

Mr. Wilshire: On a point of order, Madam Deputy Speaker. My point of order has been rather spoiled by that motion not being moved, because I was going to ask whether there was anything in our Standing Orders that would enable us to congratulate a nice little mover on a job well done.

Madam Deputy Speaker: That is not a point of order for the Chair.

Mr. Peter Luff (Mid-Worcestershire) (Con): Further to that point of order, Madam Deputy Speaker. Although the Whip on duty has not moved the motion, would it be open to other Members to move it in his place?

Madam Deputy Speaker: It is not open to any other Member to move that motion.

Mr. Luff: Further to that point of order, Madam Deputy Speaker. It looks unlikely that there will be deferred Divisions on these statutory instruments, because we could neither debate them nor vote on them. I understand, however, that further statutory instruments that have been considered in Committee will be on the Order Paper tomorrow. Judging by the behaviour in Committee, Divisions might be sought tomorrow—

Madam Deputy Speaker: Order. The hon. Gentleman is straying into a debate, rather than making a point of order. I must bring him to order.

PETITION

Middleton on Sea

8.18 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I have great pleasure in presenting a petition signed by more than 3,200 residents of Middleton on Sea and the surrounding area in my constituency. The petitioners are concerned about the poor state of repair of the coastal defences that protect Middleton on Sea from flooding, the lack of funding to repair those coastal defences and the change in the Department for Environment, Food and Rural Affairs' priority scoring system in late 2002, which significantly reduced the likelihood of funding for the essential improvements to the sea defences. I am grateful to David Szynowski and the committee of the Middleton on Sea Association for their work in collecting the signatures.

The petition states:

To the House of Commons.

The Petition of the residents of Middleton on Sea and the surrounding area,

Declares that Arun District Council's Shoreline Management Plan and its Coastal Defence Strategy prepared by engineering consultants identify the essential need for coastal defence works to save the beaches and coastline in the Middleton on Sea area. The petitioners further declare that the Department for Environment, Food and Rural Affairs have refused to fund these essential works.

The Petitioners therefore request that the House of Commons urge the Government to bring in legislation to ensure the maintenance and protection of the beaches in the Middleton on Sea area.

And the Petitioners remain, etc.

To lie upon the Table.

Education Funding (Leicestershire)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

8.20 pm

Mr. Andrew Robathan (Blaby) (Con): We have not yet heard all the debate on education funding in Leicestershire, notwithstanding what was said earlier by the hon. Member for Loughborough (Mr. Reed), who I know intends to take part in the debate. I want to welcome in particular the presence of my hon. Friend the Member for Rutland and Melton (Mr. Duncan), who is concerned about the issues that I wish to raise.

I welcome the fact that the Under-Secretary of State for Education and Skills, the hon. Member for Halton (Derek Twigg), will respond to the debate. It is probably an old joke, but I suppose that he is part of a branch of Education Ministers, given that I was expecting his namesake, the Minister for School Standards, the hon. Member for Enfield, Southgate (Mr. Twigg), to take the debate.

"Education, education, education" was the mantra that we used to hear before the general election in 1997. The people of Leicestershire now regard that as all talk. I have had a lot of letters from teachers, among others, saying that they voted Labour in 1997 because they believed what they were told about "Education, education, education", which produces a hollow laugh.

Almost exactly two years ago, on 4 March 2003, I led a debate on exactly the same topic in Westminster Hall, as the situation in my constituency and throughout Leicestershire was so dire. The Minister for the Cabinet Office replied to the debate, without great courtesy. Subsequently, I spent some time trying to get a meeting with the then Education Secretary, now the Home Secretary, who finally granted a meeting with a cross-party delegation. Contrary to many newspaper reports, he was extremely courteous and helpful. I have always found him to be so in my dealings with him. I put that on the record, as some people accuse him of being less than always cuddly, if I may put it that way. What I particularly remember him saying, referring to education funding in Leicestershire—he said it several times, and it was reported in newspapers—was that this must not happen again. Well, it has happened again, and for the third year running.

This afternoon, the current Education Secretary promised clearer budgets and unparalleled stability for schools. We have heard it all before. As a bit of window dressing, the previous debate is unsurpassed, because if people examine the programme motion, they will see that it says:

"Proceedings in the Standing Committee shall . . . be brought to a conclusion on Thursday 14th April 2005."

Perhaps there will be a Committee discussing the Education Bill on 14 April, but somehow I doubt it. What we have heard today on the Education Bill is all fluff and nonsense, and electioneering by the Government.

The Government have made many promises on education, including the undertaking to make education funding,

"as fair, clear and simple as possible".

The sentiment might be admirable, but it is nothing like the reality. I am speaking on behalf of the teachers, governors, parents and children of Leicestershire. They deserve a fairer deal.

Leicestershire has the lowest education formula spending share per pupil of any LEA in the country. On average, the FSS per pupil in Leicestershire is 13.63 per cent. below the national average. Leicestershire county council tops up education spending by £10 million to make up for the inadequacy of Government funding. That is fine, but if Leicestershire were funded at the average for shire countries, a typical 200-place school would receive an extra £48,000. If it were funded at the same level as Leicester city, just across Braunstone lane, which divides the city from my constituency, such a school would receive a massive £126,000 more. That is a staggering imbalance. Were Leicestershire to receive the same funding level as the English average, it would receive £90,000 extra. Were the county to be funded to the same extent as the city, by central Government funding through the FSS, the county education authority would receive more than £50 million extra. One does not have to be well versed in accountancy or education funding to know the difference that £50 million can make.

The consequences of this funding imbalance are clear. Performance is affected. This year, Leicestershire county council has had to negotiate with the regional Department for Education and Skills representative to lower its education targets because they have been set unrealistically high given the dire funding shortfall. That means, for example, delays in maintaining and replacing equipment, and less investment in new technology, inevitably, as there is less money to spend. Recruitment and retention become difficult. Schools in my constituency—I shall refer to one later—already face redundancies and staff shortfalls.

Understandably, in such circumstances, low morale is a problem. I have been particularly occupied recently by letters from teachers, as the Under-Secretary will know, protesting about changes to their pensions. We understand that there is a demographic problem in relation to people living longer. Nevertheless, once somebody has signed up to employment conditions, changing those employment conditions unilaterally, as is happening with local government pensions and teachers' pensions, is, to put it mildly, undesirable. Furthermore, in small schools especially, classes are becoming larger, with less individual attention for children who need it.

I suggest that the Government are failing in their assessment of basic entitlement by focusing too much on deprivation—entitlement is being assessed from the top down, rather than from the bottom up. The recommendation of the F40 group of the poorest-funded authorities, with which I am sure the Under-Secretary has had dealings, is that the entitlement should be determined on the basis of what it costs to educate a pupil. That seems to me to be pretty fair.

We also think that the basic entitlement has been set too low. The Government have tried previously to blame inadequate funding on local authorities. As I have said, however, Leicestershire is spending an extra £10 million on education, and the Government claim that it does not pass on adequate funding to schools through passporting. That is grossly unfair, certainly to the LEA in Leicestershire. Recent Government policy has had the effect of reducing the authority of LEAs to direct the funding of schools in their area. The recent report of the Education and Skills Committee, "Public Expenditure on Education and Skills", criticised the Government for that, saying that the proposed changes would not help to solve the school funding problems. It went on to say that that would lead inevitably to greater central Government interference.

In addition, there is too great a disparity between LEAs. I have mentioned the differences, but let us consider the neighbouring counties with similar problems as well as good sides. In the coming year, Leicestershire is to receive on average £160 more per pupil while Lincolnshire, which is next door to the constituency of my hon. Friend the Member for Rutland and Melton, will receive £247 more per pupil.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will my hon. Friend give way?

Mr. Robathan: It is kind of the hon. Gentleman to refer to me as his hon. Friend. I always get on well with him. Of course I will give way.

David Taylor: I refer to my hon. Friend thus because he is my hon. Friend.

My hon. Friend—as I have called him—compares Lincolnshire with Leicestershire, but although it bears some similarities to the sparsely populated area in north-east Leicestershire, Lincolnshire has much more sparsely populated areas overall. It therefore contains more smaller primary schools with higher unit costs. Must that not be recognised in the central grant formula? Must not Lincolnshire receive more because of that?

Mr. Robathan: I have already said that I think deprivation has a part to play. I shall mention other issues shortly, but I have a list here, from which I see that North-East Lincolnshire—the first authority that I have stumbled across—receives 10.7 per cent. more funding per pupil than Leicestershire. The hon. Gentleman may think that that is reasonable, but I do not. I shall explain why in a moment.

The transitional funding offered by the Government does not get Leicestershire out of its difficulties, either. In the current financial year, which is about to end, Leicestershire receives £3.5 million. In the coming financial year it will receive only £1.8 million, despite being the lowest-funded education authority in the country.

Let me say something about city pupils. My constituency marches with the city. I think Loughborough does as well, but perhaps it does not, in which case my constituency is the only one that does. Across the borders of the city every day come nearly 4,600 pupils, because—I am afraid—Leicestershire provides better education, notwithstanding the vast amounts that have been poured into the city for whatever reasons. The point is that the money allocated per pupil to the city does not travel with the child. Nor, indeed, does the city receive the funding. Money allocated to education through the formula spending share disappears back to the Chancellor of the

[Mr. Robathan]

Exchequer. That does not seem right. Either the children deserve the money spent on them which the Chancellor of the Exchequer and various other Departments put aside at one stage, or they do not.

Let me say something about the so-called school work force agenda. Because of the Government's policies, other burdens are about to fall on schools at the same time as lower funding. What is described as PPA—planning preparation and assessment—is a jolly good policy, and I am all for it, but it has to be funded. As of September, schools will have to cater for it. Many schools have written to the Government to say that they will be unable to bear the costs. Perhaps the Minister will tell me how many Leicestershire schools have written to the Secretary of State. I understand that 10,000 parents have signed a petition which they will send to No. 10 Downing street, although I have not yet seen it. A high school and a primary school—I will not name them, because I have not spoken to their head teachers—have applied to the county council asking to go into deficit until 2008.

Classroom assistants are also not funded in Leicestershire. I visit schools where I am told that the classroom assistants are having to be laid off. The cost of a teacher is determined by a national pay scale, so the cost is the same in Leicestershire as it is in Leicester city. Staff costs comprise between 80 and 85 per cent. of the costs of most schools. We accept that there are regional differentials—London is probably more expensive, and I would guess that people there are paid a supplement—but the cost of computers, heating, books, grass-cutting and whatever else requires expenditure is basically the same. Although local differentials exist, the current system exaggerates them.

The hon. Member for North-West Leicestershire (David Taylor) mentioned sparsity. There is a good deal of sparsity in the village schools that are scattered around his constituency and mine. We understand that Leicestershire is prosperous, but why must it be penalised to such an extent? We also understand that someone will be a loser: someone will be at the bottom of the pile. What I want to know is how such a differential can be justified.

Worse still, the county council tells me that the new system that is out for consultation—I think it is in the Education Bill, which we have just been discussing—will make matters worse.

David Taylor: This is about more than money, is it not, important though that is? The results for Leicestershire, not including the city, are in the top quartile for all LEAs, and in the past 18 months or so its LEA has been highly rated by Ofsted. This is about not just cash but leadership, drive and commitment.

Mr. Robathan: I agree entirely—it is a question of much more than cash. I pay tribute, as the hon. Gentleman doubtless wants to do, to the Conservative-controlled LEA that is so well run that it has received praise. Moreover, David Parsons and Ivan Ould do an excellent job in managing the county council. If one can get a well-motivated teacher, the quality of teaching can be absolutely splendid even in a mud hut, with no fuss as to whether the air conditioning is set at the right temperature, for example. Indeed, I have witnessed as much in Africa, although in fact, the buildings there tend to be shacks with corrugated iron roofs. That said, in general we would rather have well-funded teaching as well.

What this Government have done, for which I give them credit, is to increase teachers' pay. Teachers' pay is better than it was seven years ago—as one would hope, given that there has been some inflation since then. Indeed, MPs' pay is also better than it was then, but the hon. Members for North-West Leicestershire and for Loughborough would not know that because they were not here in the days of the previous Conservative Government.

David Taylor: Will the hon. Gentleman give way?

Mr. Robathan: Oh, go on.

David Taylor: The time stretches before us until half past 10. While the hon. Gentleman is giving credit for the changes achieved since 1 May 1997, perhaps he will agree that the single most substantive change is that annual capital expenditure in Leicestershire, which was £3.8 million in 1996–97, has gone up almost tenfold since then. Surely that is a significant bonus to Leicestershire.

Mr. Robathan: The hon. Gentleman will doubtless tell the good people of North-West Leicestershire—I am sure that they write to him on this issue, just as they write to me in Blaby—that everything in the garden is rosy and absolutely fantastic. I was going to mention this later, but I will tell him now about a primary school that I visited last summer—*[Interruption.]* I happen to know that one of its governors, to whom I spoke, most certainly does not vote Conservative and nor, I think, does the head teacher. I was told, "We are having this fantastic new classroom built, involving huge capital expenditure—you can see it over there. Perhaps you would like to come to the official opening; in fact, perhaps you might like to open it." As it happened, I could not attend. "Unfortunately," they said, "although we will have this nice new classroom, we don't have the funding to pay for a teacher to go in it." That is telling, and I am sure that the hon. Member for North-West Leicestershire has similar stories from his own constituency.

I do not want to name individual schools unless they have gone public on this issue—to do so would be invidious without their permission—but I shall refer to a primary school that I visited earlier this year. It has minimum guaranteed funding of more than £350,000, which is a large budget. The shortfall that the head teacher is looking to address is more than £48,000, which is enormous—nearly one seventh of the budget. She had to make 1.2 teachers redundant, according to the way in which such things work, and one of the administration staff had to go as well. She said, "But I've already cut the classroom assistants." The head wanted to know how she was going to cover the planning, preparation and assessment periods, which were to be two hours and 28 minutes each.

When that head teacher asked what she should do, I had no answer. The hon. Members for North-West Leicestershire, for Loughborough and for Sheffield,

Heeley (Ms Munn) will be pleased to know that I did not say "Vote Conservative", because I was not trying to make party political points. She then told me that she spent all her time dealing with the deluge of paperwork from the Department for Education and Skills, which we heard about earlier, and asked me what I could do to help. I did say that a Conservative Government could help in that regard, but as I said, I do not try to make such visits party political.

I will mention Gilmorton school, which I also visited last summer. It has gone very public on this issue. Parents at the school, which is very close to where I live, are up in arms and very voluble. At the time of my visit, the fear was that teachers would be made redundant because the school had to try to balance its books. I think that that happened, although I cannot swear to that as I have yet to revisit it.

Let me describe the reality on the ground—hard-working schools, struggling to keep hard-working teachers and hard-working classroom assistants because they are strapped for cash. Much money has gone into education, but it is not there at the coal face. There was a report yesterday—the Minister may want to say that it is complete nonsense—that the National Audit Office found that 123,000 of the extra people employed in education are actually administrators, civil servants, dinner ladies or whatever. The Minister will have to comment on that report, which I have not myself seen.

Two years ago when I spoke on this issue, I avoided being party political, and the hon. Member for North-West Leicestershire came with me to see the then Education Secretary. We deliberately refused to argue in party political terms. I have to say that now, with a general election looming, when I am campaigning in Leicestershire I shall be banging on about education funding. What will the Minister be able to say to my Labour opponent? What will he be able to say to satisfy the teachers, governors and parents in Leicestershire and in my constituency? What will he say to the head teacher of the small school facing a £48,000 shortfall—one seventh of the budget? Should we, God willing, win the general election, we will ensure that schools get a better deal.

Finally, I want—

Mr. Andy Reed (Loughborough) (Lab/Co-op) *rose*—

Mr. Robathan: I thought that the hon. Gentleman was going to make his swan song in a speech in a few minutes' time, but I will give way to him now.

Mr. Reed: If the hon. Gentleman saw me moving, he would never describe me as giving a swan song, and I have never been described as a swan.

On the specific point that he made, I am disappointed that he wants to make this into an issue in the general election in the stark terms in which he raised it. Unfortunately for him, if he did, it would only expose Tory education policies. First, the Tories want to cut £1 billion from local education authorities across the country, and we have no idea where that would come from. Furthermore, the pupil passport would probably take out another £1 billion from the state education system. If he looked at his own party's policy document, he would see that it refers to almost exactly the same funding formula. I was hoping that we could work on a cross-party basis on that, but will he explain to the voters of Blaby that his party's policies would be even worse for Leicestershire?

Mr. Robathan: I am sorry that I gave way, though I will miss the hon. Gentleman after the general election, because he is entirely wrong. I just explained how many of the extra people in the sector were in education administration. If he does not understand that, he should go and talk to his own child's primary school head teacher and ask how much paper is pumped out—day in, day out—from the office down the road and lands on the head teacher's desk. That does not come free; it comes very expensive.

I look forward to hearing what my colleagues from Leicestershire—my friends from the other side—have to say. I hope that they will explain what the Government have against the children and parents of my county.

8.43 pm

Mr. Andy Reed (Loughborough) (Lab/Co-op): I am delighted to follow the hon. Member for Blaby (Mr. Robathan), who knows that I held a similar debate in Westminster Hall on 5 November, when he and the hon. Member for Rutland and Melton (Mr. Duncan) were present. On that occasion, many of the same issues were raised with the Minister's predecessor, my hon. Friend the Member for South Shields (Mr. Miliband), who is now the Minister for the Cabinet Office.

It is a shame that the end of the speech given by the hon. Member for Blaby degenerated into a party political rant, but I suppose that that is unavoidable, given the likely election timetable. I, too, have started to get very interested, and for the same reason, in what policies the Tories are proposing on education. I urge him to reflect more on the consequences of some of those policies, particularly the pupil passport, which would be a disaster for the Leicestershire education system.

Mr. Robathan: I could explain Tory party policies on education in great detail and point out that they would lead to a considerable amount of money saved from bureaucracy being invested back in the front line, in schools. However, I know that if I did so you would call me to order, Madam Deputy Speaker.

Mr. Reed: In that particular case, I am sure that you would not call the hon. Gentleman to order, Madam Deputy Speaker—not if we are talking about the funding of education in Leicestershire. I am sure that the people of Leicestershire would be delighted to know the detail, and again I observe that the hon. Gentleman has not dealt with my specific point about the pupil passport or the voucher system that his party proposes. Perhaps he is not 100 per cent. aware of the consequences: the pupil passport would take more than £1 billion out of the education system across the country, affecting an estimated 33,000 students. He should reflect on the circumstances in Leicestershire schools. Under the Conservative proposals, if 10 pupils left each school, £5,000 would be taken out with each one of them, so he should just think of the impact that that would have. I urge the hon. Gentleman to exercise

[Mr. Reed]

some caution in making this debate a party political one in the run-up to the general election, because I am afraid that his party will be exposed quite badly on that point.

David Taylor: Does my hon. Friend agree that that £1 billion, translated to Leicestershire, which has approximately 1 per cent. of the population of the United Kingdom, amounts to taking about £10 million from what the hon. Member for Blaby (Mr. Robathan) has described as a cash-strapped county? That is not much of a way ahead.

Mr. Reed: I entirely agree. My hon. Friend's maths are always much better than my own. As he is an accountant who worked for Leicestershire county council, I always rely on his figures.

Mr. Robathan: The hon. Gentleman should acknowledge that we have actually pledged to spend more on education overall, rather than less—

David Taylor: How?

Mr. Robathan: If the hon. Gentleman had been here earlier, he would have heard how. However, we are discussing the here and now rather than the hereafter—life after the Government, thank goodness for it! Would the hon. Member for Loughborough (Mr. Reed) concentrate on that and explain why parents, teachers and governors are writing to us all to complain about what is happening in Leicestershire now, not at some stage in the future?

Mr. Reed: I am grateful to the hon. Gentleman for trying to switch the emphasis away from what he has proposed. It is a shame that he ended his speech as he did, because we have worked closely together over the years in a cross-party group of MPs. My hon. Friend the Member for North-West Leicestershire (David Taylor) and I were in the original E8 group before it became F40. There were only eight of us to start with, and right from 1997, when we entered Parliament, we saw the disastrous effects that the funding formula had on Leicestershire. It was clear from the start that we would have to work on it, and I was grateful to work with my hon. Friend.

David Taylor: I pay tribute to the hon. Member for Blaby (Mr. Robathan). He was not blowing his own trumpet when he said that he was part of a very non-partisan delegation to the present Home Secretary when he was Secretary of State for Education. We all contributed, and the hon. Gentleman was not partisan then, even if he is being partisan now. But what is going to happen in seven weeks' time must, I suppose, affect his attitude to these things.

Mr. Reed: My hon. Friend is right. After whenever it is—5 May or June next year, or whenever it is—I hope that we can all work together. I am sorry that the hon. Member for Blaby is not too confident of his own chances of being here, as he showed when he said that he might not be able to work together with us in future.

Let me come to the starting point of what I wanted to say. There are three strands to the argument before us: where we have come from, where we are now, and what we do about the future.

Those of us who worked at county hall in the early 1990s know where we have come from. The previous Government were in power, and we remember the cuts that we saw year on year. From 1992 to 1997, the average cut in real terms per pupil was £60. Each year inflation ran at 3 to 5 per cent., but the average increase in education funding for Leicestershire was under 1 per cent.: it was 0.9 per cent. in 1994–95, and in 1995–96 it was 0.8 per cent. Strangely enough, it jumped to 5.5 per cent. in election year, in 1996–97, although I do not know whether that jump was related to anything. Overall, we saw decreases in the amount of money going to Leicestershire education authority. Those of us who were governors during those times know exactly what that meant. It meant real and deep cuts in front-line education services for teachers and pupils.

Let us not pretend, then, that all was rosy on 1 May 1997 and that it has all been a disaster since. In fact, overall spending per pupil in Leicestershire has increased by £800 in real terms—that is, above inflation—since 1997. That is a 27 per cent. increase in place of the previous real-terms cuts. Teacher numbers have risen by 450. The funding formula has been discussed once and is about to be discussed again. My hon. Friend the Member for North-West Leicestershire was exactly right to point out that the increase in capital funding has been really impressive. It has jumped from about £2 million on average—I remember it being about £1.8 million in 1994–95—and is now more than £30 million, and has been in the upper £20 millions for the past three or four years.

We have also seen great benefit from the Sure Start programme. Unfortunately, the business of the House on Friday prevented me from going to the opening of the new Sure Start in Shelthorpe. On nursery provision for three and four-year-olds, I declare an interest because my three-year-old daughter has just started nursery and is benefiting from it, and my son went through it. It is a fantastic provision.

As I said earlier, I made my maiden speech in this House in 1997 during the debate on reducing class sizes. It is great that in Leicestershire, where more than 7,000 five, six and seven-year-olds were in classes of more than 31, class sizes have reduced drastically.

Mr. Robathan: The hon. Gentleman is right; we always got on well. Those achievements are fantastic, but could he explain why there is a differential between Leicestershire and Leicester city?

Mr. Reed: As I said, there are three parts to the question: where have we come from, we are we now, and where are we going? The positive part of the picture is the amount of funding. However, the hon. Gentleman, or perhaps the hon. Member for Rutland and Melton (Mr. Duncan), intervened when I was about to come to the "however" or "but". There is a problem with the funding formula and the hon. Member for Blaby highlighted part of that problem. It is sometimes difficult for Members of Parliament to explain the differential to constituents and others. I often have to try

to do so to other parents when I walk to school regularly with my son. It would be interesting to know exactly how the Conservative party's proposed formula would make a difference, because it is almost exactly the same. I shall explain exactly how it is made up because I have done some research.

As the hon. Member for Blaby knows, I have asked hundreds of parliamentary questions on the subject and I have a breakdown of how Leicestershire's funding is made up. For those of us who are awful at algebra, it is horrendous to look at the table. It has 11 columns of different funding levels, and funding per pupil in 2003 was £2,111. That is the same for a child anywhere in the country. That is the basic entitlement for that age group—primary school pupils. Additional funding for each additional educational needs pupil is £1,370. However, Leicestershire is a wealthy county because the city was taken out during the local government organisation. Although I have patches of deprivation in my constituency, there is not a lot in the county as a whole. We receive only 1 per cent. in additional money for the level of deprivation in the county, which adds £9 per pupil.

David Taylor: This morning I went to a school in Coalville, which is a less well-off area, to speak to David Lloyd, head of Warren Hills community school. Does my hon. Friend agree that it would be a good idea if the Conservative administration at county hall, Glenfield weighted the internal distribution formula to reflect those pockets of deprivation in an otherwise well-off county?

Mr. Reed: I was about to come to that. The hon. Member for Blaby referred to Leicestershire county council and the part that it plays. It is a reasonable authority—although I have to say that, because I worked with the people there for many years and would not want to have a go at them. Two matters are worth mentioning now. The council plays a role in the distribution. There may be difficulties in the funding formula from the Government to the council—I hope that we can address the technical details—but the funding formula in the county also needs to be addressed. It would be worth while for the county's Members from both sides of the House to take the message to county hall that that needs to be addressed.

It is also important to recognise that although the county has topped up the amount it gives to schools through the council tax—lots of other authorities have done that, and I believe that Leicestershire is in the bottom third of authorities that have done so—there are additional problems at local level, not just at national level. It is important to put on the record how the formula is arrived at and why we suffer particularly in Leicestershire.

On top of that, there is the sparsity issue. Leicestershire has pockets of sparsity, including my area. We get 0.3805 for sparsity, which gives us additional funding per unit of sparsity of 175, which gives us—in pounds per pupil—£67. On sparsity, Leicestershire does reasonably well, compared with other authorities. The hon. Gentleman mentioned Lincolnshire, but it is probably not the best direct comparison; that is probably Nottinghamshire. If he has the figures to hand, he may be able to put me right on that.

The killer blow lies in the additional cost allowance—the payment that tries to recognise the additional costs of London weighting and south-east weighting. It tries to address the very real problem that costs are higher in London, outer London and some parts of the south-east. Part of the problem is that since the last funding review Leicestershire has been right on the margin. Cambridgeshire used to be right at the bottom of the funding formula, alongside Leicestershire, and my hon. Friend the Member for Cambridge (Mrs. Campbell) and I worked closely on some detailed proposals for changing the system. It worked well for Cambridgeshire, which was brought within the area cost adjustment area because of the increased costs associated with the M11 corridor and the Cambridge phenomenon.

So Leicestershire gets its basic funding entitlement, with which we all agree—

Mr. Robathan: The hon. Gentleman was not listening earlier. I do not agree with the basic funding entitlement, because it should be higher—especially as pay scales for teachers are determined nationally, so all teachers are paid the same, and staffing costs account for some 80 to 85 per cent. of schools' costs.

Mr. Reed: The hon. Gentleman did say that he believed in a basic state entitlement—

Mr. Robathan: No. It should be higher.

Mr. Reed: If the hon. Gentleman would let me finish, my proposal, in the letter I sent as part of the consultation process, is to raise the basic entitlement—

Mr. Robathan: So we agree.

Mr. Reed: Exactly. It is a pity that the hon. Gentleman did not let me finish, because if he had he would have learned that some time ago. He gave the percentage differences, and Leicestershire's funding is 13.6 per cent. lower than the average for shire counties. However, to take one example in London, schools in Camden get an extra £991 for running costs through the ACA, because they are in inner London. That is where Leicestershire is hit by the funding formula. I can accept that we will never score highly on the deprivation measure, although we do okay out of the sparsity factor. However, I would like more information about how the ACA is calculated to address the problem that the hon. Gentleman and I both have with the funding. This is a technical matter, not necessarily a party political one.

In such circumstances, it is much better if we can work together. We need to address the level of the ACA and the basic entitlement. If we can change those, we can narrow the gap. Not even the hon. Gentleman would mind being the lowest funded LEA—someone has to be at the bottom of the table—if the size of the variation were reduced. Even members of Leicestershire county council have said that they are pleased with the overall increase in their funding. Ivan Ould was quoted as saying that he did not mind Leicestershire being the lowest funded authority, as long as it was well funded. We probably all share that sentiment.

I broadly accept the proposals in the recent consultation, but we need to review the funding formula. It is slightly disingenuous to suggest that if we

[Mr. Reed]

moved up to the average, we would be £X better off, because the overall budget would not change. If we increased the funding for Leicestershire, the money would have to come from somewhere else. Rightly, therefore, the London MPs and others are battling hard to retain the formula. That is why we welcome the floors and ceilings proposal made by the Office of the Deputy Prime Minister as the best way to achieve our aims over the short to medium term. However, it is important, in the present consultation period, to press for an acceptance that it is worth reconsidering the operation of the funding formula and its impact on places such as Leicestershire.

I have visited all the 36 schools in my constituency, some of them several times. Funding is always one of the first issues to be raised, and it is an easy headline— the lowest funded education authority in the country. Unfortunately, by the time one has explained the education funding formula most people have usually switched off, especially on the doorstep. People ask why there is education funding. We can tell them that it is sensible, that it works in a particular way and that there is a reason for it, but trying to explain the size of the variation is extremely difficult.

I make a plea not just on behalf of all 36 schools but also for my son's school, in which I declared an interest, where we face a deficit budget this year. The problem is genuine. In the past, people might have dismissed it by saying that educationists, teachers and heads would always say that everyone wants more money. We all want spending in our constituencies, and we could easily double the public sector budget in our constituencies from the bids that we receive daily. However, there is a genuine and serious problem, despite the additional welcome funding that we have received from the Government. The problem is technical, and we need to reduce the disparity.

My hon. Friend the Minister is relatively new to his post. I urge him to bring fresh thinking and a fresh pair of eyes to the debate. I trust that over the next few weeks he will listen carefully to our representations and that he will realise, despite the way in which the speech by the hon. Member for Blaby ended, that there is general cross-party consensus on how we can move forward. The matter is technical, but it can be resolved and it will make an enormous difference. On behalf of all teachers, and especially the hard-working governors who are trying to put together their budgets this year, I urge my hon. Friend to find a way to ensure that if we are to have three-year budgets, they are good three-year budgets for Leicestershire, not poor ones. His school report reads pretty well, but he could do slightly better.

9.1 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): I am grateful for the opportunity to make a brief contribution to the debate. My hon. Friend the Member for Loughborough (Mr. Reed) has covered the ground fairly well. The key point that the hon. Member for Blaby (Mr. Robathan) did not make in his summary of the position in Leicestershire was not to pay sufficient attention to the inheritance that our Government acquired on 1 May 1997, in terms of the condition of the capital assets of local education authorities and the condition of schools—the absence of ICT networks, the leaking roofs and the poorly equipped laboratories.

Such things need staff and revenue funding to support them in the medium and long term. No one denies that; but wherever one turns in north-west Leicestershire one can see projects that have benefited from the more far-sighted and generous approach adopted over the last eight years. One can see the laboratories at Castle Donington community college, the IT area at Ibstock community college and the major classroom complex at Broom Leys primary school, which had the highest number of mobile classrooms of any school in the whole of north-west Leicestershire until the problem was tackled relatively early on in the Labour Government.

Mr. Robathan: My experience before May 1997 was not quite as the hon. Gentleman states. There were problems in education then, and I raised them with the Conservative Government at the time. Were there any computers at Ibstock community college, where there is such wonderful IT provision, before 1997?

David Taylor: The number of computers installed has been significantly increased. Of course, technological development has meant that they are much more powerful and more important in the curriculum and other aspects of the school. No one is suggesting that the Labour Government are responsible for technical development in the world of ICT—although there may be a line in the manifesto that we have not yet seen to cover that.

I have already referred to Warren Hills community primary school and its head, David Lloyd. There, I also met Noel Melvin, the principal of King Edward VII community college—an upper school in Coalville—and the head teacher of Castle Rock high school in Coalville. The fabric of that school, like that of a good number of other Leicestershire schools, was built in the mid to late 1960s and has started to deteriorate in a major way. During the period of office of the hon. Gentleman's party—between 1979 and 1997—the school was never able to obtain funding.

I am pleased to say that, a few weeks ago, I attended the launch of the major building work that is taking place at Castle Rock high school. That is the sort of thing that parents in the Coalville area, which is that school's catchment area, will take into account on general election day, whenever that may be—it may be June 2006; we do not know—but we must not let people take for granted the capital improvements in the infrastructure of schools in north-west Leicestershire and, indeed, the county of Leicestershire. No one suggests that there are not continuing problems. There will always be problems in an education system that attempts to reflect a rapidly changing society and an ever more complex economy. There will always be competing demands and shortfalls relative to the desired expenditure and the projects that need to be financed.

The hon. Member for Blaby mentioned planning, preparation and assessment, and he is right to suggest that schools are concerned that that must be funded from 1 September 2005. I hope that the Minister will have some words of encouragement in relation to PPA. The hon. Gentleman was good enough to say that he

supports the principle of PPA, so do I, and as with a good number of initiatives over many years, the funding of the initiative is as important as its objectives and underpinning principles. Without funding, initiatives will not be successfully implemented and, in some cases, can be counter-productive.

One of the first Adjournment debates that I initiated during the 1997 to 2001 Government related to bureaucracy and paperwork in primary schools. It is true that the smaller the school, the greater the number of hats that individual teachers need to wear.

Mr. Reed: I have written to the Secretary of State for Education and Skills and others about the consultation on the school funding arrangements. If, like me, my hon. Friend has visited a school and the head teacher has shown him the accounting books for the previous standards grants, he will know that they are extremely complex and run to many pages on many different aspects of those grants. Does he agree that the new single standard grants will make an enormous difference by simplifying the accounting that takes place?

David Taylor: That is undoubtedly true. I ought to declare an interest: my wife works in the office of Ibstock junior school and a good deal of the paperwork that she tussles with daily could be disposed of if the funding systems were rather more streamlined. It is certainly good to know that there has been some incorporation of one-off standards funds into the main grant distribution formula, but a lot more could be done in that regard.

The Minister has a great deal to answer in the debate and much of what he says will be positive, but I wish to make a final point. I am not known as a knee-jerk loyalist, and the Whips and the hon. Member for Blaby would assent to that assertion.

Mr. Robathan *indicated assent.*

David Taylor: No doubt, the Whips would like such things to happen more often.

I have raised one thing frequently with Education Ministers. In fact, I shall bring a delegation from a number of schools in the Ashby area to see the Minister's colleagues on 22 March to talk about funding and the issues raised by my hon. Friend the Member for Loughborough and the hon. Member for Blaby. However, the one thing that concerns me above all others in relation to the Government's plans for the world of education and the role of local education authorities—in this case, Leicestershire county council—is that there has been a great deal of talk about the direct funding of schools. The Government have not announced their intention in that regard, but it seems to be an open secret that, some time in a third term, that might emerge as a principle for education funding. I would regret that in a number of ways because it would result in the final enfeeblement of LEAs.

Although some LEAs have not been successful, particularly in cities, our own LEA in the county of Leicestershire has been a leading-edge authority. It has been successful in community education and in funding music and the arts over a long period. It has been regarded as one of the leading authorities in handling special needs. Indeed, it was—and bravely for an authority that had been Conservative controlled for a long time—in the vanguard of comprehensivisation long before it became a national requirement.

I would regret the enfeeblement and disbandment of the local education authority of Leicestershire. As far as I am aware, Labour has never controlled it—certainly not in the post-war years. We were in the lead on the authority for long periods between 1974 and 1997, but we never had a majority. My remarks are therefore not driven by any political motive, but I would regret the ending of the LEA even though direct funding would at long last tackle the problems that underpin what we are debating. The problems of pockets of deprivation in what is an otherwise prosperous area would, at least and at last, be tackled effectively by the schools in Loughborough, Coalville, Hinckley and in parts of the constituency of the hon. Member for Blaby. They would receive the funding that is appropriate for their particular needs.

I shall listen closely to the Minister's response. Although it may be invisible to us, I am sure that he has hidden about his person a cheque, which is dated tomorrow, in which the words "Leicestershire county council" appear in the column for the payee. I look forward to hearing that good news.

9.11 pm

The Parliamentary Under-Secretary of State for Education and Skills (Derek Twigg): I might disappoint my hon. Friend on that, but I hope that my speech will reassure him about what is happening to education in Leicestershire.

I congratulate the hon. Member for Blaby (Mr. Robathan) on securing the debate. I know of his concerns on this issue and the work that he has done previously. My hon. Friends the Members for North-West Leicestershire (David Taylor) and for Loughborough (Mr. Reed) are also true champions of schools in Leicestershire and have put education at the forefront of their work in the House.

I would like to start by talking about the performance of schools in Leicestershire. When we speak about education, it is important to recognise the outstanding work that is carried out in our schools. I am pleased to say that the figures published in April 2004 show that there are now 2,500 more teachers in schools across the east midlands than in 1997. The number of support staff has increased from 11,000 in 1997 to 20,000 in 2004. In Leicestershire, regular teaching numbers have increased from 4,800 in January 1998 to 5,220 in January 2004—a 9 per cent. increase. Over the same period, the number of school support staff working in the county rose by 73 per cent.—from 1,660 to 2,880. The teacher vacancy rate in January 2004 was 0.2 per cent.—just 10 vacancies.

I would like to put on record my gratitude for the work of those teachers and pupils in Leicestershire who have been responsible for significant improvements in the quality of education in the county. For example, the percentage of pupils leaving primary schools in Leicestershire and doing well in English by achieving level 4 and above has risen from 66 per cent. in 1998 to 80 per cent. in 2004, which is two points above the national average. In maths, the increase has been from

[Derek Twigg]

62 per cent. to 76 per cent.—again, two points above the national average. I am sure that the House will agree that that represents outstanding work in primary schools.

For the transition to secondary school education there is equally impressive evidence of what is happening in Leicestershire at key stage 3. In English, provisional results show that 80 per cent. of pupils achieved level 5 and above in 2004, which compares well with the national average of 71 per cent. It represents a rise of six percentage points in Leicestershire pupils' achievement since 1998. In mathematics, 81 per cent. of pupils achieve level 5 or more, which is eight points above the 2004 national average of 73 per cent. and a significant increase on the 68 per cent. in 1998. I am pleased to see that the number of Leicestershire pupils achieving five A to C grades at GCSE has continued to increase and is now above the national average.

David Taylor: I come hot foot from a meeting of the curriculum committee of Ashby school—formerly Ashby grammar school—of which I was chair of governors until May 1997. Our GCSE results have improved in the most remarkable fashion because the percentage of children getting five or more GCSEs has improved from the middle 40s to the middle 60s, with the proportion now heading for 70 per cent. and beyond. That has been achieved without lavish funding. The school has received some extra funding because it has specialist school status, but nevertheless its funding is the same as that available to all upper schools in Leicestershire.

Derek Twigg: Funding is obviously important, but good school leadership and head teachers, good management in schools, great classroom teaching and community and parental involvement in schools can make all the difference.

Some 45.8 per cent. of Leicestershire pupils achieved 5 A* to C grade GCSEs in 1998, compared with a national average of 46.3 per cent. However, the proportion increased to 54.7 per cent. in 2004, compared with a national average of 53.7 per cent. The hon. Member for Blaby made a point about pupils from Leicestershire choosing Leicestershire schools. People are deciding that schools in Leicestershire are of a good quality, and I put on record my praise for the work going on in those schools.

The key issue behind the debate is obviously funding in Leicestershire. It is worth reflecting on the funding increases that Leicestershire has received since the Government came to power. Between 1997–98 and 2004–05, we estimate that Leicestershire's funding per pupil has increased in real terms from £2,670 to £3,380, which is an increase of £710 per pupil. Capital investment has also greatly increased. In 1997–98, capital funding in Leicestershire was only £4.3 million, but in 2004–05, its allocation was £33.8 million. The authority's allocation so far for 2005–06 is £22.8 million, which represents a massive improvement.

I want to consider the national picture before considering specific issues relating to Leicestershire's funding. The education formula spending share is set to rise nationally to £31.6 billion by 2007–08. That will represent an increase of £5.2 billion from the £26.4 billion figure for 2004–05, which is a 3.5 per cent. increase in real terms.

The settlement for 2005–06 will promote continued stability and certainty for school funding. In brief, in 2005–06, all secondary and special schools will receive an increase in their delegated budgets of at least 4 per cent. per pupil where pupil numbers stay the same. The guarantee for primary and nursery schools is higher at 5 per cent. per pupil, which is because we recognise that those schools need extra support to implement the final phase of the work force reform from September 2005.

We have also ensured that every local education authority has the resources, headroom and flexibility to deliver the guarantee and provide support to help schools facing additional pressures. Next year, all LEAs will receive an increase in their schools formula spending share of at least 5.5 per cent. per pupil. Leicestershire's increase is higher, at 6.3 per cent. per pupil, and above the average increase of 5 per cent. per pupil received by Leicestershire in 2004–05. In 2005–06, standards fund support, the school standards grant and Learning and Skills Council funding for sixth forms will increase by 4 per cent.

David Taylor: Will the Minister respond directly to a point made by my hon. Friend the Member for Loughborough and me? If we are to reduce overheads and bureaucracy, it would be helpful if more of the funding for which bids must be made were incorporated into mainstream formula grants. The standards fund would be a classic example of that.

Derek Twigg: I shall refer to that a little later. The proposed three-year funding settlement for schools is currently out to consultation until May, so I am sure that Leicestershire, and perhaps my hon. Friends, will want to make representations about any specific points.

Although Leicestershire has, like other authorities, benefited from the significant increases in funding that the Government have committed to education, I know that Leicestershire Members have tabled parliamentary questions and secured Adjournment debates on the per pupil funding received by the authority. I shall explain why Leicestershire's funding per pupil is lower than that of other authorities.

The Government aim to give all pupils an equal opportunity in life. Pupils from more deprived backgrounds have additional learning needs and thus need extra help to get that equal opportunity. That explains why the funding formula takes account of the deprivation in each authority and gives additional funding accordingly. Schools that serve deprived communities face significant challenges in handling and educating pupils, so they need additional support. As has been said, Leicestershire is less deprived than many other authorities. Its proportion of pupils from families receiving income support, which is the most heavily weighted deprivation factor, is well below average. In 2005–06, just over 8.8 per cent. of families in Leicestershire received income support, well below the national average for English authorities of 19.4 per cent. of families. Leicestershire is also below the average in terms of the number of families receiving working

families tax credit: the LEA national average is 19.1 per cent. of families, whereas in Leicestershire the figure is 17.3 per cent. Leicestershire also has significantly fewer primary pupils with English as a second language.

Mr. Reed: Although I recognise that, does my hon. Friend understand how those figures relate to the arguments advanced about little pockets of deprivation? The changes made, especially to the sums available for ethnic minorities, have specifically hit places such as Loughborough, where there is a relatively large ethnic minority population with English as a second language. Will he look again at the impact of the change from section 11 to the new formula, which has made an enormous difference? We are experiencing cuts of up to 40 per cent. in funding for schools, particularly those in the town centre. Will he meet me to discuss that specific issue?

Derek Twigg: I shall be happy to meet my hon. Friend, but I repeat that the new funding formula and the three-year deal for schools are out for consultation until May. I am sure that my hon. Friends, schools and councils will make representations in that respect.

David Taylor: Does my hon. Friend agree that it would be logical and consistent if the money distributed to Leicestershire in recognition of the pockets of deprivation in the county, such as the ones in Loughborough and Coalville, were earmarked for and passported to the schools for which it is intended? Should not the LEA be doing something to ensure that its internal distribution formula reflects that?

Derek Twigg: As my hon. Friend knows, we have been strict about passporting the full amount of money. "A New Relationship with Schools" and the three-year funding proposal are part of that policy. The LEA is responsible for ensuring that funding gets through to schools.

Only 2 per cent. of Leicestershire's pupils are from ethnic minority backgrounds, compared with the English national average of 8.7 per cent. The funding formula gives additional resources to sparsely populated areas such as Leicestershire to help to pay transport costs and the higher costs of maintaining a large number of small schools. Sparse authorities face higher costs to deliver the same service, and the formula provides additional resources to high-cost areas to reflect the higher costs of recruiting and retaining staff. In 2005–06, for the first time, Leicestershire received extra funding for the area cost adjustment to reflect those costs, although not as much as areas in and around London, as has been mentioned. It is for the LEA through its local funding formula to ensure that additional funding for additional needs reaches those schools that need it.

Our "Five Year Strategy for Children and Learners", which was published last July, is highly relevant to the debate. It set out the funding changes that we propose to introduce from April 2006. The strategy sets out a promise of greater freedom and independence for schools to run their own affairs, with clear and simple lines of accountability, the security of three-year budgets and greater discretion in how schools spend their standards-related grants. The strategy proposed a package of changes that formed "A New Relationship with Schools", which was designed to provide streamlined and proportionate systems of funding and accountability to allow schools to focus on raising standards and improving outcomes for every pupil.

Since the strategy was published, the Department has worked closely with our national partners through the school funding implementation group to draw up detailed proposals. We are now consulting for 12 weeks, until the middle of May, on those detailed school funding proposals. We propose a dedicated schools grant and three-year budgets for schools aligned to the school year, which will give schools continued stability and predictability and the opportunity to engage in more effective long-term planning, so that they can concentrate on the key role of school improvements, teaching and learning. We also propose to streamline the Department's current standards-related grants to schools through the introduction of a new single standards grant. Local authorities will retain their key role in the local distribution of resources to schools, but, crucially, our proposals will enable authorities to concentrate on their strategic and quality assurance roles in education. Local authorities can add to the dedicated schools grant from their own resources if they wish, but they will not be required to do so.

Hon. Members asked why we do not propose to review the distribution formula as part of those changes. The three-year budget for schools, the new dedicated schools grant and the single standards grant constitute significant changes in themselves, and undertaking a major review of the distribution formula at the same time would be too much change at once. Moreover, the current formula is still relatively new, having been introduced in 2003–04, and no substantial evidence has been brought to our attention to suggest that a major review is appropriate. The consultation document, however, proposes minor technical changes to the distribution of the new dedicated schools grant to reflect the fact that more up-to-date data measuring deprivation and sparsity are available than was the case for the distribution of the schools formula spending shares.

David Taylor: Before my hon. Friend concludes, will he say a word about the concern that I expressed about the direct funding of schools? That is attractive for schools that serve deprived areas, but it would enfeeble good local education authorities such as Leicestershire, which has a long track record of success in this field.

Derek Twigg: As I said earlier, it is important that LEAs play a strategic role in working with schools on assessment and school improvements, and that is very much at the forefront of their remit.

We will make final decisions on the new funding arrangements over the summer in the light of responses to the consultation, and we want to ensure that they are implemented successfully. There are no plans for further change, although naturally the distribution formula will be kept under review.

The work force agreement and PPA—planning, preparation and assessment—have been mentioned by a number of hon. Members. That reform aims to free teachers to spend more time on their core

[Derek Twigg]

responsibilities, which include not only classroom teaching but the key professional activities that support teaching, such as planning, preparation and assessment. We have always made it clear that work force reform would largely be funded by the better use of existing resources. Schools can implement the national agreement only by moving towards new ways of working. The more radical schools' grasp of the remodelling agenda, the better the outcomes for teachers and pupils and the lower the costs involved. Schools that abandon unnecessary tasks and redeploy support staff to ensure that the use of their time and expertise is maximised will get the best from the existing information and communications technology infrastructure, reduce reliance on expensive supply teachers, and find the reforms achievable.

The national remodelling team is working closely with LEAs and other partners to help schools implement changes in support of the agreement. It is working with a network of LEA remodelling advisers who are available to school leaders and can give them help and advice on remodelling the school work force and managing change. The response to training offered by Leicestershire local education authority has been positive. Our understanding is that all schools in Leicestershire have attended the financial management in schools training. As the House knows, we have set the minimum funding guarantee for primary and nursery schools in 2005–06 at 5 per cent. per pupil—1 per cent. higher than for secondary and special schools—in recognition of the need to meet additional cost pressures in implementing reform from September.

The Government are confident that the local government settlement is sufficient to enable all schools to implement the national agreement on work force reform in full. Signatories to the agreement have endorsed that view. The funding that local authorities receive on a per pupil basis reflects their relative need compared with other local authorities, and any changes that we make in the future will continue to reflect that.

David Taylor: As the Minister is about to conclude, I would greatly appreciate his observations on the funding of PPA. Schools that are hard-pressed for various social and financial reasons may be unable to find the necessary funding to undertake PPA in the ways anticipated by the designers of the scheme, so teachers will lose that contact time, and the replacement may well be learning support assistants or others. Parents will not be happy if that occurs in a great number of schools.

Derek Twigg: Different schools will face different challenges, but we have increased the funding for primary schools above that for secondary and special schools, and we are providing a great deal of advice through remodelling advisers, the LEAs and so on. I am confident that by working together, with the additional resource that has been allocated to primary schools and better use of existing resource, our goals can be achieved.

In setting the guarantee increases in 2004–05 and 2005–06 we are allowing for additional costs on which authorities and schools are already spending. That is because we are aiming for stability, rather than changing the pattern of spend. Our priority remains stability and certainty in school funding.

The Conservatives' spending plans entail cuts in education, an apparent determination to take money away from state schools to fund elite and independent schools, and £1 billion of cuts in funding for local education authorities, although they have not yet been able to demonstrate where that will come from. That is in stark contrast to our record, with a part-time nursery place guaranteed for every three and four-year-old, the best ever primary school results, continually improving results in our secondary schools, significant improvements in results at key stage 3 last year and good A-level results again.

Mr. Robathan: When the Minister trots out such claptrap, he might at least look as though he believes it.

Derek Twigg: I assure the hon. Gentleman that I do believe it. It is not claptrap—it is fact. That is the difference between the Conservative policy of cutting funding from schools, and our policy of giving more funding to schools, bringing about improvements in schools and ensuring better results than ever.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes to Ten o'clock.

House of Commons

Tuesday 15 March 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON BILL *(By Order)*

Order for Second Reading read.

To be read a Second Time on Tuesday 22 March.

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Flexible Working Time

1. **Ann McKechin** (Glasgow, Maryhill) (Lab): If he will make a statement on the take-up of flexible working time parental rights in Scotland. [221051]

The Parliamentary Under-Secretary of State for Scotland (Mrs. Anne McGuire): National statistics show that more than 490,000 employees in Scotland work flexibly. Seventy-nine thousand of them have children under the age of six.

Ann McKechin: I am sure that my hon. Friend, like me, will welcome the recent consultation paper that the Department of Trade and Industry issued. It proposes to extend parental rights to parents of older children and, just as important, carers of adults. What steps will the Department take to consult people, especially Scottish employers, to persuade them that the proposal will assist not only families but the Scottish economy through productivity and our skills base?

Mrs. McGuire: I thank my hon. Friend for her question. Like her, I welcome the recent consultation document from the Department of Trade and Industry. It highlights the fact that flexible working has been good not only for parents and children but for businesses. If proof were needed, perhaps hon. Members would like to examine some of the case studies that the document outlines. For example, the Central Scotland Forest Trust has a flexible working arrangement and has experienced a twofold increase in the number of applicants for vacancies, a 9 per cent. reduction in training costs, a 16 per cent. reduction in recruitment costs, and staff turnover has also been reduced by 49 per cent. We are showing the way: flexible working is good for people and for businesses.

Mr. David Marshall (Glasgow, Shettleston) (Lab): Parental rights such as those that we are considering are important in constituencies like mine, especially for women who are so often the breadwinners in those areas. They enable them to work and look after their children. I want to follow up one of the excellent points made by my hon. Friend the Member for Glasgow, Maryhill (Ann McKechin): will the Under-Secretary do all she can to persuade colleagues to extend flexible working rights to other sorts of family care such as caring for adult and aged relatives and friends? Such carers are often prevented from seeking and obtaining employment because of their other responsibilities. Flexible working time would be ideal for many people in that position.

Mrs. McGuire: Many of us recognise that the position of people with responsibilities for sick or disabled relatives is different from that of those with responsibilities for children. We make matters clear in the consultation document, in which we have outlined five options for discussion to examine ways in which flexible working time can be extended. We also recognise that employers' needs must be taken into account. In doing that, we are committed to ensuring that the law continues to use a light touch on those matters. However, the basic principle exists and I hope that hon. Members will respond to the consultation document and encourage businesses and individuals in their constituencies to do so.

Drug Dealers' Profits

2. **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): What discussions he has had with the Secretary of State for the Home Department on progress in seizing the illicit profits of drug dealers in Scotland. [221052]

The Secretary of State for Scotland (Mr. Alistair Darling): That is a matter for the Scottish Executive. However, I am pleased to note the considerable progress that is being made on the confiscation and forfeiture of criminal assets in Scotland.

Mr. Lazarowicz: Will my right hon. Friend join me in welcoming the success of the "shop a dealer" campaign, which is funded from the proceeds of crime and, in little more than three weeks, has already resulted in more than 1,000 extra tip-offs to the Crimestoppers Scotland hotline? Will he take the opportunity of urging the public who have information about drug dealing in their communities to make an anonymous call to the hotline? In view of the success of the hotline and the campaign to date, will he discuss with his colleagues the possibility of using more of the recovered proceeds of crime to extend the campaign beyond 31 March, when it is due to end?

Mr. Darling: As my hon. Friend says, the line has been funded by money confiscated from drug dealers. If it is a success—initial signs are that it has been a great success—I hope that the Scottish Executive will

continue with it. My hon. Friend knows from representing Leith that many people have suffered because of the problems that arise from drug abuse. That applies not only to Leith but other parts of the country. He is right to emphasise what is possible through a specially dedicated hotline and encouraging people to phone, backed up by record amounts of money for policing. Police officers are of course necessary to bring people to justice. Investment in public services and the dedicated hotline are therefore both necessary.

Annabelle Ewing (Perth) (SNP): The Secretary of State will be aware that the Scottish Executive are allowed to retain only 50 per cent. of the criminal assets seized in Scotland. However, making available additional resources to the police will make a key difference in the fight against drugs. Why, then, cannot Scotland retain 100 per cent. of the criminal assets seized there?

Mr. Darling: The hon. Lady might want to reflect on the fact that Scotland is getting additional resources for policing and for other public services because of the strength of the United Kingdom economy, from which Scotland benefits immensely. If the hon. Lady were to have her way, and to separate Scotland from England, Scotland would be worse off and public services would lose out as a result.

Mr. Russell Brown (Dumfries) (Lab): I welcome the success of the measures being taken against drug dealers. Will my right hon. Friend consider extending the measures being deployed against those who profit from the evil trade of people trafficking, which is an equally vile crime—

Mr. Speaker: Order. I am sorry to say that the hon. Gentleman is going beyond the scope of the question.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Seizing illicit profits is an important tool in the fight against drug dealers. When the Secretary of State discusses these matters with his colleagues, will he also discuss the amalgamation of Customs and Excise with the Inland Revenue? Will he ensure that sufficient officers remain to cover Scotland's coastline, bearing in mind that Scotland has 67 per cent. of the UK's coastline but only 6 per cent. of its customs officers?

Mr. Darling: I am quite sure that, when the merger of the Inland Revenue and Customs and Excise goes through, they will ensure that enforcement is kept at the front of their minds, particularly in relation to drugs. Yes, Scotland does have a very long coastline, but it is also important to focus on our efforts based on intelligence and on the risks that we know about. Customs and Excise has been particularly successful in seizing assets, not least in Dumfries and Galloway, where my hon. Friend the Member for Dumfries (Mr. Brown) has been at the forefront of a campaign to encourage such activity. I am sure that Customs and Excise, the Inland Revenue and the police will continue to work together, as people would expect.

Mr. Michael Connarty (Falkirk, East) (Lab): Will my right hon. Friend join me in commending Andrew Cameron and the police service in the Central region for their Operation Overlord against drug dealers? I particularly commend him for locking up McBride—a character whose case I have been raising for a number of years, and who has been building an empire in Falkirk; he has now got five years—and the baron who wanted to take over from him. Will my right hon. Friend lend the weight of his office to the efforts of the Scottish Executive to seize the apartments that this person has accumulated over many years of drug dealing, because at the moment there seem to be difficulties in getting to the property owned by drug dealers?

Mr. Darling: I am not familiar with this particular case, and it was not clear from what my hon. Friend was saying whether due process is continuing. Just in case it is, I had better not say anything further on that specific matter. My hon. Friend makes a good point, however. It has sometimes been difficult to get hold of certain assets owned by drug dealers, and that is something that we and the Scottish Executive will keep under review. Because of the changes to the law that we have introduced, however, it is now possible to get money off these people once they have been convicted. That never happened in the past, but if we can do more in the future, we certainly should.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): I welcome any progress being made on seizing the illegal profits of drug dealers in Scotland, not least in Stranraer in my constituency. However, I am sure that the Secretary of State will agree that it is equally important for the Government to minimise the risk of these dangerous criminals striking again. Is he proud of the fact that these prisoners will be entitled to automatic early release after serving only a fraction of their sentences?

Mr. Darling: First, I agree with the hon. Gentleman that the efforts of the police and others to bring to justice the people convicted of drug dealing are to be commended. I am also glad that he welcomes the legislation that we passed to make that possible, because my recollection is that it did not always have universal support in both Houses. The management of prisoners is a matter that successive Governments have dealt with. We need to ensure that, when people are sentenced, the punishment fits the crime. We also have to prepare people for their eventual release and, we hope, their rehabilitation.

Renewable Energy

3. **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on the effect of UK renewable energy policy on Scotland. [221053]

5. **Mr. Bill Tynan** (Hamilton, South) (Lab): What discussions he has had with the First Minister on the development of sources of renewable energy appropriate to Scotland. [221055]

The Secretary of State for Scotland (Mr. Alistair Darling): Scotland Office Ministers and officials are in regular contact with the Scottish Executive and the Department of Trade and Industry in relation to a wide range of energy-related matters.

Miss McIntosh: The Secretary of State will be aware that the National Audit Office report concluded that the policy he is pursuing will lead to a 5 per cent. increase in electricity prices and a £1 billion additional cost to taxpayers and consumers. Also, it will cost the tourism industry £80 billion a year in fewer tourist visits and fewer tourist-related jobs. Does he not realise that this is not a very clever policy at all?

Mr. Darling: I am not sure which aspect of our policy the hon. Lady is attempting to refer to, but she might be speaking in relation to renewables. To be fair to her, she has shown that she is unremittingly hostile to the development of renewable energy. I do not agree with her on that, because I believe that, for environmental reasons, and for other reasons as well, we ought to be increasing the amount of energy we generate from renewable sources.

The position of the Conservatives seems nonsensical: they are in favour of getting alternatives, but they are against anything that might offer a practical way of providing them. That energy policy does not add up. If we pursued the line that the hon. Lady advocates, sooner or later we would find that there was a shortfall in the generation of electricity. That cannot be good for anyone in this country.

Mr. Tynan: My right hon. Friend will be aware that renewable energy is benefiting enormously from the renewables obligation. In Scotland, I understand that there have been about 270 applications for onshore wind farms, but many groups are deeply concerned that the cheap option has been adopted by companies. They think that onshore wind farms are the very cheap option, to the detriment of other renewables technologies. Does he agree that that is the case? If so, should we not change the conditions of the renewables obligation to ensure that we encourage as much diversity as possible in renewables technology?

Mr. Darling: First, many more applications are lodged than are ever likely to be granted, but that is perhaps not surprising due to the nature of the planning process. I agree with my hon. Friend—I have said this before—that there should be a diverse supply of electricity generation. However, the fact is that onshore wind generation technology and know-how are far more advanced than those involved with, for example, wave power generation. I also agree that we need to examine the possibilities of wave power. Indeed, work is being done in different parts of Scotland, particularly in the north, in relation to that, because the more diverse the energy supply, the better.

Mr. Alex Salmond (Banff and Buchan) (SNP): Why has the Secretary of State totally failed to establish fair charging for access to the electricity grid in Scotland? Will he confirm that under Ofgem's latest proposals, Scottish generators will have to pay half the connection charges for the grid across the United Kingdom—an average of six times per unit more than their English counterparts? How on earth are we going to access the huge renewables potential of Scotland, particularly offshore, if we have a Secretary of State who totally fails to protect Scotland from such unfair, discriminatory, anti-Scottish charging?

Mr. Darling: Yet again, the hon. Gentleman is talking nonsense. Of course, he misses out the fact that, under the new arrangements, Scottish generators will not have to pay the interconnector charges, which they have to pay at the moment when transmitting electricity from Scotland to England. That will benefit generators. On top of that, he fails to mention that the DTI last week announced that it intends to use its powers to cap charges in relation to generation on the islands and to consult on charges in relation to generation onshore. Before he opens his mouth on these matters, he should perhaps look at the whole picture rather than, as usual, just the partial one.

David Hamilton (Midlothian) (Lab): I recognise the importance of new renewables—everyone in the House will support the programme for renewables, whether in relation to wind energy or hydro—but we must also recognise the role that coal and nuclear power play in the Scottish economy. Surely it would be wrong to throw out everything. Will my right hon. Friend impress it on the DTI that we need an energy debate to discuss the whole issue of what we require in the United Kingdom?

Mr. Darling: When we have discussed these matters at Scottish questions, I have said that it is important that we have diverse sources of electricity generation. Scotland's nuclear power is capable of generating electricity for at least another 20 years, and it will continue to make a significant contribution. My hon. Friend mentions the coal industry. That, too, has a contribution to make.

We need a sensible, grown-up debate about these things, which has not always happened in the past, but turning our minds from one source of generation and ruling it out on principle—whether nuclear in the case of the nationalists or wind power in the case of the Conservatives—would sell Scotland short. We need to ensure that we have secure energy supplies for decades to come, and we need a sensible debate on how to achieve that.

Pensions

4. **Mr. Michael Weir** (Angus) (SNP): What discussions he has had with the Department for Work and Pensions on the impact of the breaking of the earnings link to pensions on pensioners in Scotland. [221054]

The Secretary of State for Scotland (Mr. Alistair Darling): I discuss a wide range of issues with my right hon. Friend the Secretary of State for Work and Pensions.

Mr. Weir: I thank the Secretary of State for that answer. When in opposition, Labour condemned the breaking of the earnings link. When in power, it has refused to reverse that, extended means-testing and

condemned one in five Scots pensioners to live in poverty. Even at this late stage, will he put pressure on the Chancellor to provide in his Budget statement tomorrow a citizen's pension that will end means-testing and lift Scots pensioners out of poverty?

Mr. Darling: May I say to the hon. Gentleman, in the nicest possible way, that he clearly does not understand that restoring the earnings links would not help the poorest pensioners in this country? The reason we introduced the pension credit and the minimum income guarantee is that half the additional money—the £10 billion more that we have spent on pensions—has gone to the poorest pensioners in this country. That is why we have been able to lift pensioners in Scotland out of poverty. The fact is that restoring the earnings link would be a cheaper policy to pursue, but it would be the wrong policy, as it does not help the poorest pensioners in this country.

The hon. Gentleman might want to reflect on the fact that, because of the pension credit, 270,000 households with pensioners in Scotland are getting, on average, more than £40 a week because of the pension credit. That would go under the nationalists. He mentioned the nationalist policy, which would cost some £3 billion over five years—money that they have not got. The nationalists' claim that they would help Scots pensioners is therefore a complete and utter fraud.

Mr. Ernie Ross (Dundee, West) (Lab): Does my right hon. Friend agree that we should congratulate the Department for Work and Pensions on the way in which it has restored pensioners to the land of the living? A recent report by the Institute for Fiscal Studies made it clear that pensioners, as a group, are no more liable to be poor than any other group. That is because we have introduced a whole range of policies that have allowed us to reflect pensioners' contribution in the past and look after them in the future.

Mr. Darling: The basic problem in this country is that, because so many people rely only on the basic state pension, and because the issue is clearly contribution-related, many people were reaching retirement without enough money to live on. That is why we introduced the minimum income guarantee and then the pension credit, which are designed to help two groups of pensioners in particular: people who have not been able to save enough for their retirement are given substantially more money than they would ever have got under an earnings link proposal; and the pension credit rewards savings rather than penalising them as the old social security system used to do. That is on top of the winter fuel payment, which the Tories wanted to abolish a few years ago, free television licences, free eye tests and other measures that we are taking to help pensioners. My hon. Friend is absolutely right that there is no doubt that, as a result of what we have done in the past eight years, pensioners are better off. Obviously, we want to do more, but pensioners are certainly better off than they would ever have been had we followed either the Conservative or nationalist policies.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): Ten years ago, the then Leader of the Opposition, now the Prime Minister, said that the aim of his pensions policy was to remove the stigma of means-testing for ever. Would the Secretary of State like to give the House a report on progress towards that aim in Scotland?

Mr. Darling: What I have said on many occasions is that if we want to deal with the problem of pensioner poverty—

Mr. Duncan: The stigma.

Mr. Darling: Well, the hon. Gentleman says that there is a stigma. The stigma is to leave pensioners poor. The stigma is pensioner poverty. In the 18 years that the Conservative party was in power, more and more pensioners fell into poverty. I will therefore make no apology whatever for introducing policies designed to help the poorest pensioners, which is what the pension credit does. He might want to reflect on the fact that the policies to which the Conservative party is now wedded—restoring the earnings link, but only for four years, after which that policy stops—would not help the poorest pensioners and would do absolutely nothing to get more pensioners out of poverty.

Mr. Duncan: The Secretary of State's phoney bluster will do nothing to hide the fact that the Government have clearly failed on this issue. The simple fact is that 50 per cent. more pensioners are subject to means-testing in Scotland and must go cap in hand to the Chancellor for the stigma to which the Prime Minister referred 10 years ago. Is not a restoration of the earnings link and a substantial cut in council tax required, which would give a fair deal to Scotland's pensioners?

Mr. Darling: The hon. Gentleman should know, although perhaps he does not, that the Tories' present policy—which, incidentally, was rubbished by their work and pensions spokesmen for years—favours restoring the earnings link for the next Parliament only. Then it will stop: in other words, the problems will start to build up again. The Tories have done that because they know that if they committed themselves to restoring the earnings link in perpetuity, they would have an even bigger spending problem than they have now.

The hon. Gentleman should reflect on this: 3,800 pensioners in his constituency benefit from pension credit, with a local average award of £41.34 per week. Under his system, they would not receive that money.

ADVOCATE-GENERAL FOR SCOTLAND

The Advocate-General for Scotland was asked—

Devolution

15. **Ann McKechin** (Glasgow, Maryhill) (Lab): What devolution issues she has considered since 8 February. [221046]

17. **Mr. Alan Reid** (Argyll and Bute) (LD): What devolution issues she has considered since 8 February. [221048]

18. **Miss Anne McIntosh** (Vale of York) (Con): What devolution issues she has considered since 8 February. [221049]

The Advocate-General for Scotland (Dr. Lynda Clark): Since 8 February, 95 devolution issues have been intimated to me. Of the 66 civil cases, one related to failure to transfer a patient from a state hospital and the remainder concerned prison conditions. Of the 29 criminal cases, 19 concerned pre-trial delay.

Ann McKechin: I have raised with my hon. and learned Friend in the past the question of the so-called compensation payments for slopping-out cases. Does she share my concern about the fact that more than 400 cases are currently in the Scottish court system? Compensation payments are being discussed with prisoners. Has my hon. and learned Friend made any assessment of those cases and, in particular, of the award that will have to be made?

The Advocate-General: As with all individual cases, each case will be assessed on its merits either by the court—if it goes to the court and is determined by the court—or in discussions between the parties. I am not party to those cases; it is not part of my task to assess the compensation. The claims range from very small amounts to fairly substantial amounts, and the outcome is difficult to predict. I can confirm that about 320 such cases are lodged with five Scottish sheriffdoms, and more writs are being received almost daily. A further 80 Court of Sessions petitions have been served on Scottish Ministers to date.

It should be borne in mind that the cases intimated to me involve devolution issues. I understand that there are also some common-law cases that do not raise such issues.

Mr. Reid: If circumstances arose in which the Advocate-General believed that Scottish Ministers were not taking the actions required by European Union law, would she advise the Secretary of State to use his powers under section 58 of the Scotland Act 1998 to compel Scottish Ministers to take a certain course of action?

The Advocate-General: Scottish Ministers are obliged to act in accordance with European law. If a challenge were made on the ground that they had not fulfilled that legal obligation, I would assess that as well as my powers under the Scotland Act. These issues can be complex, and there is room for more than one view. If necessary, the court would ultimately determine the matter.

Miss McIntosh: As this is possibly the hon. and learned Lady's last appearance as Advocate-General, may I, on behalf of my party, wish her every success in her future career? As her departure may well coincide with a change of Government, may I ask whether she has any advice for her potential successor on whether we should keep this Question Time?

The Advocate-General: It is kind of the hon. Lady to speculate on these matters. I must say that, bearing in mind how much this Government have done to help individuals—particularly those in her constituency—I find it very difficult even to speculate on the idea of a change of Government.

Abdelbaset al-Megrahi

16. **Mr. Tam Dalyell** (Linlithgow) (Lab): What discussions she has had with the Scottish Executive on the transfer of Abdelbaset al-Megrahi from Barlinnie to Greenock prison. [221047]

The Advocate-General for Scotland: I have had no discussions with the Scottish Executive on the transfer of Mr. al-Megrahi. I refer my hon. Friend to the reply that my hon. Friend the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for Sunderland, South (Mr. Mullin), gave on this matter on 9 March.

Mr. Dalyell: Is it recognised that thanks to the excellent and highly professional attitude of the governor of Greenock prison and his colleagues, this transfer has gone far better than any of us dared hope that it might? But could the Advocate-General help by getting an answer to the very specific questions that I asked about the payment given to, and the hospitality shown to, Mr. Gauci? During a foreign affairs debate, the Foreign Office said that it would provide such answers, but that it has to go to the Crown Office. Will my hon. and learned Friend try her luck with the Crown Office?

The Advocate-General: If the Foreign Office is going to the Crown Office, as my hon. Friend suggests, I am sure that it is capable of dealing with it directly. I understand his frustration with this process, but the division concerning these matters arises as a result of devolution. So I repeat what I have told him before: this issue forms no part of my role as Advocate-General.

David Cairns (Greenock and Inverclyde) (Lab): At the invitation of governor Derek McGill, I visited Greenock prison a few weeks ago to see for myself the cells that Mr. al-Megrahi was to be kept in. Far from being the lap of luxury that some quarters of the press were presenting them as, they were in fact very basic. Does my hon. and learned Friend share my confidence that the excellent governor and staff of Greenock prison will keep Mr. al-Megrahi at Her Majesty's pleasure and ensure that he is properly integrated into prison life; and does she agree that the scare stories that he will be detained in luxury and at huge expense do no credit to anyone?

The Advocate-General: Accurate information is of course extremely important, and it is always very useful for Members of Parliament, particularly those with prisons in their constituencies, to exercise their visiting rights, which I understand that they have as MPs.

CONSTITUTIONAL AFFAIRS

The Parliamentary Under-Secretary of State was asked—

Legal Services (EU)

19. **Sir Nicholas Winterton** (Macclesfield) (Con): If he will make a statement on the progress of the draft EU framework services directive relating to the provision of legal services in the EU. [221522]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): The EU directive on services in the internal market is a key priority for the UK presidency. At present, we are working with the European Council, the European Parliament and other member states to achieve a successful outcome to a series of ongoing negotiations. We hope to have made significant progress by the end of the year.

Sir Nicholas Winterton: The Minister will know that under the proposals, solicitors working abroad would be subject to the Law Society's professional rules, rather than those of the country in which they operated. Bearing in mind that both Germany and France strongly oppose these changes, does the Minister think it fair that Britain is opening itself up to competition in legal services, while a number of our European partners refuse to reciprocate? Will he give an assurance that we will not proceed unless agreement on this matter is reached across Europe, and that we will not open up our legal services to unfair competition?

Mr. Lammy: The hon. Gentleman will know that this Government have backed the liberalisation of legal services for many years; indeed, we are pleased to see such liberalisation progressing in Europe and beyond, with countries such as India, Japan and China looking to liberalise their legal services. The Department of Trade and Industry is leading our discussions on the regulation of EU legal services offered here, and that debate goes on. But I should point out to the hon. Gentleman that during the 29 committee meetings held so far on services within the European internal market, this issue was not described as an obstacle that we cannot surmount.

Ross Cranston (Dudley, North) (Lab): May I congratulate my hon. Friend and the Government on all that they are doing to promote UK legal services not only in Europe but around the world? Is it not true that many foreign lawyers practise in London and throughout the UK, and that countries that adopt a restrictive approach to this issue—be they in Europe or elsewhere—are cutting off their nose to spite their face?

Mr. Lammy: My hon. and learned Friend is right. The liberalisation of legal services is important, because it is important to the British economy and is worth, on the last estimate of a year ago, about £2 billion. There has been a significant debate within Europe and liberalisation is in effect within Europe. It is now the case that 35 countries around the world are represented in the City of London. That shows the benefits of liberalisation. Consumers and clients who want services, particularly cross-border services, should be able to receive their partner of choice from whatever country that person comes from.

Mr. Jonathan Djanogly (Huntingdon) (Con): The international legal market is dominated by the expertise, experience, networks and high reputation of British lawyers. We allow and encourage foreign legal competitors in England, so why will the Government not stand up for this sector and insist on fair and equal access for our lawyers abroad?

Mr. Lammy: I am surprised that the hon. Gentleman, who knows about these matters—he did not declare his interest—is not behind everything that the Government are doing on these issues. There are international law firms all around the capitals of the world and the hon. Gentleman knows that they include British firms. Because of the work of my Department, they bring in £2 billion to our economy. He is wrong in making that assessment.

Mr. Speaker: Order. The Minister will know that there is no need for such a declaration on a supplementary question.

Ineffective Trials

20. **Dr. Julian Lewis** (New Forest, East) (Con): If he will make a statement on his policy for reducing the number of ineffective trials. [221523]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): The Government have made good progress on the reduction of ineffective trials in both magistrates and Crown courts. I can confirm that we are on course to meet the targets that have been set. Trials can fail to proceed for a whole host of reasons, but by improving trial management with closer attention to file readiness and witness attendance, we are seeing a greater proportion of cases completed effectively.

Dr. Lewis: Well, I wish I could be as satisfied as the Minister clearly is with his own performance. My understanding is that at least £41 million a year is wasted when witnesses and, even worse, defendants do not turn up on the day appointed. Is it not outrageous that the victims of crime and the police should have their time wasted when the accused do not bother to turn up on the appointed day? Have not the Government taken rather a long time to deal with that particular problem?

Mr. Leslie: It is certainly true that we can always do more to improve trial readiness on the day, but ineffective Crown court trials have fallen by more than a third since 2001. That is good progress and, quite frankly, I do not want to be lectured by the hon. Gentleman, whose party would cut 2,000 court staff and cut £100 million from the court budget, which would lead to more ineffective trials and more injustice. The hon. Gentleman should speak to his Front Benchers about their own plans.

House of Lords Reform

21. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent representations he has received on reform of the House of Lords. [221525]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): My Department has received various written representations regarding reform of the second Chamber both from hon. Members and the public. The Westminster Hall debate on 23 February examined the report entitled, "Breaking the Deadlock", authored by several right hon. and hon. Members.

David Taylor: Bearing in mind the recent comments in the other place to the effect that it should have primacy over this House on some issues because we are temporary politicians who happen to have been elected, is it not high time that we completed the reform of the House of Lords along the lines of the report produced by my right hon. Friend the Member for Livingston (Mr. Cook) and others? We need a high proportion of elected Members in a smaller second Chamber so that we can preserve and improve its deliberative, reviewing and scrutiny roles. In particular, we need to resolve the way in which we tackle legislative disputes between the two Houses in order to avoid the ping-pong paralysis that we saw last week.

Mr. Leslie: I certainly agree, to the extent that some in the other place made ridiculous comments about how we were just temporary Members of Parliament, whereas they were the more permanent guardians of our constitution. We in this House are accountable to our constituents, and that is why the Commons must always be supreme. Of course there are ways in which we could improve the legitimacy of the second Chamber; and we must return to that issue.

Mr. Paul Tyler (North Cornwall) (LD): The Minister has referred to the debate in Westminster Hall that he was not able to attend because he was on his honeymoon. I am tempted to ask whether he enjoyed that more than he would have enjoyed the debate. Has the Secretary of State for Constitutional Affairs looked at the proposals put forward and supported by many hon. Members? Do the Government accept, in the light of last week's discussions in both Houses about the primacy of the Commons, that the present hybrid composition of the House of Lords is entirely their creation? Is it not up to them, therefore, to change the composition of the other place if they do not like what they see?

Can the Minister tell us—

Hon. Members: Oh!

Mr. Speaker: Order.

Mr. Leslie: I shall pass the hon. Gentleman's congratulations on to my new wife, and I shall also give her a copy of the report. I am sure that she will be delighted to read it. As I said, there is a way to improve the legitimacy of the Second Chamber, but we must be careful to ensure that the whole of Parliament has clear lines of democratic accountability. That is especially true of this Chamber, which has to make the final decisions and which is where the buck must stop.

Mr. David Clelland (Tyne Bridge) (Lab): Does the Minister agree that the first imperative is to settle on a reformed second Chamber's specific role and powers? Would not any advisory function carry more weight, and be more respected, if the second Chamber were less able to engage in the sort of party and oppositional politics evident last week? That problem would be aggravated if we had an elected House of Lords.

Mr. Leslie: It is true that the second Chamber has a legitimate revising and scrutinising role, but its Members must also respect the fact that this House must make the final decision. Ultimately, people need to know whom to credit when things go right, and whom to blame when things go wrong. Elected Members of Parliament must stand up in front of their constituents—and Opposition Members are about to find out the public's view of their proposals.

Mr. Oliver Heald (North-East Hertfordshire) (Con): In the ping pong between his wedding and Westminster Hall, I think that the Minister made the right decision. Does he agree that the House of Lords has had to take on much more of the work of looking at proposed laws now that this House is not given the time to do that job properly? Is he aware that, since the Queen's Speech, 29 groups of clauses and amendments have not been debated during Report stage in this House, and that 45 groups of amendments and 111 clauses and schedules have not been debated in Committee? Andrew Marr described the outcome of the Prevention of Terrorism Bill debates as a "victory for Parliament". Is not it vital that the powers of the other place—given freely, with the agreement of this House—be retained?

Mr. Leslie: I seem to recall that last night's debate on the Education Bill finished slightly early because some Opposition Members were not here to make their contributions. That is a matter for them, but the introduction of timetabling to Parliament has allowed us to cover much more business, and have much more rigorous debates on many more issues. I believe that we in the House of Commons should organise our business successfully and efficiently, and that is what we do. We are quite capable of coming to effective decisions on some key issues.

David Winnick (Walsall, North) (Lab): Although it was to be welcomed that more than 600 hereditary peers left the House of Lords in the last Parliament, does not my hon. Friend the Minister agree that it is unfortunate that we have not got rid of the remaining 92? No doubt the House of Lords could have an elected element, but a fully elected second Chamber does not fill me with enthusiasm. Does he agree that, whatever may be prescribed for it, that would be a direct rival to the House of Commons?

Mr. Leslie: I hear what my hon. Friend says. He emphasises that we in the House of Commons must make sure that we have the constitutional authority to make final decisions. However, that does not mean that we cannot have more legitimacy in the other place. We will return to this matter in our manifesto, so I urge him to watch this space.

Magistrates

22. **Mr. Simon Burns** (West Chelmsford) (Con): If he will make a statement on recruitment and retention rates of magistrates since 1997. [221526]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): Recruitment levels for the magistracy have remained more or less constant for the past decade. The Government are determined to increase the numbers of magistrates to ensure that Benches reflect local communities. Through our national recruitment strategy, we are about to embark on an ambitious programme of targeted advertising campaigns.

Mr. Burns: Given that the Government are expecting people in other walks of life to work longer, is the Minister considering reviewing or changing the age-limit restriction on serving magistrates?

Mr. Lammy: No, we have no plans for that.

Mrs. Ann Cryer (Keighley) (Lab): I wonder whether my hon. Friend has considered paying a small attendance allowance to magistrates. At the moment, we all seem to be fishing from a limited, small pool of health quangos, local authorities and other organisations. Nearly all those other organisations are paying attendance allowances. An attendance allowance for magistrates may encourage more people to come forward.

Mr. Lammy: My hon. Friend will know that there are loss of earnings allowances and subsistence allowances. We had a large conference with magistrates yesterday when we were able to discuss such issues, as well as the national strategy. We are keen to have as diverse a bench as possible, with more ethnic minority people and a younger profile for magistrates, which means localising our magistrates even more. We are taking those issues forward in the usual way.

Travellers

23. **Andrew Selous** (South-West Bedfordshire) (Con): If he will make a statement on the provision of legal advice funded by his Department to Travellers. [221527]

Mr. Lammy: The eligibility criteria for legal aid for Gypsies and Travellers are the same as for other individuals in England and Wales. The Legal Services Commission aims to ensure that socially excluded groups can access the advice to which they are entitled.

Andrew Selous: Does the Minister think it is good use of precious public money for the council tax payers of South Bedfordshire district council to have to fund legal action in the High Court when his Department is spending money on planning advice for Travellers? Would it not be more sensible to make the law clearer and for it to apply equally to the settled and travelling communities, so that all that money would not be spent on a needless legal dispute?

Mr. Lammy: If South Bedfordshire district council is taking action against Gypsies and Travellers, it must be right in a civilised democracy for them to have access to advice. That has been the position not just under this Government, but under previous Governments. I am surprised that the hon. Gentleman is choosing to depart from that. Legal funding is not based on a straw poll of popularity; it is based on financial need.

Hugh Bayley (City of York) (Lab): May I congratulate my hon. Friend on standing up for people who are unpopular? If Travellers are citizens of this country, they must have the same rights, including the right to legal aid, as any other citizen. Does my hon. Friend agree that Travellers are more likely to observe the law if they receive legal advice?

Mr. Lammy: My hon. Friend knows that the fundamental of the Attlee settlement on legal aid is that those who are poor and vulnerable are entitled to legal advice. That goes to the very heart of our democracy. In the same way, home owners in the settled community who are involved in disputes can receive advice through the community legal service, by telephone, from citizens advice bureaux and from lawyers. The Conservative party wants to cut those services—I refer my hon. Friend to its James review.

Mr. Henry Bellingham (North-West Norfolk) (Con): Should Travellers receive legal aid when there have been blatant breaches of planning law?

Mr. Lammy: If the hon. Gentleman is aware of any of our legal aid solicitors encouraging people, whoever they are, to bend the rules, he should refer the matter to the Legal Services Commission or the Law Society. I stand by the Attlee settlement, which all Governments have stood by—that those who have no means, are poor, vulnerable or socially excluded are entitled to legal advice.

Supreme Court

24. **Mr. Desmond Swayne** (New Forest, West) (Con): If he will make a statement on his Department's choice of a building for the proposed supreme court. [221528]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): Subject to enactment of the Constitutional Reform Bill, the Government believe that the Middlesex Guildhall in Parliament square is the preferred choice for the location of a new UK supreme court. The building is a Crown court and will provide good value for money if refurbished and converted for that purpose.

Mr. Swayne: What is the Minister's estimate of the cost of that refurbishment, and what additional value will taxpayers receive compared with the tasks that their Lordships are carrying out in more frugal circumstances?

Mr. Leslie: Many of the Law Lords have said that they are worried about the cramped conditions in which they have had to operate in the House of Lords. We have decided to create a new UK supreme court, which will cost £30 million, because we need greater clarity, transparency and independence for our judiciary, and to separate the courts from Parliament. That reform is long overdue. Lord Bingham said that the cost

"reflects the importance which a liberal society attaches to the rule of law."

We are doing the right thing by creating a supreme court.

Child Contact Centres

26. **Dr. Alan Whitehead** (Southampton, Test) (Lab): What plans he has to increase the provision of child contact centres.

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): The Department for Education and Skills has allocated £7.5 million for the two years 2006–08 to deliver child contact services, including those delivered by child contact centres. That more than doubles the Government's allocation of £3.5 million in the last spending review.

Dr. Whitehead: I welcome the encouraging increase in funding for child contact centres. When my hon. Friend considers the details of allocating that funding, will he ensure that it is used not only to increase the geographical spread of child contact centres, but to allow them to provide increased time for individual contact by people who do not have residential parental access to their children?

Mr. Lammy: My hon. Friend raises a good point. We published the "Next Steps" report on child contact in January and are discussing that issue among others. We want to see the new money that has been allocated supporting parents during supervised contact with their children. I know that my hon. Friend has two local centres in Southampton, and I encourage them to continue their good work.

LEADER OF THE HOUSE

The Leader of the House was asked—

Regional Select Committees

31. **Andy Burnham** (Leigh) (Lab): If he will bring forward proposals to establish Select Committees for the English regions.

The Deputy Leader of the House of Commons (Mr. Phil Woolas): My right hon. Friend has no plans to do so, but is open to suggestions from hon. Members on this, as on other matters.

Andy Burnham: I am grateful for that encouraging reply. Does my hon. Friend agree that rather than spending vast amounts of money sending hon. Members around the world on Select Committee trips of questionable value, our time and resources would be better spent serving on powerful regional Select Committees? The chance to hold regional bodies to account would help us to do a better job and make this place more relevant to our constituents. Is not the correct response to the north-east vote not more politicians, but those we have already working harder and more cleverly?

Mr. Woolas: On the day the Liaison Committee has published its report, it would be unwise of me to criticise the activities of Select Committees. My hon. Friend makes a sensible point. We have, of course, the Standing Committee on Regional Affairs, to which hon. Members may put forward suggestions and through which they may scrutinise Departments. By and large, Select Committees shadow existing Departments, although my right hon. Friend the Leader of the House has said in the past that the Modernisation Committee may wish to consider the matter in the future.

Sir George Young (North-West Hampshire) (Con): Does the Deputy Leader of the House recognise that he has strong support on this side of the House for the position that he has just set out—that he has no plans to consider regional Select Committees? Does he realise that there is little appetite for that proposed reform? Whatever subject any such proposed Committee considered, it would already be covered by an existing Select Committee.

Mr. Woolas: I thank the right hon. Gentleman for that question. My right hon. Friend the Minister for Local and Regional Government consulted Members on the function and roles of the Standing Committee on Regional Affairs and received a poor response. However, my right hon. Friend the Leader of the House is keen to promote that vehicle as a way of meeting the valid point made by my hon. Friend the Member for Leigh (Andy Burnham), without breaching the principles that operate in relation to Select Committees.

Mr. Andrew Mackay (Bracknell) (Con): Does the Minister accept that there are already more than enough Select Committees for Members to serve on appropriately? Will he take it from me that in the south-east there is no demand whatever for a regional Select Committee, and will he ensure that the Leader of the House sticks to his guns and does not foist one upon us?

Mr. Woolas: I find it unusual that the Front Bench is promoting Select Committees while the Opposition oppose them, but the right hon. Gentleman is making a serious point. It is true, as I am sure all Members accept, that there are big differences between the regions. In the north-west, there could be strong support for the idea, but perhaps not in the south-east. That is why it makes sense to proceed cautiously and to give proper consideration to the proposals, as my right hon. Friend the Leader of the House is doing.

Educational Visits

32. **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): Whether he has considered proposals to help schools with the cost of educational visits to Parliament. [221538]

The Leader of the House of Commons (Mr. Peter Hain): Yes, I will certainly keep the option of financial assistance in mind, although I think that our money is best spent on ensuring that the young people who do visit us have a valuable educational experience, not just a tour of the buildings.

I am delighted that the House of Commons Commission agreed yesterday to extend the autumn programme so that the education unit will run visits year round from October 2005. That will mean that more than 25,000 children and young people should be able to have managed educational visits, compared with about 6,000 at present.

Mr. Lazarowicz: I am glad that the education unit is to be expanded in that way, but I remind my right hon. Friend that the answer to my parliamentary question a few weeks ago revealed that of almost 300 school visits to Parliament in the last Session, only one was from Scotland, compared with 205 from south-east England. Indeed, there was only one visit from Wales, two from Northern Ireland and five from north-east England. Obviously, I accept that there is more likelihood of schools nearer the House visiting it more frequently, but will my right hon. Friend nevertheless consider

providing some kind of funding to ensure that school students from constituencies further away from London can enjoy the new resources being put into the schools unit? He will know that the National Assembly for Wales has such a scheme—

Mr. Speaker: Order. I think the Leader of the House can now manage to answer.

Mr. Hain: I am aware that the National Assembly gives a subsidy of about a pound a mile to schools visiting from outside the Cardiff area. Obviously, that is something we shall bear in mind. We decided yesterday to increase the parliamentary budget to the education unit by £135,000, recruiting extra staff to link with local education authorities, to ensure that they put our parliamentary democracy at the heart of their citizenship courses, because, as we discovered on the Modernisation Committee, that was not happening. We shall bear the question of subsidy in mind, although in the case of Scotland and parts of Wales, sheer distance is the problem. That is why we also need to expand electronic contact through our website, through virtual tours of the House of Commons. In that way, we can reach millions of youngsters who will never have the chance to travel here, whether we subsidise their visits or not.

Mr. John Bercow (Buckingham) (Con): In endorsing the call by the hon. Member for Edinburgh, North and Leith (Mr. Lazarowicz) for assistance with the cost of educational visits, I put it to the Leader of the House that one of the reasons why so many young people, including schoolchildren, are turned off politics is that they are fed up with the rather down-market, yah-boo character of so much of it. In that context, I appeal to the right hon. Gentleman, for whom I have considerable respect, to acknowledge that he was wrong to speak of the Leader of the Opposition in such abusive terms at the weekend and to apologise now—

Mr. Speaker: Order. There is no need to apologise. The hon. Gentleman should be apologising for pushing his luck.

Mr. Oliver Heald (North-East Hertfordshire) (Con): But is there not a serious point? The way in which people look at this place is influenced by the great figures in the House. Is it not right that the Leader of the House has a duty in that connection? Is he prepared to make any statement today about what happened on Saturday—

Mr. Speaker: Order. This is getting out of hand. I remind the House that there are only a few minutes of Question Time left, so it is also unfair.

Mr. Paul Tyler (North Cornwall) (LD): May I return to the original question? I entirely endorse what the Leader of the House said; it is not just the cost of bringing school groups here, but also the practicalities. My constituents can only rarely come to the House, so I warmly endorse the points that he made. What will the Government do to make possible the Modernisation Committee's recommendations on electronic access for school groups to the business of the House?

Mr. Hain: The hon. Gentleman makes a very important point. We are upgrading the website in any case, as a result of the decisions taken by and the recommendations of the Modernisation Committee. A proper virtual tour of Parliament through the internet could better serve his constituents and those in Scotland, Wales and Northern Ireland. It would be good if we could find other ways to expand the education unit's budget because it does a fantastic job on a limited budget.

As for apologies, we always say things in the heat of the moment that we would have preferred not to say, and that was one of them.

Pre-legislative Scrutiny

33. **Mr. Graham Allen** (Nottingham, North) (Lab): If he will make it his policy to encourage pre-legislative scrutiny of all Bills. [221539]

The Deputy Leader of the House of Commons (Mr. Phil Woolas): The Government are committed to pre-legislative scrutiny and have substantially increased the number of Bills published in draft, but it is not realistic to expect that all Bills should be published in draft for pre-legislative scrutiny. I especially welcome the Liaison Committee's annual report, published today, which acknowledges the recent growth in the number of Bills published in draft and our practice of providing advance notice.

Mr. Allen: As the dust settles on the proceedings of last Thursday and Friday, I hope that people inside and outside the House will look back on them and say that Parliament did a very effective job in difficult circumstances, as the Prevention of Terrorism Bill was considered by the House. Does my hon. Friend accept that if we had been able to have proper pre-legislative scrutiny of that Bill, perhaps over many months in different circumstances, we could have reached agreement a lot earlier, not only in the House but between both Houses? Will he also take on board the possibility not only of effective pre-legislative scrutiny in that context, but of effective post-legislative scrutiny? We call for sunset clauses or reviews. Perhaps the House should always have a duty to review legislation within a given time.

Mr. Woolas: I shall answer the second question first. The House may be interested to know that the Law Commission has recently accepted the suggestion that it should carry out a study on post-legislative scrutiny and the definitions of what that may be, to inform the debates of the House. My hon. Friend has pressed for such scrutiny on many occasions.

On my hon. Friend's first question, I would caution against a presumption of publishing Bills in draft. To be frank, occasionally, for reasons of political controversy and because of other real-world decisions, some Bills cannot be published in draft. The Finance Bill is a very good example. Although pre-legislative scrutiny improved the cohesion of the Gambling Bill, it did not take away the controversy—only the debates and the votes can do that.

BILL PRESENTED

Energy Markets

Alan Simpson, supported by Sir Sydney Chapman, Mr. David Drew, Dr. Brian Iddon, Brian White, Sue Doughty, Mrs. Alice Mahon, Mr. Michael Weir, Dr. Ian Gibson, Adam Price and Llew Smith, presented a Bill to promote sustainable energy and energy efficiency; to make further provision about the regulation of gas and electricity supply industries and about electricity transmission; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 22 April, and to be printed [Bill 87].

Proceeds of Crime (Compensation of Prosecution Costs)

12.33 pm

Brian White (Milton Keynes, North-East) (Lab): I beg to move,

That leave be given to bring in a Bill to amend the Proceeds of Crime Act 2002 to make provision for the recovery of certain prosecution costs in proceedings for offences giving rise to a confiscation order.

In 2001, we introduced the Proceeds of Crime Act 2002, whereby the assets of people convicted of serious crime, such as money laundering, could be seized, so that they did not just go to jail and still keep the fruits of their crime to reward them when they came out. That Act has been very effective in hitting criminals where it hurts, but I want to identity two areas where that legislation could be improved by letting others take action and recover their prosecution costs, which they are currently unable to do.

Last weekend, I visited a constituent who had been the victim of identity theft. In 2001, she moved house and changed all her details to the new home address. In January 2003, a new account was created using her old details, but the crime did not come to light until last December, when she applied for a new mortgage and was refused because of the debts incurred on the stolen identity. As requested by the credit card company, she reported the crime to her local police, but their civilian staff refused to issue a crime number because they said that a crime had not been committed.

When the inspector went round yesterday, he said that no crime had been committed against the police, so no action was to be taken. He said that it was the bank's responsibility to deal with the fraud and my constituent's responsibility to tell the Driver and Vehicle Licensing Agency, the Passport Office and the Department for Work and Pensions about the new identity that might be being used. However, credit card reference agencies will not do anything about the matter because there is no crime number and the police say that it is a victimless crime, so organised criminals are getting away with lots of money. Ironically, this all happened on the same day that Thames Valley police had its web page hacked into.

The national high-tech crime unit is trying to tackle precisely such crimes—the crimes that the Proceeds of Crime Act 2002 was designed to stop. If local police cannot take action owing to a lack of knowledge and lack of resources prioritised on the matter, I argue that we need to empower other bodies to do so, such as financial institutions and banks. The Under-Secretary of State for the Home Department, my hon. Friend the Member for Wythenshawe and Sale, East (Paul Goggins), will know that I have consistently argued that the directors of security of banks and communications service providers should be given special constabulary powers to collect evidence and initiate prosecutions, because they are often the people who detect crimes and have the tools to collect evidence and track the money. Those people could play a strong role in not only the detection of crime, but the prevention of crime. We should copy the example of Canada, which has given such people special constabulary status. They do not go on the beat, but use their skills to fight crime.

[Brian White]

There was a story in the *Washington Post* last week about a gang that stole 145,000 identities in one hit. We are not at that stage yet here, but we might be if we do not take effective action. It is estimated that the current cost of intellectual property crime is about £11 billion and that the Exchequer loses £2 billion in unpaid value added tax alone. Such matters will become crucial during the next Parliament.

A couple of years ago, Waltham Forest borough council's trading standards department took action against pirates and counterfeiters on its patch. The prosecution was successful, so it applied under the Proceeds of Crime Act 2002 for assets to be seized, which they duly were. To give an idea of the scale of the task; the prosecution costs were £90,000. One can thus imagine the council's consternation when it found that it was unable to recover the prosecution costs because the assets had gone to the Treasury and there was nothing against which the council could claim.

If the Crown Prosecution Service had undertaken the prosecution, the costs would have been recovered, with the money obtained through the normal channels. However, the Proceeds of Crime Act 2002 does not allow non-central Government organisations to recover costs. Those organisations include local authorities and private sector organisations that might take action against organised crime and get a confiscation order, such as the British Phonographic Industry and the Royal Society for the Prevention of Cruelty to Animals. Piracy is rife in the music industry. The BPI could take serious action against the pirates—not the 16-year-old kids downloading in their bedrooms, but the piracy industry that has been built up. The sale of pirated DVDs in markets throughout the country costs £400 million a year.

Globalisation means that if we are to continue to enjoy our standard of living, intellectual property and its protection will be vital. The crime is not victimless. More than 1 million jobs in our creative and high-tech industries depend on us taking action. Counterfeiting and piracy are major sources of organised crime, so we will have a serious problem if we let the problem grow. I argue that closing the loophole and allowing non-governmental organisations to recover their prosecution costs would be a first, yet crucial, step in the fight to secure our future.

I go further by suggesting to the Government that we should allow such organisations to retain a percentage of the assets seized—I argue that the figure should be 10 per cent. If we did that, the police would be able to create more computer forensic officers. It would also give trading standards departments an incentive to take action because only the best, such as that in Waltham Forest, do so at present. We must encourage others to take action. I am a great believer in incentives, and I am convinced that any money that the Treasury might lose in the initial period would be more than recouped by the assets seized in the extra prosecutions that would be brought.

Our record as a leader in those industries and the protection that we give our constituents have been jeopardised because everyone is waiting for someone to take action. We should support and encourage trading standards officers who are prepared to act, and they should not have to face the barriers that are an unintended consequence of the Proceeds of Crime Act 2002. My Bill highlights a problem that will become more visible in the coming years. It closes a loophole and, I suggest to the Minister, it proposes a way forward. I therefore commend it to the House.

Question put and agreed to.

Bill ordered to be brought in by Brian White, Janet Anderson, Mr. David Amess, Claire Ward, Helen Jones, Mr. Huw Edwards, Mr. Richard Allan, Bob Spink, Paddy Tipping and Jim Dowd.

Proceeds of Crime (Compensation of Prosecution Costs)

Brian White accordingly presented a Bill to amend the Proceeds of Crime Act 2002 to make provision for the recovery of certain prosecution costs in proceedings for offences giving rise to a confiscation order: And the same was read the First time; and ordered to be read a Second time on Friday 8 April, and to be printed [Bill 88].

Orders of the Day

Inquiries Bill *[Lords]*

[Relevant documents: First Report from the Public Administration Select Committee, Session 2004–05, on Inquiries, HC 51, and the Government's reply thereto, Cm 6481; and Minutes of Evidence taken before the Committee, HC 606 i-vii, Session 2003–04, and HC 51 i-iii, Session 2004–05. Eighth Report from the Joint Committee on Human Rights, Session 2004–05, HC 388, Scrutiny: Fourth Progress Report.]

Order for Second Reading read.

12.41 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): I beg to move, That the Bill be now read a Second time.

From time to time, an event of such serious public concern occurs that the Government establish an independent inquiry, the aim of which is to establish the facts, to decide what, if anything, went wrong and, if appropriate, to make recommendations aimed at preventing a recurrence. The Bill is designed to reform the arrangements for conducting such inquiries. I should make it clear that it is not concerned with planning or licensing inquiries, or with inquiries set up by public bodies such as local authorities. Nor does it deal with inquiries conducted by parliamentary Select Committees. It creates a comprehensive new statutory framework for inquiries set up by Ministers to look into particular events that have caused public concern.

The Government and others want inquiries to be as effective as possible, and that is obviously the aim of the Bill. At present there is a mixture of powers available for Ministers to set up statutory inquiries. The first legislation allowing Ministers to set up inquiries of a general nature was the Tribunals of Inquiry (Evidence) Act 1921, which created a procedure separate from Parliament to carry out independent and non-partisan inquiries into any

"definite matter of urgent public importance".

Alongside that Act, other legislation developed, giving Government Ministers additional powers to order inquiries in particular areas within their remit such as policing, health or child protection.

In 1966, a royal commission headed by Lord Justice Salmon reviewed the workings of the 1921 Act. Based on that and on his later report of 1969, a White Paper was produced in 1973 setting out various proposals for legislation, but they were never taken forward. A mixture of powers are therefore available to the Government to call statutory inquiries and in many cases, they have proved quite adequate and suitable. For instance, the Stephen Lawrence inquiry was conducted under the Police Act 1996, and the inquiry into children's heart surgery at Bristol royal infirmary was conducted under section 84 of the National Health Service Act 1977. Other inquiries such as the Bichard inquiry into matters arising out of the Soham murders have conducted effective investigations on a non-statutory basis, as everyone involved was prepared to co-operate. However, we can see that deficiencies in the legislation could prevent us from setting up inquiries in the most effective form.

Mr. Nick Hawkins (Surrey Heath) (Con): The Minister is explaining the history of the matter, but does he recognise that concern has been expressed even by some of his noble Friends, such as Baroness Kennedy of The Shaws—distinguished lawyers with experience of inquiries—that in the Bill the Government are writing themselves too big a blank cheque to change the terms of reference? The danger is that in the Bill the Government may be getting away from the concept of independence in inquiries.

Mr. Leslie: I do not accept that we are moving away from independence in the conduct of inquiries. The Bill has as much to do with consolidating and bringing together many of the basic commonsense rules about how inquiries should operate—some of the standing orders, so to speak, setting out how inquiries should proceed. I understand that there are concerns about public access, which I shall deal with later, but I do not accept that independence need be jeopardised in any way.

Mr. Kevin McNamara (Hull, North) (Lab): My hon. Friend gave an interesting catalogue of various inquiries that have been held. Can he explain to the House why the existing legislation is not sufficient to deal with the Pat Finucane inquiry?

Mr. Leslie: It is tempting to be drawn into specific examples of inquiries that may or may not need to be held, and clearly, the Finucane issue exists. We know that an inquiry has been on the cards. The Bill would facilitate that by putting on a proper, more comprehensive footing our ability to conduct an effective public inquiry in circumstances where national security issues may well arise. Obviously, that would bring into question the point that the hon. Member for Surrey Heath (Mr. Hawkins) raised about public access. I hope to expand later on the rationale behind the Bill.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does the Minister accept that under the 1921 Act, both Houses of Parliament decide whether the inquiry goes ahead, whereas under the current proposal, it is the Minister who decides? Does the hon. Gentleman think there is any merit in returning to the issue and thinking again about whether Parliament should be involved? Many of the issues that might require an inquiry are complex, in the public domain, important and serious, and Parliament might want to have a say.

Mr. Leslie: Parliament is entirely free to undertake its own parliamentary inquiries, parliamentary commissions and so forth, if it so wishes. What we are discussing today are the circumstances and rules surrounding ministerial inquiries conducted by the Executive. We have made a number of changes in response to the debate that took place in the other House with respect to ministerial statements that we think we should make to set out the arrangements for the inquiry, laying the report before Parliament and so on. Ultimately, reports to Ministers and the Executive can be questioned in Parliament through the natural process of accountability.

Dr. Julian Lewis (New Forest, East) (Con): The Minister has been generous in giving way. I am still not clear why precisely the Government have made the

[Dr. Julian Lewis]

change so that a resolution of both Houses is no longer required in order for an inquiry to be set up on a matter of public importance.

Mr. Leslie: It is not the case that a resolution of both Houses is at present automatically required for all inquiries. Many inquiries can be preceded by resolutions of both Houses, but there are various loopholes in the legislation that allow other inquiries to be set up without parliamentary resolutions. If we can get into the detail of the Bill, particularly clause 7, which was introduced in the other place, we can start to investigate in a little more detail why, in certain circumstances, we would not want parliamentary resolutions—for instance, they can take time to be passed through both Houses, and sometimes we need to expedite the commencement of an inquiry. We should recognise that it is the role of the Executive to make sure that we can investigate problems and ensure that they do not recur, and we can be held accountable for that in Parliament.

Mr. John Bercow (Buckingham) (Con): The Minister has insisted that increased Government powers to amend inquiries' terms of reference will not compromise inquiries' independence. If that is his contention, will he prove it by giving the House an undertaking not only that the Government would consult the chairman of the inquiry in those circumstances, but that they would obtain the chairman's approval before proceeding?

Mr. Leslie: When Ministers decide to establish inquiries, we want to facilitate those inquiries' smooth operation, which means working in partnership with inquiry chairmen. From time to time, circumstances mean that inquiries must be suspended or even ended, and we can all envisage circumstances in which costs or policy changes might need to be considered. The Bill contains such provisions, although we do not envisage their being required in most circumstances. We have tried to bring the legislation together so that everyone can see the rules, so that we know how the rules operate and so that the framework for public inquiries proceeds on an open basis.

Mr. Heald: An amendment accepted in the other place means that Ministers will have to make statements whenever they set up inquiries. However, it could be any sort of statement, including a written statement. On such important matters, surely the House has the right to question Ministers on what they are setting up and on how it will work. Will the Minister consider that point again?

Mr. Leslie: If Parliament wants to consider any statement, it must find time to debate it, and it would be wrong of me to dictate to it how it should consider particular inquiries. All inquiries are not the same, and they can cover big matters of public policy or specific individual tragedies. Parliament might want to debate some inquiries in more detail than others, so a rigid approach would be wrong.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): The new responsibilities for Ministers are a key element of the Bill. When Ministers set up inquiries, the Bill requires them to consult inquiry chairmen about the terms of reference, but it does not refer to consulting other people. Inquiries are set up in response to issues of public concern, so members of the public should surely have a say on the terms of reference, which will in turn reassure them about the independence of that inquiry.

Mr. Leslie: Under the 1921 Act, the Government are responsible for setting the terms of reference, because public inquiries ultimately report to Ministers and to the Executive. I share my hon. Friend's views to the extent that we want to gain as much public confidence as possible when inquiries are established. However, all inquiries are not the same, and sometimes we must act speedily, which does not allow for widespread consultation. In many other cases, we hope that there will be time for widespread consultation, in which case the terms of reference will be as open and as transparent as possible, within the normal restrictions and exemptions.

Lembit Öpik (Montgomeryshire) (LD): I have no doubt that the many interventions that the Minister is taking will shorten the debate, because he is answering important questions. On the apparent centralisation of control to Ministers in some cases, I am concerned that if an inquiry is granted under duress, its terms might be limited to protect the Government or a Department from a bad outcome. What is his response to those hon. Members who are nervous that over-centralising the decision-making process could prevent us from getting to the heart of the matter in cases such as the deaths at Deepcut barracks?

Mr. Leslie: It is tempting to go into particular examples, but I will not do so because we are discussing the general framework for all inquiries. On Ministers setting terms of reference, the provision is not a substantive change from the arrangement in the 1921 Act, other than the fact that we are consolidating the legislation in this Bill. From time to time, inquiries must be held in part, or perhaps in whole, in private session, and all hon. Members can envisage good reasons for doing so, such as national security or the protection of the interests of certain individuals in vulnerable circumstances.

Mrs. Anne Campbell (Cambridge) (Lab): When Sir Michael Bichard gave evidence to the Public Administration Committee, he underlined the importance of getting the terms of reference right:

> "Terms of reference are therefore . . . not something just to be nodded through".

The chairman of any inquiry should be involved from the outset in setting the terms of reference.

Mr. Leslie: My hon. Friend has made a perfectly reasonable point. I have not yet had an opportunity to pay tribute to the Public Administration Committee, which has produced a report on the issue. The Government do not agree with the Committee on every matter, but we share its general intentions. Where possible, we want to make sure that inquiries uncover

any difficulties, expose problems to a wider audience and identify potential solutions. That is our collective objective.

Mr. Bercow *rose—*

Tony Wright (Cannock Chase) (Lab) *rose—*

Mr. Leslie: I shall give way to the Chairman of the Public Administration Committee, because I referred to it.

Tony Wright: I will not interrupt the Minister if he is about to pay tribute to the Committee's work. Under the 1921 Act, tribunals retain complete control of their proceedings. Under this Bill, that control will be shared with Ministers on a range of fronts. Whatever view we take on that matter, surely the difference is fundamental.

Mr. Leslie: I am not sure whether the matter is as clear-cut as my hon. Friend has suggested, because the Government set the terms of reference under the 1921 Act. However, we want to ensure that we enter into a partnership arrangement with the chairman, who, incidentally, might not always be a judicial chair, in setting up and running inquiries. There are also good reasons why the Executive should have a hand in setting and framing how inquiries operate, given that such inquiries might investigate issues of national security.

Mr. Bercow: It is always a pleasure to joust with the Minister, but notwithstanding his soothing bromides, I remain suspicious. Will he tell the House of the circumstances in which, rather than merely adding to the terms of reference of an inquiry, the Government would subtract from them? How might that eventuality arise, because the Bill appears to allow for it? I am not happy about that matter and hope that the Minister will satisfy me.

Mr. Leslie: I am not sure whether the subtraction or addition of terms of reference is a mathematical equation. The Bill requires co-operation between the inquiry chairman and the Minister to whom the report will be given. All such matters cannot be dealt with statutorily, but the flesh that this Bill puts on the bones will help.

Mr. Bercow: I will not get into a semantic dispute about addition and subtraction on the one hand or narrowing and broadening on the other. The central point is obvious: in what circumstances might it be necessary for the Government to remove a term of reference? If the Minister wants that power, which he may be justified in seeking, he should be able to explain the scenario in which the need could arise.

Mr. Leslie: It is tempting to get into hypothetical scenarios, although we all know that we should not necessarily hypothesise on these particular issues. I can, however, envisage circumstances in which the outcome of a court case resolves a question that formed part of the terms of reference at the outset of a long-running public inquiry and does not need to be investigated in a duplicative manner. I hope that we will be able to go into that in more detail in the Standing Committee, on which I know that the hon. Member for Buckingham (Mr. Bercow) will be very keen to serve.

Mr. McNamara: Will my hon. Friend give way?

Mr. Leslie: I wanted to make a little more progress, but of course I shall give way.

Mr. McNamara: My question arises from a matter that my hon. Friend has elided—the national security exemption. Will he confirm that there will be no way of challenging a Minister's decision to exclude matters on national security grounds; that there will be no independent third party to whom one can appeal to suggest that the desire to exclude a matter on such grounds is being used as an excuse in order to prevent further awkward questions being asked; and that historically, some of these matters have been of the utmost importance and relevance in seeking and finding the truth about situations? If the Minister seeks to maintain this exemption in the broadest possible terms, the whole purpose of public confidence will be lost.

Mr. Leslie: I understand my hon. Friend's point. Ministerial decisions, which must of course always be reasonable, may often be judicially reviewable, but in circumstances relating to national security we may sometimes need to have restrictions on public access to certain information. That does not mean that an inquiry will not be able rigorously to investigate what goes on—it simply means that there might be restrictions on access to that information in the public domain. We hope that the presumption will be that public access is the norm—we do not want blanket restrictions to be imposed where they are not necessary. My hon. Friend will understand that there are sometimes serious national security issues. We have recently debated many pieces of legislation in respect of which we could envisage scenarios where certain pieces of information would not be best disclosed in the public interest.

Mr. McNamara: I am grateful to my hon. Friend for that reply. Does that mean that the tribunal chairman will have access to all that information, even though members of the public may not have such access? Will he have access to anything he wants to know without any restrictions being placed upon him in terms of national security?

Mr. Leslie: Yes, of course the inquiry will have access to the information—that is my point. The restrictions would relate to what was publicly available. Of course we want an inquiry to be able to look into these matters even when they relate to national security and we need restrictions on what can be disclosed in the public realm.

Non-statutory inquiries have taken place in certain circumstances in the past. We feel that although co-operation was possible in some cases, we now need to put public inquiries and inquiries of this nature on to a better, sounder, statutory footing so that they can have more powers to get to the bottom of difficulties and to ensure that their investigatory strength is greater. For instance, there is currently no power to call inquiries into deaths in custody or other events of concern in prisons in England and Wales. The inquiry into the

[Mr. Leslie]

death of Zahid Mubarek in Feltham young offenders institution has had to begin on a non-statutory basis despite the clear value of having statutory powers available for it.

Nowadays, statutory inquiries can span several subject areas. For instance, the Climbié inquiry was set up under three separate pieces of legislation. The fact that the statutory powers vary slightly from piece to piece can create potential risks to the effectiveness of an inquiry. There is also the possibility that a future inquiry might need to span devolved and reserved business that falls within the responsibility of two different Administrations. One way of dealing with some of those problems would be to make greater use of the 1921 power, but in recent years it has been used very rarely. As the Public Administration Committee commented, the 1921 Act is perceived, rightly or wrongly, as bringing a panoply of procedural requirements and a whole array of attendant lawyers with it. The Act has never been updated either to reflect the 1973 White Paper or to take account of the more recent legislation on devolution.

There has also been concern here and in the other place about the cost of some inquiries. The Government are absolutely clear that inquiries must have all the powers and resources necessary to get to the truth, but it is entirely proper that the best use be made of public money in doing so.

With all those issues in mind, my Department and its predecessor have been reviewing the legislation for some years. In February last year, the Public Administration Committee announced its review of the use and effectiveness of independent inquiries into matters of public concern and asked for responses to a paper containing a series of questions about the conduct of inquiries, many of which overlapped with the work that we have been doing in our Department. Accordingly, the Lord Chancellor, my noble Friend Lord Falconer, decided to submit a full response to the questions from the Committee and obtained the Committee's agreement to publish the consultation paper, which was based on our response, in order to invite wider public debate. That was published on 6 May last year. It suggested that the conduct and effectiveness of inquiries could be improved if the 1921 Act and much of the specific legislation were replaced by the single statute that we have before us today.

At the same time as requesting written responses, we invited people who had been involved with inquiries in the recent past, including a number of distinguished former inquiry chairmen, to join in discussion groups. The discussions and written responses supported our view that the time was right for new legislation on inquiries and showed general support for the views expressed, as set out in the summary of responses that we published on 28 September. We also worked closely with the devolved administrations to create a system that takes account of their responsibilities. We were then ready to bring forward this Bill to provide a comprehensive statutory framework for major inquiries across the United Kingdom. The Public Administration Committee has published its report, which the Government welcomed in their response. I am sure that both documents will help to inform the debate.

Lembit Öpik: On inquiries that stretch from here to one of the devolved nations, such as Wales, can the Minister assure the House that there will be more than simply consultative input from the Welsh Assembly, for example, and that it will have some decision-making authority as the terms of reference are established?

Mr. Leslie: Yes. Through the Bill, we are trying to create a statutory framework whereby the devolved Assemblies will have greater powers for their own inquiries. It is indeed one of our intentions to help to close that particular loophole in the legislation.

Clause 1 sets out the power to establish an inquiry. It is deliberately drafted more widely than the provision in the 1921 Act, so that it can be used for any future situation in which a substantial statutory inquiry may be needed. The Bill does not replicate the 1921 Act's requirement for parliamentary resolutions to authorise use of the powers given by that Act. That was inserted to prevent unjustified inquiries being initiated and has, for most recent 1921 Act inquiries, been taken as a formality.

Clause 3 provides for the appointment of an appropriate person or panel of people to conduct an inquiry. That clause should be read in conjunction with clause 10, which stipulates that the Minister must have regard to the need to ensure that the inquiry panel has the necessary expertise to undertake the inquiry. As clause 12, which deals with the appointment of assessors to assist the panel, also provides, we want the most appropriate people to conduct those inquiries.

Clauses 4 and 5 deal with the appointment of the panel and the setting of the terms of reference, ensuring, as I said earlier, full consultation with the chair of the inquiry. As a result of further Government amendments brought forward in the other place, clause 6 contains a duty on the Minister to make a statement about any proposed inquiry to Parliament, or the relevant Parliament or Assembly in the case of inquiries set up by the devolved Administrations. I believe that that requirement provides sufficient opportunity for parliamentary scrutiny of proposals to set up an inquiry.

Clause 7 is the result of an Opposition amendment that was carried on Third Reading in the other place. It provides for arrangements for inquiries relating wholly or mainly to allegations of ministerial misconduct. The Government continue to have genuine concerns about the drafting of clause 7 for several reasons. For example, there would be great pressure to use that procedure for almost all inquiries. I have a real concern about the definition of "misconduct", which its current framing leaves open. We already have the ministerial code of conduct, which sets out the standards that the Prime Minister expects of his Ministers. I have yet to be convinced that any formal resolution requirement, which does not appear in the majority of inquiry powers in existing legislation, contributes more meaningfully to parliamentary scrutiny of inquiries.

Mr. Heald: I am sure that the Under-Secretary will concede that the Government parliamentary draftsman drafted clause 7.

Mr. Leslie: Yes, in response to the nature of the debate, with which I take issue, in the other place. I do not believe that a particular desire for such a routine resolution, which defines almost all inquires as potentially relating to ministerial conduct, would necessarily be in the best interests of getting on with the thorough investigation that some inquiries carry out. Perhaps Parliament takes the view that ultimately everything is to do with ministerial conduct. I envisage a cumbersome and possibly confused picture if we accepted that broader definition of ministerial accountability and responsibility for all issues. That is one of reasons why I take issue with clause 7 as it is drafted.

Clause 11 concerns the arrangements for the appointment of judges to inquiries—a matter about which considerable discussion has already taken place, especially in the other place. The Government had already included a requirement in that clause for consultation with the Lord Chief Justice or other appropriate senior member of the judiciary. The Government remain of the view that, on issues of such national importance, we must leave the individual judge to decide whether he or she should accept the appointment.

Clauses 13 and 14 provide for suspending and ending an inquiry. As a result of debate in the other place, Government amendments were tabled to ensure that the Minister gives notice to Parliament to explain the reasons for suspending or ending the inquiry before it has reported. Indeed, that point has already arisen in today's debate.

Clauses 16 and 17 allow for the conversion of another type of inquiry into one under the Bill. That is not a transitional provision—existing inquiries can carry on as they are by virtue of clause 45. The conversion powers are included in case they are needed in future, for example, to convert an inquiry that is set up on a non-statutory basis when it becomes apparent that the power to compel witnesses to attend and the production of evidence would aid the inquiry in fulfilling its terms of reference.

Clauses 18 to 24 cover inquiry proceedings. They will be supplemented by rules of procedure made under clause 42, which should contribute significantly to the effectiveness and smooth running of future inquiries. Rules could cover topics ranging from legal representation to management of the records of the inquiry. A memorandum setting out some detail on the expected content of the rules has been placed in the Libraries of both Houses.

Clause 18 introduces an important new duty on inquiry chairmen to conduct proceedings with fairness, but also to have regard to the need to avoid unnecessary cost to all participants, whether they are financed by public funds or not. I am sure that hon. Members will recognise the sense of that.

Mr. Bercow: When and on whose advice was it decided that clause 42(5) should provide for the use of the negative rather than the affirmative procedure?

Mr. Leslie: There are well-established rules and conventions about when orders require affirmative or negative procedures. If every order came before Parliament under the affirmative procedure, Parliament would quickly become bored and clogged up with them. On balance, it is right that some, albeit important, matters should be subject to negative procedure. We took advice on that from parliamentary counsel in the normal way. Clearly, the Delegated Powers and Regulatory Reform Committee in the other place has examined the matter during the Bill's passage so far.

Clauses 20 and 21 cover public access to inquiry hearings and evidence. We aim to create a sensible framework and, for the first time, set out what factors are be taken into account in decisions on public access. The decision about whether a specific inquiry should be held in public or in private can sometimes be controversial, and I am sure that hon. Members will wish to examine those provisions closely.

I should like to make two things about the provisions clear at the outset. First, the starting point in the Bill is that an inquiry will be held in public. Secondly, nothing in the provisions prevents the inquiry panel from seeing whatever evidence and witnesses the panel considers necessary. That is important. I know that hon. Members believe that it is far from unusual for inquiries to be held in some privacy, but sometimes it is required. More than a third of the major inquiries held since 1990 have had some sort of restrictions on public access, for a wide variety of reasons. Sometimes, the Minister setting up the inquiry has chosen the restrictions; in other cases, it has been the chairman's decision.

Clauses 22 and 23 cover the powers that an inquiry can use to require the production of evidence and are similar to the provisions in existing legislation. The powers can be exercised only within the terms of reference. Later clauses cover enforcement, which can be done by the High Court or through prosecution.

Clauses 28 to 32 deal with inquiries by or involving devolved Administrations.

Andrew Mackinlay (Thurrock) (Lab): I was reading clauses 29, 30 and 31 and I am confused. Surely the competence for matters that relate exclusively to business that is devolved to the Scottish Parliament and Executive should be that Parliament's. Are we not trespassing on matters that are not our competence under devolved constitutional legislation?

Mr. Leslie: We can still hold those inquiries, but we must recognise that legislation on what is devolved and what is reserved has moved on from what the 1921 Act envisaged. That is one reason for the basic necessity to update the legislative framework. For example, if the Dunblane inquiry had been held today, it might well have been more appropriate for it to be set up by the devolved Administration. Some inquiries may involve UK-wide issues. A Sewel motion has been passed by the Scottish Parliament, which has examined the Bill's application to Scotland. We therefore have general agreement with the devolved Administrations about how to proceed. There is no great contention with them.

Many of the remaining clauses deal with further details of inquiry procedures and funding. For example, clause 39 aims to ensure that challenges to inquiry procedures will come before the courts promptly, minimising the potential for disruption and delay. There are general provisions on legal costs, which will be tackled in more detail in the rules of procedure.

[Mr. Leslie]

Over the course of Committee proceedings, I have no doubt that the provisions will be debated in greater detail. However, the aim of the Bill is fundamentally to rationalise inquiry legislation to provide a suitable basis for a wide range of inquiries into events that have caused public concern. It draws together and replaces much of the existing legislation on inquiries, incorporating key aspects of current legislation, such as the power to compel witnesses. It provides clarity on points that have not, until now, been covered in general legislation, such as the duty to publish a report.

The measure also contains new provisions that are designed to improve the effectiveness of inquiries and keep costs under control, including a power to make rules of procedure under secondary legislation. Those matters might well be technical, but the time has come to modernise that part of our constitution, and I therefore commend the Bill to the House.

1.19 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): It is timely and right to consider the future legislative framework for inquiries, and to revisit the Tribunals of Inquiry (Evidence) Act 1921. We want to see a more effective and streamlined inquiry procedure, so we welcome the opportunity that the Bill gives us to consider how to achieve that, but we have concerns over the extent of the powers to be granted to Ministers. Those concerns were also raised in the other place. We also believe that Parliament should play a central role in public inquiries.

In their consultation in 2004, the Government recognised that we have a long-standing practice of setting up formal, open inquiries into matters of serious public concern. We can be proud of our record in that regard. I noticed that the Public Administration Committee's report stated:

"The tradition of public inquiry has become a pivotal part of public life in Britain, and a major instrument of accountability. Some of the basic principles on which British inquiries are based are reflected in practice elsewhere . . . In the United States, with its powerful Congressional committees, the British system is viewed as a model of robustness".

It is important to have in place mechanisms to enhance open government and to improve accountability. We need to be able to uncover the failings in our institutions and public bodies. That involves establishing the facts, deciding what went wrong and, crucially, having a truly independent inquiry to make the necessary recommendations to put matters right.

We agree that there are shortcomings in the existing legislative framework for tribunals. There is a patchwork of provision, with the most serious matters being dealt with under the 1921 Act. There are other important Acts of Parliament involved, some of which have been mentioned today. The Stephen Lawrence inquiry was conducted under the Police Act 1996, and the Kennedy report on Bristol royal infirmary was conducted under the National Health Service Act 1977. There have been many examples of inquiries that were not statutory at all, the most obvious recent ones being the Hutton inquiry and the Soham murders inquiry.

The Saville inquiry into Bloody Sunday and the Shipman inquiry were recent examples of inquiries conducted under the provisions of the 1921 Act, but there have been only 24 inquiries conducted under that Act. Perhaps the Minister will confirm that one of the main motivations behind the Government's decision to introduce the Bill was the widespread criticism of the length of time taken by the Saville inquiry, of its huge cost, and of the cumbersome directions relating to the procedure involved. Although the establishment of the inquiry was announced in January 1998, it was nine months before any oral evidence was taken. The opening statement alone took nine weeks, and we are told that it is hoped that the report will finally be produced later this year, almost eight years on. The inquiry is thought to have cost between £155 million and £250 million. A leading QC has said of the cost:

"I don't think that any sensible, civilised society and modern democracy can spend that amount of money on a public inquiry, no matter how important it is."

Lembit Öpik: The hon. Gentleman will also be aware of the widespread belief that, as we already have a pretty good picture of what happened on Bloody Sunday, we did not need to do a tremendous amount of digging to find witnesses who were willing to come forward. Does he agree that we need to be assured that the Bloody Sunday inquiry would have been significantly cheaper and faster if this legislation had been in place?

Mr. Heald: We are all aiming for the goal of streamlined, effective and fair inquiries.

Mr. McNamara: Since the Government set up the Bloody Sunday inquiry, there has been a marked reluctance by the Ministry of Defence to co-operate with it, including the withholding and not keeping proper charge of evidence. Guns that formed part of the evidence were destroyed, for example. Does the hon. Gentleman agree that that reluctance, and the whole atmosphere in the Ministry of Defence in relation to the inquiry, have accounted for at least a third of the time that has been wasted?

Mr. Heald: I am grateful to the hon. Gentleman for giving his opinion on that matter. Personally, I would not take that view. I believe that the system set out in the 1921 Act provides for a very cumbersome way of conducting an inquiry. I could cite the views of various lawyers and others who have been involved in inquiries, all of whom feel that the time has come to have another look at the Act.

Gaps have been created by the piecemeal way in which the subject-specific powers to establish inquiries have been granted over the past 30 years. The Government's consultation paper recognised that problem. The Minister mentioned the Victoria Climbié inquiry, which was chaired by my constituent, Lord Laming. He showed that, while the problem of an inquiry having three or four subject areas was not necessarily insuperable, it was none the less difficult for such an inquiry to achieve satisfactory results. There is a strong case for looking again at that issue.

To sum up the need for change, Lord Justice Clarke said in the final report of the Thames safety inquiry in 2000:

"The time has come when it would be desirable to set up a statutory framework for inquiries generally. There is at present no generally applicable statute which covers public inquiries.

The 1921 Act has been shown over the years to be much too restricted and cumbersome. In my view, a statute should be enacted to give power to the appropriate Secretary of State to order a public inquiry. The statute should also set out the powers of the inquiry, which to my mind should be as flexible as possible."

We have reservations about some of the Government's proposals. My noble friend Lord Kingsland pointed out on Second Reading in the other place that, at its heart, the Bill shifts the responsibility for establishing a public inquiry from Parliament to the Executive. The initiative will lie squarely with the Minister, who will decide whether an inquiry should be established, what its terms of reference should be, and who should sit on it. Parliament will be sidelined.

The Minister will know that, under the 1921 Act, a resolution of both Houses is required to establish inquiries into matters of urgent public importance. There is no such mechanism in the Bill. That is all the more worrying when we consider that the Public Administration Committee said:

"Our research has ... revealed a long-term diminution in Parliament's role in the process of public inquiries. We regard this as a serious development, and one which needs to be addressed urgently."

The Committee's report went on to say that the Bill

"finally removes the opportunity for formal parliamentary involvement in inquiries ... We are deeply concerned that the Government's Inquiries Bill threatens the last remaining role for Parliament in the inquiry process."

These are serious concerns that must be addressed.

Although the Bill will provide an overarching structure for inquiries and streamline the processes involved, which is good, it will be a backward step to take Parliament out of the equation. If we can persuade the Minister to keep the amendment made in the other place, the House will have the opportunity to approve the arrangements for inquiries into ministerial misconduct, but we would like all inquiries to have that approval.

Tony Wright: The hon. Gentleman's story about the 1921 Act could be told quite differently. In 1921, Parliament effectively started to contract out the business relating to inquiries, retaining its presence only in the most formal way. Surely the challenge now is not to reclaim that moment of abandonment but to reclaim the territory itself.

Mr. Heald: The hon. Gentleman makes the point that I was trying to make. Parliament should be involved in the process.

The Minister mentioned clause 6, which provides for Ministers to make a statement here about an inquiry, but that could be a written statement. There would be no guaranteed opportunity for the Minister to be questioned. The House should have the opportunity to question Ministers on the setting up of inquiries into important matters.

Mr. Leslie: Perhaps I did not make the point clearly enough. There is of course nothing to prevent Parliament from scrutinising, debating or looking into ministerial decisions to establish inquiries, or passing resolutions, which would then have an effect on the Government. Parliament is sovereign in our constitution and it has that capability. Does the hon. Gentleman understand my argument about the dangers of too much rigid, inflexible statute, which might in some ways inhibit the discussions in Parliament? The 1921 Act was framed in such a way in an attempt to prevent such contracting out by non-parliamentary inquiries at that time.

Mr. Heald: Without in any way suggesting anything about the Minister, who everybody accepts is acting fully in good faith and is to be trusted on these issues, there is out there among the public concern about inquiries following recent events. On issues to do with inquiries, it is not enough for him to say, "Trust me, trust this Government." Parliament needs to have a say, too. That is our view.

There are other questions to be resolved, many of which involve the balance of power between the Minister and the person chairing the inquiry. The Bill, in its original form, was riddled with discretionary powers for the Minister to override and overreach the traditional work of the chairman. We need to get this balance right, especially when considering those aspects of the Bill that relate to the terms of reference and to disclosure and publication of evidence. I shall not quote it, but the Public Administration Committee made that point very effectively. I hope the Minister will respond to those concerns.

The list of problems with the Bill does not end there. The degree of ministerial discretion over the publication of the inquiry's final report needs to be looked at very closely, and we want to be sure that there are adequate safeguards against whitewashes. The Bill also raises a number of practical issues, and we will need to look closely at how it affects existing inquiries. If Ministers are to require existing inquiries to be brought into the new rules—converting them, to use the language of the Bill, and I would be interested if the Minister has any thoughts about what sort of inquiry might be converted—the Government have to tell us what that means in practical terms for those inquiries. I have certain concerns about exactly what will happen in those circumstances.

I welcome the fact that the Bill was amended in the other place. There are a number of welcome changes: the Minister has to consult the inquiry chairman before suspending the inquiry, although we would like that to be a matter of agreement rather than just consultation, and has to consult the existing inquiry chairman on the proposed conversion. I question whether that is strong enough. Should not the inquiry chairman have to agree to the terms?

Further changes will provide greater public access to inquiry proceedings and information, but we shall look to achieve a presumption of access, although we fully accept that there may be circumstances in which that cannot happen. Further changes will also be needed to ensure proper openness and accountability.

Many changes made in the other place are the result of strong debate, and they were made despite opposition from those on the Government Benches. The amendment proposed by Lords Kingsland and Goodhart on inquiries where ministerial misconduct is the issue was passed in the other place. It is an important amendment. The Minister says that the Government are not happy with the drafting, but it was drafted by the

[Mr. Heald]

Government parliamentary draftsman and taken on by the Opposition in the other place. It means that in cases of alleged ministerial misconduct we have a procedure for Parliament to have a say in how such inquiries are conducted.

My noble Friend Lord Kingsland noted that there is ample scope for the new provision to be strengthened. If the Minister is not happy with its wording, is he saying that he will table his own amendment to tackle the concern expressed in the other place, or is he saying that he simply wants to reverse that amendment? It would be a great pity if such an important Bill could not make fairly consensual progress through Parliament at this stage in the parliamentary year, given what might happen in the next week or so.

A further amendment means that if a Minister wants to appoint a judge as a member of an inquiry panel, he or she must first consult the appropriate judge, such as the senior Law Lord in the case of the Law Lords. That is an important change. It helps to ensure that, in circumstances where it is inappropriate for a judge to chair an inquiry, we can avoid situations that might be harmful to judicial independence.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): My hon. Friend is alluding to the many amendments made in the other place, to which the Minister made no reference whatever. Does that mean that the Minister does not accept that those amendments improve the Bill or that he intends to reverse them in Committee?

Mr. Heald: The Minister said that he has concerns about clause 7, but it would be a pity if he did not table his own amendment to replace it, meeting the point raised in the other place. He certainly did not say that he intends to try to reverse other amendments, but no doubt we can have the final word on this during the winding-up speech, based on the strong arguments made from the Conservative Benches.

There are unfinished matters. There is scope for curtailing the freedom granted by the Bill to Ministers to seek to interfere with an inquiry once it has been established. We are worried about that and will table amendments on it in Committee. There is also scope to tighten up the provisions on the composition of inquiries, determining when they are to terminate and the extent to which Ministers will be free to interfere on matters of evidence, privacy and the final report. We also need to consider the inclusion of the so-called restriction notices and the extent to which that is well balanced. We want a better inquiries procedure. All areas can and must be thoroughly scrutinised in Committee.

The Bill attempts to provide a framework to reform an area of law that we accept needs to be reconsidered. It presents an opportunity, but we must be sure that in making the necessary changes we do not tip the balance too far in the wrong direction—not too far in favour of the Executive against Parliament, not too far in favour of Ministers against the inquiry chairman and members, and not too far in favour of secrecy against openness and accountability.

1.37 pm

Mr. Seamus Mallon (Newry and Armagh) (SDLP): May I say first that the perception of public inquiries among people in the north of Ireland, where I come from, is somewhat different from the general view of public inquiries carried out in England or Scotland or Wales? That is the case owing to the very nature of events and circumstances there, but the essence of the need does not change with circumstances or timing.

On the very day that I entered the House, the Westland affair was being debated. We remember the inquiry on it, and we have gone from one inquiry to another. Indeed, it is almost as if there are those who perceive the use of public inquiries as a cranks' charter or a means of having an unhealthy view of events. It is neither, and it cannot be in any normal society. Nor should it be allowed to become the plaything of public opinion, political parties, Governments, the legal profession or any institution, because public inquiries are what they say they are: inquiries for the public, by the public, in the interests of the public and of nothing else except justice.

For that reason, I want to root my remarks in what the Joint Committee on Human Rights states, as it says succinctly what must be said. It says of an inquiry that

> "it should provide an independent and effective investigation following any death which may have been caused by the actions or neglect of agents of the state. The Article 2 duty to investigate requires that there must be an inquiry on the initiative of the state; that the inquiry must be independent; that it must be capable of leading to a determination of whether any use of force was justified, and to the identification and punishment of those responsible for the death; that it must be prompt and proceed with reasonable expedition".

I want to refer to some instances in relation to public inquiries that do not meet those criteria and that became part of the whole political negotiations.

It is a matter of record that, at the negotiations in Weston Park in summer 2001, the Government, in the form of the Prime Minister, made a commitment in relation to at least three requests for public inquiries, with regard to the deaths of Patrick Finucane, Rosemary Nelson and Robert Hamill. That is on record and, for that reason, it is crucial that I refer to them not simply because they are a Northern Ireland matter but because the implications that are entailed are crucial to everybody, wherever they live, because that independence to which the Joint Committee's findings refer and the criteria required by the House in terms of those recommendations are at stake. It is crucial that we do not see either the Finucane or other cases as simply another whinge by Northern Ireland Members, depending on their political persuasion. I emphasise that, because it goes to the heart of what we are considering.

At those meetings in Weston Park, the Prime Minister gave his word that, if an international judge appointed by the Government to investigate those cases recommended a public inquiry, one would be held. That was a solemn undertaking from the Government, given by the Prime Minister. The exact wording in the Weston Park document states:

> "In the event that a public inquiry is recommended in any case, the Government will implement that recommendation."

Those matters were considered by Judge Cory, an international jurist from Canada; he made recommendations in relation to public inquiries and we must examine how the reasons for those measure up against the duty to investigate in articles 2 and 3 of the European convention on human rights.

Sir John Stevens, who cannot be accused of being partial in Northern Ireland terms, and who was a police officer of the highest renown, commented in relation to the Finucane case that he found

"collusion, the wilful failure to keep records, the absence of accountability, the withholding of intelligence and evidence, and the extreme of agents being involved in murder".

He added that

"the unlawful involvement of agents in murder implies that the security forces sanction killings."

The enormity of that, in terms of what we are discussing today, is fairly obvious to all of us.

In effect, an inquiry has not yet been held in that case, 17 years afterwards, which hardly complies with the Joint Committee's requirement that it be

"prompt and proceed with reasonable expedition".

That is because of the way in which, when that inquiry is held, the finger might point not just at policing or the security services but at those in a much more senior position and still holding senior positions in the administration. That might go as far as ministerial positions. That is why it is crucial that there be independence in relation to public inquiries, and that that independence should not just be a moveable feast between a Minister and the inquiry chairman but absolutely sacrosanct, both in terms of the inquiry and in terms of their independence of pressure from any ministerial figure.

The Ministers with whom I have discussed this matter know that, when it comes to the Finucane inquiry, it will be a series of withholdings of information under the new legislation, because it will be impossible, as they say in their terms, to give the information required. In a civilised, normal country, what Government can look themselves in the mirror and do away with that independence, as in clause 20, knowing full well that when this inquiry is held, if it is ever held, after 17 years, it will be a series of refusals by Ministers of the information that is so central to it?

In those circumstances, two matters come into question. First, given the abnormality of the situation that pertained in Northern Ireland at the time—it is far from normal as of yet—is it right, 17 years after the event, to introduce this type of legislation and apply it to circumstances then, when the type of conclusions that justice would demand will patently not be reached? Secondly, is it right that, in effect, a Prime Minister—not a Minister of State or Secretary of State—said in the negotiations, eyeball to eyeball, over a table, "I give my word"? I know the Prime Minister to be an honourable man. I know that, when the time comes, he will show that he will keep his word. However he can only do that if, in effect, he ensures that all the information that is required by that tribunal, when it is set up, is made available to it and will not be the subject of refusal by any Minister.

I believe that the Prime Minister made that arrangement in good faith, and I look forward to its being kept to in good faith. It is not just the Prime Minister's word that is at stake here, because the arrangement was negotiated by him jointly with the Irish Government, who stand guarantor in relation to those three inquiries. If they are not dealt with in the way that was expected then, we shall have to wonder whether those who gave their word did so as a matter of expediency, to buy time until a change in the legislation provided protection for the information involved.

I do not mean that cynically or harshly. I simply want to put on record that a deal was made and, when deals are made, they must be adhered to. If they are not, people lose the trust of those around them—and in the delicate circumstances surrounding the political process in the north of Ireland, and indeed the peace process in the north of Ireland, there is only one thing that any of us have: the fact that we can be trusted, and that when we give our word we keep it. When we say something and write it down formally in a statement, we abide by it.

I am very concerned about clause 20. I see shadows of last week's debates. I see ways in which the clause could be used not to further the aims of a public inquiry as defined in the Joint Committee's report but to ensure that what might eventually emerge causes the least possible embarrassment to the Government involved.

I sincerely hope that that does not happen. I sincerely hope that, in this country as well, the absolute integrity of public inquiries is maintained and protected. But it is not possible to play around in Northern Ireland. It is not possible to take away the integrity of public inquiries in the north of Ireland and believe that the integrity of inquiries in England, Scotland and Wales will not be affected. The rot will set in, and it will diminish public inquiries everywhere—and not just public inquiries, but all who will be involved at ministerial level in preventing the availability of full and proper information.

I hope that both Ministers will think about that. I hope that they will listen in Committee. I hope that they will put what I have said about Weston Park and the Prime Minister's commitment to the test. I hope that they will go to the Prime Minister and say, "Prime Minister, did you give that commitment? Prime Minister, did you write it on that piece of paper? Prime Minister, did you agree it with the Irish Government?" When the Prime Minister says yes—I know him to be an honourable man, and he will have to say yes—that must be the cue for ensuring that, after 17 long years, at least there will be honesty and integrity in the handling of an inquiry. The inquiry into the death of Patrick Finucane will unearth a good many dangerous things, but let us have it done. Let us be sure that it is dealt with. Let us not try to keep the cover on this one, or it will seep insidiously into every other inquiry.

1.55 pm

Lembit Öpik (Montgomeryshire) (LD): The Liberal Democrats broadly welcome the Bill, because it simplifies and consolidates existing legislation on public inquiries, as the Minister explained at the outset. As the Minister said, it is tempting to talk about specific cases, but we must resist the temptation to bang the drum for our own preferences and particular cases that we feel should be dealt with. What the hon. Member for Newry and Armagh (Mr. Mallon) said about the Pat Finucane case is relevant. One test of the simplified legislation will be whether inquiries that many of us feel should have

[Lembit Öpik]

been handled expeditiously involve less of a requirement to lobby and to apply political pressure on the Government.

This is a much better Bill than the one initially introduced in the other place. The amendments made there will ease some of the concerns about lack of parliamentary involvement in the process. We had an interesting exchange with the Minister earlier, in which he tried to reassure us that the Bill would not over-centralise the decision-making process relating to the creation of inquiries in the future. I hope that he is right. One of my main worries is that the Government might be able to protect themselves from potentially damaging findings by future inquiries by limiting the terms of reference consciously to achieve that aim.

The case of Deepcut barracks is one reason for my interest in the Bill. I shall not rehearse the full history of the Deepcut case, but it involved the deaths of four young people at the barracks during a period beginning in 1995 with the death of Cheryl James, the daughter of two of my constituents. The salient point in this context is the difficulty that many of us who have campaigned for a full independent public inquiry have experienced in getting the Government to co-operate.

The hon. Member for Hull, North (Mr. McNamara) has been one of the leading figures in the call for a public inquiry. As he knows, we were repeatedly told by Ministers that there was no need for an inquiry because there was nothing more to investigate, but as recently as yesterday the Select Committee's report on the duty of care in the Army confirmed that we were right to persist in pushing the Government towards a full independent public inquiry. After many years of resistance on the part of the Army and the Ministry of Defence, it now transpires that there were facts that had not entered the public domain in the past pertaining to the duty of care and its failure in the Army. We have thus been entirely vindicated.

Mr. McNamara: I am sorry to interrupt the hon. Gentleman. I thank him for his kind words, and I agree with what he is saying—but the problem is that if we secure our public inquiry as a result of the Bill, the Ministry of Defence will draw up the terms of reference with no acknowledgement of the position of the families.

Lembit Öpik: That is true. I ask for the hon. Gentleman's forbearance: I shall return to his point shortly.

If the Bill made it easier and quicker for us to secure a full independent public inquiry in similar circumstances without the heartache, pain and extensive investment of time—and, I have to say, money—that the parents have experienced, it would be a very good Bill indeed. However, for precisely the reason given just now by the hon. Member for Hull, North, I fear that as it stands there is a danger—here I use the Deepcut example again—that the MOD will have a disproportionate opportunity to define the terms of reference in such a way that it could protect itself from the worst findings that a fully independent inquiry might produce.

I ask the Minister to consider and to respond to the point that the hon. Member for Hull, North and I have made. What reassurance can he give that the Bill will make it easier, rather than more difficult, for parents in the circumstances that I have outlined to get the answers and the closure that they have reasonably asked for? In other words, how can we be sure that we are more likely to get the kind of answers that are slowly seeping out of yesterday's Defence Committee report on, and the ongoing investigation by Nicholas Blake QC into, the deaths at Deepcut barracks? How can we be sure that such answers will be more forthcoming, rather than less, if the Bill is enacted?

On a connected point, will the Minister give us an assurance that we will not have to go through some dozen separate inquiries as a result of the MOD's—and, indeed, the Army's—resistance at every stage to being more open about its information on Deepcut? Will the Bill open doors rather than close them, and will it ensure that families and other interested members of the public have more opportunity to secure a justified public inquiry, instead of feeling left out? To me that is the core question, and an appropriate one to ask at this strategic Second Reading stage. I hope that the Minister can respond, and that in doing he will use Deepcut barracks as an example.

It is also clear that someone must initiate a public inquiry, and that person will almost always be a Minister. The debates in the other place were very helpful in showing the differences between public inquiries and inquiries by Select Committees. While the latter perform an extremely useful function, in the circumstances that we are discussing today, it must be right that such inquiries be initiated by a Minister—if the Minister is indeed at the very heart of the issue. But let us remember that, as the hon. Member for North-East Hertfordshire (Mr. Heald) and his colleagues pointed out, the Minister must not operate in isolation. It would never be right for Ministers to use that power in such a way as to protect themselves or their Departments.

I accept that if Ministers set up the inquiry, it follows that they must also set out its terms of reference. But it is also important that they consult widely on those terms of reference, so I welcome the Government's amendments in the other place, which were tabled after considerable pressure from Liberal Democrats and Conservatives. The amendments stipulate that before a Minister sets out or amends the terms of reference, he or she must consult the chairman of the inquiry. It is extremely important, to ensure that there is confidence in the inquiry process, that this provision be included in the Bill, and I welcome the Government's decision to do that.

Mrs. Anne Campbell: Does the hon. Gentleman feel that there is a case to be made for consulting Parliament not only when the terms of reference are established, but if they are subsequently changed?

Lembit Öpik: I certainly do, especially when the issue in question is controversial, or when the inquiry's outcome could prove damaging to the Government of the day. Those are the times of greatest pressure on Ministers, who will unquestionably be under a degree of pressure to protect the Government's interests, even when doing so is in conflict with those of the public. With the best will in the world, no Minister will be free from such pressure, and the best legislation would ease

it by putting in place statutory requirements that ensure both that there is transparency, and that the principles of democracy are upheld. There can be no better place to do that than in this Chamber.

Mr. Heald: Does the hon. Gentleman agree that the amendment tabled in the other place by our noble Friends Lords Kingsland and Goodhart—it is now clause 7, which provides that there must be a resolution before both Houses if ministerial misconduct is the issue—constitutes a very important protection?

Lembit Öpik: That is absolutely right, and in another place my noble Friend Lord Goodhart and others were indeed apprised of the need to modify the Bill in exactly that way.

I am grateful to the Government for listening—to a degree—to these concerns and for amending the Bill to a large extent. The Minister is now required to make a statement to Parliament on the establishment of an inquiry, its terms of reference and chairman, and the composition of the panel. It is fundamental that Parliament be kept informed of the inquiry process, and I am pleased that the Government have recognised Parliament's role in this respect. However, it is a matter of slight regret that they did not automatically come to the view that that was necessary, and had instead to be forced in that direction by the Opposition parties.

Mr. Leslie: As I have said, I understand why Members are calling for us to enshrine in statute certain procedures that make Ministers accountable before Parliament, but in fact such arrangements already exist, as we know. To include every such mechanism in statute would give rise to the danger of missing out other things, or of the legislation becoming too rigid, which is why we have compromised in the Bill. Not everything needs to be included in it.

Lembit Öpik: The Minister makes a reasonable point. This has to be a question of degree, and I myself have sometimes criticised legislation for being over-prescriptive or tactical when it needed to be strategic. However, the following two points, which many Members have made, are matters of principle: first, that of Ministers being accountable to this House, especially when there might be a vested interest in protecting the Government from the possible outcome of an inquiry; and secondly, that of ensuring that consultation really does mean that Ministers are obliged to take genuine account of feedback on the breadth of the terms of reference. Those are indeed principles, rather than simply tactical matters, but in fairness I must add that the Government have moved somewhat on these issues in another place. The recorded comments of the Minister—and, I hope, of another Under-Secretary of State for Constitutional Affairs, the hon. Member for Tottenham (Mr. Lammy), who will wind up the debate—will act as a useful precedent in interpreting what to expect in terms of parliamentary etiquette.

I also concur with those who said that a written statement would probably not be sufficient—certainly not for any public inquiry of significant import. Again, there is plenty of parliamentary precedent for statements being made in the Chamber. For example, the Under-Secretary of State for Defence felt it necessary to announce the Nicholas Blake inquiry into Deepcut on the Floor of the House. That was beneficial because certain matters were subsequently explored and clarified in this place. Secondly, there was a public interest in ensuring that the Under-Secretary's proposals were transparent. Both things would have been more difficult to achieve had the statement been written rather than oral. I hope that the Minister who winds up will confirm that the default assumption will be that public inquiries will be announced on the Floor of this House, rather than in written statements.

Another crucial anxiety, to which reference has been made, concerns the power to maintain secrecy by restricting public access to hearings and evidence, and the possibility of withholding parts of reports from publication. There are of course circumstances in which withholding such information can be justified. As the Minister correctly said, one such example involves matters of national security; another is when the report in question contains information about a vulnerable individual or a witness. As this is a Bill for all circumstances and all possible future inquiries, it is right to make provision accordingly.

The Government took a constructive approach in listening to the arguments advanced by my noble Friend Lord Goodhart and people on the Conservative Benches in favour of bringing the Bill under the scope of the Freedom of Information Act 2000. It is now clear from the Bill that the power to withhold information does not override that Act—another significant improvement made in the other place.

On the whole, a public inquiry will be implemented in the public interest, so it is important that information from such an inquiry should not be restricted in the Government's interest. However damaging that information may be to the Government of the day, we must make sure that nothing in the Bill enshrines the opportunity for the Government to protect themselves from any such damaging information. The Government must not be allowed to withhold information on those grounds. We have talked about that at some length, and I am sure that Ministers are clear about the views expressed on both sides of the House.

Another criticism levelled at the Government is the fact that the Bill was introduced before the Public Administration Committee had completed its report, "Government by Inquiry". The Committee recommended an amendment to the Bill, under which investigations into ministerial misdemeanours should be Committees of Parliament. On Third Reading in the other place, my noble Friends supported an amendment tabled by the Conservative peer Lord Kingsland to allow a Minister setting up an inquiry to move a motion before the relevant Parliament or Assembly approving the proposal for the inquiry to be held and approving the terms of reference and identity of the chairman. The amendment, which is now clause 7, is absolutely vital in safeguarding the involvement of Parliament and, I believe, public trust in the inquiry system when ministerial behaviour is under investigation. The reasons for that are obvious.

Mr. Moss: The hon. Gentleman's words suggest that Ministers must come to Parliament with the relevant motion, but in the words of clause 7(2), the Minister

[Mr. Moss]

may do so "if he sees fit". In other words, it is at the Minister's discretion, so the provision is not as strong as the hon. Gentleman suggests.

Lembit Öpik: I thank the hon. Gentleman for that intervention. The language that I used suggested what I wished was in the Bill rather than what is, in fact, in it—but the tenor of debate in the other place demonstrated an acceptance of the expectation that there would be an obligation or a moral responsibility on Ministers to take the appropriate action as a matter of course. In the light of the hon. Gentleman's intervention, will the Under-Secretary of State for Constitutional Affairs, the hon. Member for Tottenham, confirm that despite the softness of language in the Bill, the expectation is that a Minister will do what clause 7 recommends, rather than just consider doing so as one possibility? That is not too much to ask; it is not really a concession, as I believe Ministers have already made the expectation clear in the other place.

There has been much disquiet about the Bill, but it is vastly improved as a result of its progress through the other place. I am content to support it in its current form, in tandem with the amendments that I mentioned, on Second Reading in this place. It is a Bill to deal with all the circumstances that might arise, so I can understand why all the individual provisions might be necessary on certain occasions. However, to avoid further criticism, I ask the Government to ensure that they consult widely before setting up specific inquiries under this legislation. It is crucial that those affected by the events leading up to any inquiry, including victims and their families, are listened to carefully.

I have asked some specific questions and I hope that the Minister will respond to them. I also hope that the Government will show their willingness to discuss in Committee some improvements on specific issues. On the whole, the Government have demonstrated their willingness to listen to Opposition Members and their own Back Benchers, and they have accepted feedback in order to improve the original Bill. I have already mentioned the test case of Deepcut barracks and the mystery still surrounding the four deaths that occurred there. Will the Minister tell us in his summation whether he believes that the long-standing campaign would have been aided by the Bill? That would not only assist me, but help to engender a degree of confidence that the Bill will add something of value to the difficult and necessarily vexing circumstances in which inquiries are initiated.

2.15 pm

Tony Wright (Cannock Chase) (Lab): One issue that hangs in the air, consequent on our debate so far, is the question of how an inquiry will be established when the Government of the day do not want it to be established. That issue hangs in the air now, as it did in 1921, and as it will when the Bill becomes an Act. That poses a challenge for us. It is often the case that a Government may not want an inquiry when the public and Parliament do, so we must turn our minds to devising a mechanism whereby an inquiry can be established when the Government oppose it. If we dodge that issue, we shall simply continue as we are now, which is to supplicate in the face of an Executive, "Please, may we have an inquiry?" into something or other, when we, a sovereign Parliament, have the ability, if we are so minded, to establish inquiries when we believe that matters should be inquired into. It is no good bleating about what the Government may or may not do. It is within our hands to do something about these matters if we really want to do so. That is my starting point and also my finishing point, but I have a few additional points along the way.

Those privileged enough to serve on the Public Administration Committee are used to the Government paying close attention to our work. We notice that they are often minded to accept some of our recommendations, but even we were stunned at the way in which they responded to our inquiry on inquiries. When we began that inquiry at the beginning of last year, to some amusement in some quarters, the Government produced a helpful and substantial consultation document in response, but then took us completely by surprise by saying that they were intending to legislate. We understand why they wanted to do that, but it was certainly not what the Select Committee expected. In the normal course of events, it would have been usual for a Bill of this sort to have appeared in draft form first. It is a Bill that could have been gestating for a long time, eventually seeing the light of day when a legislative opportunity presented itself.

Mr. Heald: I pay tribute to the report that the hon. Gentleman's Select Committee produced, but was it not rather shocking that the Government should start on the Bill when it was widely known that the Committee's report was about to be produced? That was most discourteous and says a good deal about the way in which the Government and this particular Department view the work of the Select Committees of the House.

Tony Wright: I am sorry to disappoint the hon. Gentleman, who saw an opening to make his point, but I have to put on record the fact that the Government have been immensely courteous to the Select Committee throughout and have sought to link their work to our work for the better benefit of the legislation. I completely reject what the hon. Gentleman has just said. I certainly hope that our inquiry, which has some claim to being the most comprehensive account of the whole inquiry tradition in this country, will help the House in its consideration of the Bill that the Government have decided to bring forward.

We do not say it often enough, but it is important to say that public inquiries matter. There is scarcely a day goes past without someone demanding one. I suspect that, at some time, every Member of this House has demanded that a public inquiry be held. We usually make such a demand when we cannot think of anything else to say, or when we are not clear what we think about something, and it is usually echoed from all sides.

The demand is always for a public inquiry, and not just an ordinary one. People want inquiries that are full, independent and judicial—often, all those descriptions are rolled together to suggest that inquiries must be gold plated. If an inquiry does not fit that description, we feel entitled to criticise every aspect of it. If we do not like the conclusion that is reached, we feel entitled to criticise the person who undertook the inquiry, and also the whole process involved.

As the hon. Member for Montgomeryshire (Lembit Öpik) said, there are pressing demands for an inquiry into the events at Deepcut. The Government believe that, on balance, no inquiry is needed, but many disagree. However, public inquiries in their myriad forms play an indispensable role in our public life, and always have done. Sometimes, it is worth taking a step back to see how the process works. What functions do inquiries fulfil, and does the process need to be brought up to date?

The annexe to the Committee's report lists the 89 major inquiries that have taken place since 1900. They display an extraordinary variety, with inquiries established under many different kinds of powers and in different ways. Some have been public, some private, but there is no single model.

Inquiries are set up for a variety of purposes and in a variety of contexts, but they should be set up because something needs inquiring into. They are investigations, not policy vehicles. Their aim is to find out what happened, or what went wrong, and to determine whether a problem could have been avoided or prevented. They should also provide some reassurance to the people affected that a particular matter is being taken seriously.

The process of holding an inquiry is sometimes as important as its content. The process shows that a matter is being taken seriously and that it deserves a proper inquiry. In addition—and this has not been mentioned in the debate so far—the inquiry process shows us what we must learn to prevent a problem from reoccurring.

An inquiry should be a learning tool for Government, but that is often not the case. As a result, inquiries are sometimes held into matters that are very similar, and make similar recommendations. In our report, the Committee compared sections of the Franks inquiry after the Falklands war with sections of Lord Butler's inquiry into weapons of mass destruction in Iraq, and associated intelligence matters. There are some striking similarities in what the two inquiries have to say about intelligence failures in both contexts.

Given that inquiries tend to reach the same conclusions, we are entitled to wonder why lessons are not learned in a systematic way.

Mrs. Anne Campbell: Does my hon. Friend agree that the procedure followed by Sir Michael Bichard in his inquiry into the events at Soham might be emulated by other inquiry chairmen? Bichard stated that he would reconvene his inquiry within six months to look at the recommendations that had been made. Does my hon. Friend consider that to be good practice?

Tony Wright: I am very grateful to my hon. Friend and fellow member of the PAC for that observation. I was going to mention Sir Michael Bichard in a moment, but I agree very much with what she says. It was innovative for an inquiry to look forward to its recommendations, to consult on them to make sure that they were workable, and to revisit its findings after a period of time.

Sir Michael Bichard presided over one of the most successful inquiries of recent years. It was undertaken in very short time, with great efficiency and a huge pay-off in terms of changing the procedures involved. The Bichard report reminds us that we should not get hung up about inquiries being judicial—that is, that they should be run only by judges. Requiring that inquiries be run judicially is a different matter, but Bichard—and Lord Laming is another example—reminds us that not all inquiries need to be run by judges to be effective.

People who are not judges often bring great experience of the administrative systems into which inquiries are held, but that is often not so of judges. We have had some seriously flawed judicial inquiries in recent years, but some of the non-judicial inquiries that have been held in the same period have been hugely successful. I am sorry if that seems a roundabout way of agreeing with my hon. Friend the Member for Cambridge (Mrs. Campbell), but there are many ways to conduct an inquiry. It is worth reflecting on them as we consider the whole inquiry process.

I was saying that Governments sometimes want inquiries for ignoble as well as noble reasons. That is perfectly reasonable. A Government will sometimes use an inquiry to bat a difficult issue into the lush pastures in the corner of the field, where it can be safely planted until no one can remember its cause. As Harold Wilson famously remarked, royal commissions take minutes but last years, and that can be extremely useful. Inquiries come in all shapes and sizes and are undertaken for all kinds of reasons. However, they perform an important function and therefore deserve a good deal of attention.

Mr. Tam Dalyell (Linlithgow) (Lab): Is my hon. Friend familiar with the observation by Michael Foot that a royal commission was like a broody hen sitting on a china egg?

Tony Wright: It is always a mistake to try and swap quotations with my hon. Friend as he will always win, but he adorns the House with his knowledge.

Andrew Mackinlay: I was interested in what my hon. Friend had to say about a Government's motivations. Does he agree that one of the tests of the Bill is whether it will prevent the future abuse of the process? For instance, the Clegg inquiry was non-judicial. It was conducted by an appointed civil servant, and was set up deliberately to frustrate the inquiry by the Foreign Affairs Select Committee into the deployment of troops in Sierra Leone. The Foreign Secretary of the day said that he did not want two inquiries into the matter and that he would set up his own. If the Bill is to be a success, it will prevent further torpedoes like that.

Tony Wright: I am grateful to my hon. Friend, and what Clegg produced is an example of the sort of inquiry that this House needs to study. If we are not happy with an inquiry, or if one is not held at all, it is up to us to do something about that. We must not content ourselves, as we often do, with complaining about the actions of a Government in that respect.

I congratulate the Government on bringing forward this Bill. As has been said, it makes sense to try to consolidate all the various legislation that applies in this area. It has been noted, too, that many inquiries are not held under any legislation but are set up in an ad hoc way.

[Tony Wright]

Like the report, today's debate has noted some of the aspects of the Bill that have caused some disquiet, but I shall not dwell on that. I am glad that the Government have responded in the other place to some of the concerns. The balance of the Bill has shifted satisfactorily because of that and I do not accept that this is another example of the Executive wanting to extend their power to every part of public life, even to inquiries. That overstates the case unhelpfully—*[Interruption.]* The Irish case has been much mentioned and I understand why. British Irish Rights Watch said that repeal of the Tribunals of Inquiry (Evidence) Act 1921 and, therefore, the ending of the formal involvement of Parliament

"will mean the end of public inquiries as we know them."

That is not a sensible observation because it will not do anything of the kind. In some ways, it will strengthen the public inquiry tradition because the chances are that many more inquiries will be set up on a statutory basis with real power. There is a stronger case for saying that it will strengthen the public inquiry tradition rather than end it. However, I accept that there are issues—about Ministers' access powers, in particular—but as many have been touched on already I shall not dwell on them.

The principle is clear. Anything that might be seen to undermine the integrity and independence of an inquiry will be corrosive not just for the inquiry, but for our whole tradition of public inquiries. These are serious matters and I hope that they will receive the attention they deserve when the Bill goes into Committee. Much progress has been made in the other place, but perhaps further progress can be made. On access, I said that the 1921 Act gives total power to the inquiry on access questions. In principle, that is the model to which we should adhere because it gives public confidence. It would be difficult to persuade someone to chair an inquiry unless they had the extent of control over its proceedings in all respects to guarantee its integrity and independence. There are balances and judgments to be made and all I am saying is that I hope that the balance and judgment will come down in favour of giving as much control as possible to the person who chairs the inquiry, rather than to Ministers.

The outstanding point of contention between some of us and the Government has been the role of Parliament, repeal of the 1921 Act and all matters associated with that. The background is that at one time Parliament had a robust inquiry tradition. The end of our report lists the inquiries through the last century and shows that Parliament was vigorous in conducting inquiries. Back in the 19th century it was even stronger and there are many examples. In 1855 the House of Commons voted to appoint a Committee

"to inquire into the condition of our army before Sebastopol, and into the conduct of those departments of Government whose duty it has been to administer to the wants of the army".

That resulted in the resignation of Lord Aberdeen's Government in 1855. I give that example to remind the House that this place once had a vigorous tradition of parliamentary investigatory inquiries into issues that deserved attention in an era before we thought it was necessary to contract out such matters to other people.

The turning point, as is widely known, came with the development of the party system at the beginning of the 20th century and crystallised around the Marconi incident in 1911–12. An attempt by Parliament to inquire into allegations of Government favouritism in the awarding of contracts to the Marconi company floundered because party political loyalties kicked in and the inquiry's conclusion was abortive. G.K. Chesterton made a good remark about that. He said that the Marconi affair

"had concluded as such affairs always conclude in modern England, with a formal verdict and a whitewashing committee".

How often have we heard that in more recent times? He then said that recent history could no longer be divided into "Pre-War and Post-War conditions", but should be divided into "Pre-Marconi and Post-Marconi".

That episode led to the 1921 Act, which is why I call it the moment when Parliament contracted out. It was the moment when Parliament decided that it could not rely on itself to conduct inquiries. I gibed at what the hon. Member for North-East Hertfordshire (Mr. Heald) said because it was not a moment of great parliamentary glory, but the moment when Parliament said that it could not do the sort of things it used to do, so it should put in place a mechanism to enable others to do so for it. The effect was that Parliament was sidelined. It no longer undertook the sort of inquires that it used to undertake into matters of public concern affecting Ministers. There have been various lamentations over the years about that failure.

Select Committees have sometimes tried to undertake such inquires and have run into the sand. When the Trade and Industry Committee investigated the BMARC affair it gave up and recommended that a parliamentary commission should investigate the matter with access to persons and papers—as Select Committees have in principle, but not in practice. The former Public Services Committee, in the wake of the Scott inquiry, recommended such a parliamentary commission to investigate matters in which Parliament should be centrally involved.

The most conspicuous example of Parliament trying to do that was in 1978 over the Rhodesia oil sanctions. The Government of the day, faced with demands for an inquiry into what happened, proposed a special commission of inquiry to be composed of Members of both Houses and chaired by a Law Lord. That was approved by this House without a Division, but was voted down by the other place, so that parliamentary commission was never established.

Are we content that Parliament has abandoned the matter and that we simply demand that inquiries should be held by someone, but that there is nothing we can do about it if they are not? In particular, are we content for inquiries, if they are held, to be held into matters that we should properly investigate? As the Committee took evidence, we found many important voices who were prepared to say that they thought that Parliament should do what they had done. For example, Richard Scott, of the Scott inquiry, told us that he thought that Parliament should have done what he did. Lord Butler assented to the proposition that his inquiry did not require a team of Privy Councillors, but should have been anchored in Parliament.

Michael Bichard said, interestingly, that inquiries were on a continuum—some being purely factual, which need someone to investigate and sort out the facts, and at the other end those that are essentially political, although they require some facts to be determined. He thought that the political end of the continuum should be the responsibility of Parliament because such inquiries involve politically contentious issues, such as the conduct of Ministers and Departments. For that category of inquiry, we have to decide whether we are content that someone else should be asked to conduct them—

Mr. Gordon Prentice (Pendle) (Lab): My Friend omits Lord Hutton, who told us that Select Committees should have powers to call individuals. Of course, John Scarlett famously appeared before the Hutton inquiry, but the Foreign Affairs Committee was turned down when it asked him to appear before it.

Tony Wright: My hon. Friend makes a good additional point in support of my general proposition.

Mr. Dalyell: As a Member of Parliament, I gave long evidence to Lord Franks's committee and was very upset at its conclusions, which bore little relation to the guts of the report. Shortly before Lord Franks died, I taxed him with that and he said, tersely, "You were a Member of Parliament. Why on earth did not the House of Commons do it itself?" That reinforces my hon. Friend's point.

Tony Wright: I am grateful to my hon. Friend. The cases of the Falklands inquiry and the Butler inquiry, in which we contracted out politically central issues to committees of Privy Councillors, were the worst form of abdication. In many cases, it is perfectly proper and desirable to want some external person to investigate, but in cases that are at the centre of political argument and debate, there is no other appropriate mechanism. Increasingly, judges, led by the Lord Chief Justice, are saying—and this is why the Bill requires amendment—that they will not be conscripted by Governments into doing their political business for them and providing a cloak of judicial respectability. The issues at stake are essentially political and parliamentary, so—whether we like it or not—we have reached the point at which the House of Commons has to decide whether it wishes to reclaim some of the ground.

Lembit Öpik: Does the hon. Gentleman agree that for those political inquiries that he is discussing we have a mechanism that could be used—the Select Committee process? However, for that to be effective, it would be vital that the Select Committee did not operate on a tribal basis. The difficulty is that if issues of visceral importance to the future of the Government or the Prime Minister of the day were being investigated, there would be enormous pressure on Government politicians to be sympathetic to the Government's position and, indeed, for Opposition politicians to seek advantage by aggressively opposing it. I agree with the hon. Gentleman, but I seek his perspective on how we could overcome those fundamental tribal concerns.

Tony Wright: I am grateful for those comments, which lead me to my next point. The Government invoked that argument in response to the Committee's arguments, but they also broadly accepted our analysis. The Government accept that there is a gap in the system, but they question how it might properly be filled. I pay tribute to the speed with which the Government have formally responded to the Committee's report, but in that response they state:

> "There is no reason why the good work done by members through the present Select Committee system cannot be translated into a commission equipped to conduct a public inquiry. However, any Parliamentary Commission of Inquiry is ultimately a matter for the House to decide and to appoint and the government would welcome any progress on this issue."

That is a solution without a solution, if I may put it like that. It acknowledges the force of the Committee's analysis and the gap that has to be filled, but by suggesting that Select Committees should promote themselves and become commissions, it simply returns us to the problems that the hon. Member for Montgomeryshire described. If it were possible to turn Select Committees into commissions to investigate such issues, we would be doing it. If it had been possible for a Committee of the House to inquire into the circumstances surrounding the decision to go to war in Iraq or the death of David Kelly, we would have done it, but that proved impossible.

Mr. Gordon Prentice: If the Government want to make progress in that direction, surely they have to review the Osmotherly rules, which prevent civil servants from appearing before Select Committees.

Tony Wright: The Government have promised to do so, but we go round in circles on promises to review the Osmotherly rules every few years. I do not want to give away too many trade secrets, but there are certain inherent limitations in the way in which Select Committees work, even with our best endeavours. Some of the limitations are formal constraints, involving the mismatch between the powers formally available to the Committees and the reality on the ground, but some are simply to do with the way in which our party system works. The issue is whether, knowing all that, Parliament can find a mechanism to transcend those limitations and enable the Committees to do the job that we think has to be done.

Lembit Öpik: May I suggest a criterion that would be a good test of whether we could inquire into our own affairs? The test would be whether the system were robust enough to ensure that, regardless of who was in power, the inquiry would come to the same conclusion. To pass the test, the outcome would have to be so robust that it could not be influenced by the political persuasion of the Government of the day.

Tony Wright: As it happens, I have absolute confidence that the mechanism that I would recommend would have such authority behind it. Indeed, it would need to do so to function properly.

The Committee has argued that the Bill is welcome, as a consolidating measure. It can be improved in several ways, but there remains a category of inquiry—at the political end of the spectrum—that it is inappropriate for other people to undertake and which is not being dealt with properly at the moment. Those cases need to

[Tony Wright]

be investigated. Indeed, the reputation of Parliament demands that such inquiries be undertaken if we are really to be at the centre of national life. That is what led us to think that we needed an amendment to the Bill, at least to leave open the possibility of what we call a parliamentary commission—what in 1978 was called a special commission of inquiry. Of course, it would be used only in certain circumstances, when the political circumstances make it possible. Of course, all that is so. Nevertheless, the possibility will exist and that will enable Parliament to have a role that it does not have at present.

I conclude by quoting a sentence from the very end of our report. We said:

"Parliament now has to decide whether it wants to reclaim territory it has lost as far as inquiries of this kind are concerned, becoming once again the Grand Inquest of the Nation, or whether it is content to abandon the field to others, and to the executive."

That is the question. When we talk about the Bill, it is not simply a question of making demands of the Executive; it forces us to make demands of ourselves, because this is a moment when Parliament really has to decide—as we say in the report—whether, having contracted out in 1921, it now wants to abandon the field altogether.

2.51 pm

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): It is indeed a privilege to follow the hon. Member for Cannock Chase (Tony Wright), who gave us an extremely interesting insight into his Select Committee's report, which was published recently. It reinforces some of the views expressed in the other place: for example, that the measure may have been rather rushed, given all sorts of circumstances, not least among them the fact that the Committee had not actually finalised its report. His remarks, especially on the history of contracting out some of the particularly parliamentary-oriented inquiries, suggest that there is indeed a glaring hole in the Bill. If the Government had approached it in a more balanced and timely way, the arguments that are being deployed this afternoon could have been incorporated some time ago and a rather different Bill would be before us.

Given that the Bill is of huge constitutional significance and that the Government published their consultation paper, one wonders why, in the words of the hon. Gentleman, the Bill was not published in draft form, because it would have lent itself strongly to pre-legislative scrutiny. Indeed, the Deputy Leader of the House said last year that

"a Bill should be published in draft form unless there are good reasons for not doing so".—[*Official Report*, 24 February 2004, Vol. 418, c. 19WH.]

We have had no explanation this afternoon as to why the Government changed their mind about the publication of the Bill in that form.

We need public inquiries of the kind that we have been discussing. The hon. Member for Cannock Chase drew our attention to the public's appetite for such inquiries. When things go wrong, the first thing people want is a public inquiry, especially an independent one, which suggests that we should be careful when setting up parliamentary-based inquiries. In the current climate, I am not sure that the public at large would necessarily feel that those investigating were doing so objectively.

The Tribunals of Inquiry (Evidence) Act 1921 has served us pretty well over the years, although it is used only in particular circumstances. Hundreds, if not thousands, of inquiries have taken place in the intervening years not under that legislation but under more localised legislation—if I can describe it thus. In fact, schedule 2 lists existing Acts of Parliament, sections of which will be repealed by the Bill because they will no longer be relevant to the inquiries in those sectors or Departments. The 1921 Act has been used four times in recent years as the legislative basis for inquiries such as those into Bloody Sunday, the north Wales child abuse, Shipman and Dunblane.

We need inquiries, because we need to ensure that those in public life are accountable. Furthermore, we must also ensure that through the inquiry lessons will be learned and acted on. That is an important ingredient, which we overlook at our cost. We need this legislation and the Opposition will be reasonably supportive of the Bill as it stands, although we should like further amendments in Committee. There is a need for consolidation. Deficiencies have been exposed, especially in the piecemeal, subject-specific powers given to other bodies under Acts of Parliament. There is a case, which the Government have made, that consolidation would be useful.

The Bill is needed on three counts. First, there is the modernisation dimension. We need to bring our knowledge and information up to date as a result of the history of various types of inquiry. Secondly, we need, if possible, to bring into the new legislation greater independence from Government of such investigations, which will meet with public agreement. Thirdly, in the light of the various ways in which inquiries can be held, an attempt should be made to provide an all-embracing legislative framework to cover more than the existing eventualities. I think the Bill makes such an attempt. We must at all costs avoid the potential for whitewashes, and ensure that new legislation retains all the necessary protections that we have inherited from past measures.

The Bill was substantially altered and amended in the other place, but why were so many amendments required at that early stage? Given the gestation period of the measure and the fact that even this afternoon the Government have said that there was fairly wide consultation, as well as discussion with the Select Committee—I think that was confirmed by the hon. Member for Cannock Chase—why did the Bill arrive in the other place, for its Second Reading and Committee, so massively deficient in so many aspects? One finds oneself concluding that either the Government were rushing it through without thinking carefully enough about it, or perhaps the Executive wanted legislation that gave them enormous powers at the expense of Parliament and other measures.

I put to the Minister who will respond to the debate the question that I put earlier to my hon. Friend the Member for North-East Hertfordshire (Mr. Heald): are the Government content with the many amendments that have so far been secured, or is it their intention to reverse them when the Bill goes into Committee in this place? That important question needs to be answered.

Important amendments were made, and we and the other place believe that the Bill was immeasurably improved as a result of those amendments, but if the Government have set their mind to denying those aims, it is as well that we understand their motivation.

The amendments achieved in the other place refer to the Minister having to consult the chairman of the inquiry before appointing the panel, before establishing or modifying the terms of reference, before appointing assessors and before suspending or terminating an inquiry. It was either a massive oversight or a perverse intention by the Government to allow Ministers to wade in and change all those things in an inquiry without even consulting the chairman. It beggars belief that they thought that such an action would be acceptable.

The Minister must lay before Parliament the terms of reference and notices suspending or terminating the inquiry. As we have heard already, the Minister must secure the consent of the Lord Chief Justice before appointing judges to the panel. Of course, where ministerial misconduct is an issue, the Minister has the option to move a motion before Parliament that relates to the decision to hold an inquiry and, of course, its terms of reference.

As I said in an intervention on the hon. Member for Montgomeryshire (Lembit Öpik), clause 7(2), which is part of the new clause inserted by the other place, states:

"The Minister may, if he sees fits, move a motion before the relevant Parliament or Assembly for a resolution".

So such things can take place at the Minister's discretion, and the point that the hon. Gentleman made is an important one for the Minister to address in responding to the debate to clarify whether the Government will seek to water down that provision even further—I understand that they are unhappy about it—or whether they will accede to the wishes of those in the other place who successfully passed that amendment. No doubt, when the Bill is considered in Committee, a similar amendment will be required.

Lembit Öpik: Does the hon. Gentleman agree that it is very hard to understand why the Government are resisting such a proposal? It will not put any undue pressure on the Government to do something that they should not be willing to do automatically anyway—in other words, to involve the House in important decisions made by Ministers.

Mr. Moss: I accept that point. I hope that those who serve on the Standing Committee—the Whip is not here, and I am not asking to do so—will seek to strengthen those words. The word "will" should replace the word "may". After all, if such consultation is important, it should be mandatory.

A number of concerns have been expressed about the Bill—not least of which, of course, relates to the true independence of any future inquiry under the new legislation. I submit the view that the Bill shows a shift in the responsibility to set up inquiries from Parliament to the Executive. Under the 1921 Act, there is a requirement for a resolution of both Houses before such inquiries are established, yet that requirement is not in the Bill.

A statement must be made by the Minister under clause 6—I believe that the other place made that amendment—but as had been said already, it can be either oral or written. With a written statement, Members cannot question the Minister about the rights and wrongs of the inquiry or its terms of reference. That provision also ought to be strengthened in Committee.

The powers of the Minister under the Bill are stronger than hitherto. They are additional to those in the existing legislation, and a proper balance needs to be reached between the Minister's responsibilities and those of the inquiry chairman.

If the Minister is in control of the terms of reference, he can set them. As we have seen recently with the Hutton inquiry—the Butler inquiry was not of the same nature—by setting narrow parameters for the inquiry, we can end up with a conclusion that is probably perfectly honourable and proper, given the evidence within those boundaries, but the outcome causes a great deal of disquiet and a lack of widespread support among the public.

As has been mentioned already in the debate, perhaps the Bill's introduction has been prompted by the Saville inquiry's overrun costs. Its cost has been estimated at between £160 million and £250 million. If that is the case, or if that is an ingredient in the decision-making process that has arrived at the Bill, would the Saville inquiry have been any quicker or any cheaper if the Bill had been on the statute book? That question was rightly posed earlier—I do not know the answer, and I suspect that the Minister does not either, but it should be answered.

Lembit Öpik: Does the hon. Gentleman agree that clause 18—the key clause in respect of an inquiry's costs—provides no reason necessarily to think that the Saville inquiry would be cheaper? Clause 18 states:

"the chairman must act with fairness and with regard also to the need to avoid any unnecessary cost".

I would imagine that anyone who has handed in an invoice to the Saville inquiry would claim that theirs was a necessary cost. So although I hope that the Bill will make such things cheaper, does he agree that, as it is currently phrased, it is not clear what mechanism will cause us, without the benefit of hindsight, to make better decisions than were made with regard to the Saville inquiry's costs?

Mr. Moss: The hon. Gentleman points out a deficiency in one of the clauses, so I look forward to his tabling an amendment in Committee.

Lembit Öpik: I do not yet know what the amendment will be.

Mr. Moss: We will happily work together to try to find an amendment that is suitable in that case.

Further amendment to improve the Bill is indeed necessary. Surely, in the interests of independence, the Bill should ensure that the Minister not only consults but gains the consent of the chairman of the inquiry, principally before establishing or modifying terms of reference, before modifying the composition of the panel and before suspending or terminating the inquiry.

The Government have moved a little way so far in accepting that consultation between the Minister and the chairman is necessary. We would go further by

[Mr. Moss]

saying that, if the chairman is to be independent, the Government should gain the chairman's consent before making those fundamental changes. Only that will convey to the general public that the Government cannot intervene even if the inquiry is not going in quite the direction that they would like. If the Minister has the power to intervene and stop things in their track, it would indeed smack of a massive whitewash. I cannot understand why the Government want to leave that question mark hanging over the Bill.

We would also like to change clause 20, which relates to restriction notices. That matter was addressed powerfully and persuasively by the hon. Member for Newry and Armagh (Mr. Mallon) when he referred to a specific case from the Province of Northern Ireland that was extremely important to him and others. It would seem from both his analysis and my reading of the clause that it will give the Government the power to withhold information as and when they choose. They will also have the power to direct Departments to do the same and to decide that certain people may not attend an inquiry. If the Government are serious that the Bill is designed to promote the independence of inquiries, clause 20 must be examined carefully. We also want clarification of the definitions of public interest and damage to the economy in the clause because Conservative Members think that both phrases are too obtuse to be included in the Bill.

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I hesitate to intervene, but there is now consensus about the interpretation of public interest, certainly in case law. The hon. Gentleman might recall that part of the Bank of Credit and Commerce International inquiry was held in private specifically because there was a question about the nature of the economy and because information could have come out that might have damaged the economy. I am thus surprised that he raises that point.

Mr. Moss: The Minister might be surprised that I am raising the point, but other people are raising it, too. It is perfectly legitimate to raise such matters during a Second Reading debate. If he wants to respond to the points that I make, he can do so in his winding-up speech. People are saying that the clause is too restrictive and that it will give the Government the power to control the ingredients of an inquiry—the people who turn up and the paperwork that is revealed. If he wishes to justify his position, he will have plenty of time to do so at the end of the debate.

We question the role given to the Minister by clause 26, of determining how to publish the findings of an inquiry and the timing of the report. If the Government are giving chairmen the responsibility of running inquiries, such decisions should be in the hands of those chairmen. We will want to amend the clause to reflect that.

3.12 pm

Mrs. Anne Campbell (Cambridge) (Lab): A great deal of what I wanted to say has been said by my hon. Friend the Member for Cannock Chase (Tony Wright), so I shall not cover that ground again. However, this is indeed the right time to review the procedures for public inquiries. When the Public Administration Committee conducted its inquiry, the Tribunals of Inquiry (Evidence) Act 1921 was referred to by Sir Andrew Turnbull as a "clunking instrument". Events have shown that that is the case. The Act is now not used for most inquiries, because they are conducted using a different procedure.

I am interested in the extent to which Parliament has been involved in inquiries and the extent to which it will be involved under the Government's proposals. I take complete account of my hon. Friend's point about the way in which the 1921 Act effectively contracted out Parliament's role of conducting inquiries to other bodies. It is time for us to reclaim that ground, but I want to examine whether the Bill gives us grounds to be optimistic that that will happen.

The 1921 Act provided that Parliament had to pass a resolution to allow inquiries to be given the powers detailed in that Act, which gave Parliament a measure of control over whether an inquiry should be carried out and the conditions under which it should take place. Under the Bill, Ministers will have to make a statement to Parliament about an inquiry's terms of reference and membership. When Ministers make a statement, even if it is oral, there is not a vote. Although one assumes that a Minister would note comments made by Members of Parliament, the House would not necessarily be involved in making the decision. As the hon. Member for North-East Hertfordshire (Mr. Heald) said, the statement need not be oral. I assume that a written statement could be made—the Minister seems to be nodding: that would mean that the House would have no way of expressing its views at that point.

I have read clause 7 carefully, but given the way in which it is drafted, it does not seem to be of much use at all. If a Minister does not want to bring a case of ministerial misconduct before the House, he will not do so. It is difficult to think of circumstances in which clause 7 would be used. There would be few circumstances in which a Minister would want to bring a matter of ministerial misconduct before the House. The clause is thus superfluous. Although I hope that we can replace it with a stronger measure, I am not optimistic that that will happen.

I am sure that there are many differences between the Bill and the 1921 Act, but I have picked out only several. Under the 1921 Act, the report of an inquiry need not be laid before Parliament, but that will be required under the Bill. I would like to know the implications of that. Will Parliament necessarily have the right to debate an inquiry report, which it does not have at present? I ask that question perhaps because I do not understand the procedures involved very well.

Our discussion on terms of reference was interesting. More than one inquiry chairman told the Select Committee that he found it necessary to clarify the inquiry's terms of reference. The Committee recommended that there should be a short consultation period after the announcement of an inquiry to ensure that the terms of reference met the expectations of the inquiry. Sir Michael Bichard said that he found it

necessary to take careful note of the terms of reference when he conducted his inquiry. However, we heard in relation to the BSE inquiry that

"Lord Phillips was perfectly able to explore the areas he felt appropriate without feeling totally constrained by three and a half lines in the terms of reference".

Terms of reference are obviously open to interpretation by chairmen, but it is nevertheless important for us to get them right. The way in which they are drafted should not unnecessarily constrain an inquiry.

I understand that there is a duty on Departments to report on the implementation of inquiry recommendations. I am interested in the lessons learned from inquiries. The findings of inquiries on foot and mouth outbreaks over the past century have not always been closely heeded. It has been said that if the lessons of the 1967 inquiry had been properly acted on, we would not have had an outbreak of foot and mouth in 2001. That shows that although inquiries are often held and sensible recommendations are made, they are not always heeded and acted on.

It was therefore extremely helpful of Sir Michael Bichard to say that he would reconvene his inquiry within six months to look at the way in which the Home Office had acted on his recommendations following the tragic events in Soham, which is not far from my constituency. I watched the events there with great interest. I crave your indulgence to discuss the Bichard inquiry, Mr. Deputy Speaker, because it helps me to explain the circumstances that led to its conclusions. Sir Michael Bichard made many recommendations, including the suggestion that the police establish a national intelligence system for England and Wales and that the Criminal Records Bureau have access to other databases.

The importance of that came home to me on new year's eve when, tragically, Sally Geeson, a young female student in my constituency, was abducted and murdered by someone who had been identified as very dangerous by the Ministry of Defence when he was court-martialled for the offence of false imprisonment. Sally's relatives naturally called for an inquiry into the circumstances of her death. Lance Corporal Atkinson was known to be a dangerous person, yet he was allowed freedom to become involved in activities that proved tragic for my constituent. I wrote to Sir Michael Bichard to ask whether he would look into the case. The important issue was not so much the circumstances surrounding Sally's death, which had already been investigated by the police, but whether the information known to the MOD was known to the CRB and the police. Strangely enough, the reconvened inquiry published its report today, and at the end Sir Michael says that he understands that the Home Office has written to the MOD as a result of the Sally Geeson case

"to ask whether the military police would like access to the violent and sex offender register so that convictions and intelligence for service personnel are on that system."

He very much supports that action and recommends that it be "pursued urgently".

It should be much more common for chairmen to reconvene their inquiries after a period to ascertain whether their recommendations have been pursued. That also gives people the opportunity to look at the recommendations and consider whether their scope needs to be broadened to take account of subsequent events. It is terribly important that Departments be encouraged to look at the implementation of recommendations. A procedure should be established so that over time Departments examine recommendations and see whether they have been implemented in the most effective way. That could have prevented a number of tragic events, including the foot and mouth outbreak, which caused so much grief in 2001.

The Bill represents an improvement on the current position, but amendments could usefully be made to it. As parliamentarians, we should look carefully at our role and see whether there are better ways of becoming involved in what my hon. Friend the Member for Cannock Chase called a parliamentary commission, so that we can consider inquiries into events that concern both the general public and the House.

3.25 pm

Mr. Kevin McNamara (Hull, North) (Lab): I trust that my hon. Friend the Member for Cambridge (Mrs. Campbell) will forgive me if I do not follow her line of inquiry.

First, a point about clause 19 made by the hon. Member for North-East Cambridgeshire (Mr. Moss) needs to be cleared up. When I asked the Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Shipley (Mr. Leslie), whether he could give an undertaking, even though it might not be published, that inquiry chairmen would have access to all papers and documents, he said yes. The hon. Member for North-East Cambridgeshire raised serious doubts about that, so it is of the utmost importance that we obtain clarification when the Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Tottenham (Mr. Lammy) winds up. Will all persons and all papers be available to tribunal chairmen?

The Bill provides Members with a first-hand opportunity to witness the clash between our democratic ideals and the legacy of Britain's imperialist role in Ireland, where the principles of good governance have collided with sordid self-interest and manifest contempt for human rights and the rule of law. The admirable purposes of the Bill have been corrupted by the refusal of the defence and intelligence establishments to come clean over their collusion with loyalist paramilitaries in the murder of defence solicitor Patrick Finucane. I do not believe that the protection of undercover agents has ever been a prime consideration, but there has been an attempt to hide implications of policy and its implementation. Successive Governments have permitted, wittingly or unwittingly, an undercover war in Northern Ireland to be conducted outside democratic control. I believe, as does the former Metropolitan Police Commissioner Sir John Stevens, that agents of the Crown have engaged in systemic collusion with paramilitary groups and pursued a policy of unlawful killing and extra-judicial assassination.

There can be no doubt about the depth of that collusion. In the case of Mr. Finucane, it was a British intelligence agent, Brian Nelson, working undercover in a paramilitary organisation, who selected the solicitor as a target and supplied logistic information to the gang that carried out the attack. It was a Royal Ulster Constabulary agent who, in his capacity as a

[Mr. Kevin McNamara]

quartermaster for the Ulster Defence Association, was in charge of the supply and disposal of illegal weaponry, used to effect the murder. The murder was not a mystery. The paramilitary who pulled the trigger on Patrick Finucane in front of his family made a full confession to the police. The police officer who took that statement alleges that RUC special branch agents recruited Ken Barrett as an informant and destroyed the tape. As a result of Sir John Stevens's investigations, Ken Barrett confessed in court and was sentenced to 22 years' imprisonment for the murder of Pat Finucane last September.

We therefore know the identity of all the individuals involved, but we do not know what the policy was, who decided it, who made the decisions to implement it, who hid it, who told lies in court about one individual—a colonel, whose name we were not given—allegedly saving a dozen lives or more, and a whole host of matters that are still relevant.

Because of the confusion and lack of confidence in respect of the death of Pat Finucane, the Irish and British Governments agreed at Weston Park to the demands—mainly of the Social Democratic and Labour party—for a full public inquiry, if an independent outside judge recommended one, into the deaths of the various individuals that, it was put to them, required particular investigation because of the collusion of the security forces.

A year later, a Canadian judge, Mr. Justice Peter Cory, was appointed to conduct the investigation. In April last year, he concluded that the security forces were, at the very least, aware of the plan to murder Patrick Finucane and that they failed to intervene. He recommended a public inquiry. This is what Mr. Justice Cory said about the Bill before us:

"I don't know how any self-respecting Canadian judge would be part of it in light of the restrictions on independence it would impose."

He went on to say:

"If this Act had been in place at the time to set up an inquiry I don't think that there is a judge who would take it on. Its provisions are too restrictive. Independence would be impossible."

The judge continued:

"My view of the proposed legislation is that it would be extremely difficult to have a public inquiry that would be in any way significant."

Those are all statements that he made to *The Irish Times*.

If that is Mr. Justice Cory's opinion, can the Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Tottenham, assure us that the Irish Government, who are a party to the Weston Park agreements and who agreed to Mr. Justice Cory's appointment, are satisfied that the terms of the Bill fully meet the undertaking that they gave to the participants at Weston Park? A straight yes or no from the Minister would be welcome.

It is important to understand the background to the Bill. Following the conviction of Mr. Barrett, my right hon. Friend the Secretary of State for Northern Ireland came under considerable pressure. It had been the Government's policy that they could not hold any public inquiry into the death of Mr. Finucane until all outstanding criminal matters had been disposed of. Mr. Justice Cory did not accept that, but nevertheless that is what happened. When Mr. Barrett was convicted, my right hon. Friend the Secretary of State finally announced an inquiry into the Finucane killing that month.

Everybody expected that the inquiry would be held on the principles of the Tribunals of Inquiry (Evidence) Act 1921. However, my right hon. Friend immediately qualified the announcement by asserting that the inquiry could be established only after the passage of the Bill before us, which would guarantee that the inquiry would hear most of the important evidence in private. What degree of public confidence is created by reluctantly conceding an inquiry and immediately qualifying its openness and transparency?

I should compliment the Finucane family on their astounding dignity and determination. Their grief at losing a loving husband and father has been compounded by the duplicity of those who are ultimately accountable for his death, by the failure to uncover the truth, by the failure to bring those responsible to justice and by the refusal of the intelligence and security forces to bring their operations under democratic control or behave according to the rule of law. That must have been an enormous additional weight on their emotions, which the family could well have done without, when all they were asking for was the application of the rule of law.

I should at the same time compliment my colleagues in the SDLP on their tenacity in continuing to pursue the matter of the Finucane, Hamill, Nelson and other inquiries over a long time until they eventually received an undertaking from the Prime Minister.

When the Public Administration Committee set out to examine the options for reform of the antiquated patchwork of legal provisions for public inquiries, I doubt whether my hon. Friends and other colleagues could have imagined the minefield that they were walking into, where the James Bond world of Robert Nairac meets the despicable trade of Dirty Harry. I pay tribute to the work of the Committee and the care with which it considered the role of the public inquiry in providing a critical component of the framework of checks and balances that is required for effective government and democratic accountability.

I recognise the quality of the evidence given to the Committee by Members of the House of Lords and others who were able to reflect upon and draw lessons from their own experiences of chairing some of the most important and influential inquiries of the past 40 years. Their lordships' considerations on public interest stand in stark contrast to the narrow and defensive framework of the Bill.

I refer the House to the correspondence between the Under-Secretary of State for Constitutional Affairs, my noble Friend Baroness Ashton of Upholland, and Lord Saville of Newdigate. I shall not examine all the minutiae of the correspondence, partly because of the time that would be required, but with regard to the Bill, Lord Saville wrote:

"As a judge, I must tell you that I would not be prepared to be appointed as a member of an inquiry that was subject to a provision of this kind"—

That is a reference to clause 17. He continued:

"This is because I take the view that it is for inquiry panel itself to determine these matters, subject of course to the right of those concerned to challenge in court any ruling that it may make or refuse to make."

That was in his letter of 26 January. There was a full and detailed reply from my noble Friend, but on 23 February Lord Saville wrote back:

"Once again, may I thank you for . . . addressing in detail my concerns. Sadly, they remain and accordingly I have decided to make them public."

When my hon. Friend the Minister replies to the debate, can he tell the House whether Lord Saville, who has great experience of inquiries, is now completely satisfied as to the contents of the Bill and has no lingering problems with it? If requested, and subject to the approval of the Lord Chief Justice, would Lord Saville agree to chair another inquiry, if the present one has not wearied him a little of public inquiries?

Two questions arise. Does the legal framework for public inquiries need to change? The answer is yes. Does the Bill answer that requirement? I think that it does not.

In the confused history of the powers of different Departments to initiate inquiries, an inquiry under the 1921 Act was the gold standard, despite all the problems associated with it. Under the 1921 Act, the proposal for an inquiry had to be endorsed by both Houses of Parliament—Parliament was involved. Such tribunals were equipped with powers to summon witnesses and demand evidence, and reluctant Ministers and officials could be charged with obstruction. Such an inquiry was chaired by a distinguished judge in order to establish its independence and guarantee its authority.

The Bill will take the initiative away from Parliament. It will allow a Minister to pick his own tribunal chair and instruct the tribunal chair on how to regulate access to the inquiry and whether to exclude the public. It will allow the Minister, or change of Minister, to step in and alter the structure or even the terms of reference of an inquiry. It will allow a Minister to suspend an inquiry or terminate it before completion, and a Minister could also limit—censor—publication of the inquiry report. It will give a Minister powers to dismiss and replace a tribunal chairman on a number of grounds, including that of a difference of opinion about the interpretation of the terms of reference.

It is little wonder that many distinguished judges have raised the question whether they would serve on an inquiry established under such legislation, believing that such an inquiry might be compromised from the outset—Mr. Justice Cory concurs with that assessment. It is true that the ever-evolving effectiveness of judicial review and the monumental protection of the Human Rights Act 1998 provide a safeguard against ministerial abuse, unreasonableness and arbitrary decision making that would have been undreamt of by the legislators who framed the 1921 Act. That is welcome, but it is still a long and cumbersome procedure to go to Strasbourg, despite the incorporation of the ECHR into our legislation.

When the Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Shipley, introduced the Bill, it was regrettable that he did not refer to the severe concerns of the Joint Committee on Human Rights, of which I am honoured to be a mem[illegible]r. The Committee raised many real problems about the Bill, which the Lord Chancellor's long and detailed reply did not completely overcome.

It is surprising that the Bill does not offer more. It has little to say about the public interest, openness and transparency, the human rights framework within which it will operate and, in particular, the role and rights of victims. It has been introduced because the intelligence services fear an open inquiry into the murder of Pat Finucane held under the 1921 Act. That concern reflects not a need to protect agents at risk, but a desire to prevent the intelligence services' operations and methodology from being subject to public scrutiny, which is not the right way in which to assist victims of criminal activity in which agents of the state are implicated and to which successive Governments have turned a blind eye. That is not the right way to address truth, recovery and reconciliation in Northern Ireland or to approach legislation, and I see no reason further to delay an inquiry into the death of Pat Finucane. The Bill has been rushed because of the death of Pat Finucane. It should be withdrawn, and the next Parliament should consider the matter, because there is no immediate demand for a major Bill on inquiries.

The Joint Committee on Human Rights has produced a substantial report, which I recommend to those hon. Members who have not read it. In particular, it draws attention to our obligations under the ECHR. It is a tragic reality that many of the most pressing circumstances leading to the establishment of a public inquiry involve the loss of life of an individual or of a group of individuals—sometimes the number of victims is very large. A civilian police investigation and a coroner's inquest may provide an adequate remedy for the families of those who have died, but in many instances, the call for a public inquiry is a result of the failure of the established mechanisms to provide that remedy. Where that is so, the jurisprudence of the European Court is clear that the procedural requirements that it has established for the conduct of an effective investigation will apply to the tribunal itself.

Article 2 of the convention covers any investigation into the loss of life. My hon. Friend the Member for Newry and Armagh (Mr. Mallon) has already given the conditions that must be met in order to satisfy its requirements, so I will not go into them any further. Article 3, on torture and inhuman or degrading treatment, may also be involved, as may article 6 on the right of a fair trial, which in this context means the proper holding of a tribunal and the degree to which an inquiry can attribute guilt and blame and recommend bringing those responsible for events or actions to justice and to trial. That element is lacking from the Bill.

This Bill has been pushed through not to establish a proper inquiry system, which we do need and requires proper examination and consideration in light of the important report by the Committee chaired by my hon. Friend the Member for Cannock Chase (Tony Wright), but to try to deal with the case of Patrick Finucane, which could have been adequately dealt with under existing legislation. It is being done in this manner not to bring justice but because the Government—who were not responsible for the circumstances and were not in office when the events took place—are worried that a stone might be unturned and the worms, filth and dirt that might be revealed are such that they want to keep

[Mr. Kevin McNamara]

them covered up. That is not the right way to purge these excesses from our system. I believe that we can go back to the ideals of democracy, openness, transparency and the rule of law that first brought me into this House nearly 40 years ago.

3.47 pm

Mr. Kelvin Hopkins (Luton, North) (Lab): I am pleased to have an opportunity to speak in this debate and to follow some very good speeches, particularly the tour de force by my hon. Friend the Member for Cannock Chase (Tony Wright), who chairs our Select Committee. I do not need to say much, because I agree with everything that he said, but I will have my few minutes.

I feel privileged to be a member of the Public Administration Committee and to be able to make a modest contribution to it. That is one of the most valuable things that I do in this place. It does some splendid work. I believe that our report on inquiries was first class, and I pay tribute to those who drafted it.

Having listened to the many witnesses whom we interviewed, I have come to the view that inquiries are even more valuable than I thought when we started. They are an immensely valuable part of our political life and make a great contribution to improving the quality of our debate and information about what happens in our society. They lead to significant improvements in the way in which we run things by illuminating dark corners and exposing important truths that we should know about even if we may not want to. They lead to better policy making and help us to avoid repeating the mistakes of the past. I was impressed with many of the inquiry chairs and officials whom we met—including Lord Laming and secretaries Dr. Tim Baxter and Mr. Alan Evans—and interested in what they had to say. However, there are problems with inquiries. They do not often arise, because most inquiries do not directly impinge in any way upon a Government, who can happily set them up because they will not rebound on them.

My hon. Friend the Member for Cannock Chase mentioned Sir Michael Bichard in the context of the spectrum and continuum of types of public inquiry. At a Public Administration Committee meeting, I said that I did not believe that there was so much a continuum as two distinct types of inquiry. One might be considered "other regarding" from a Government perspective, in that a local authority or hospital trust might be in difficulty, whereas the other affects Government.

When inquiries affect Governments—an extreme example is the Hutton inquiry—they become politically controversial. We experience difficulties with that sort of inquiry. My hon. Friend the Member for Hull, North (Mr. McNamara) and the hon. Member for Newry and Armagh (Mr. Mallon) detailed some of the problems with such inquiries.

The Government should accept that sometimes life will be difficult for them and not resist too strongly inquiries that will cause them discomfort. Indeed, in my political life, I try to engineer opposition to what I say when I discuss issues because I learn a more precise truth only when I encounter opposition. If I try to surround myself with people who simply agree with me, I will not be an effective or valuable member of the political fraternity.

One of the strengths of British Governments in the past has been the existence of institutions that challenge them to an extent. We have had strong trade unions and local government, and a strong independent civil service. We have had what is called political pluralism. That is valuable, especially in our political system, which tends to centralise power. When I was a student some 40 years ago, there was a book by F. W. G. Benemy called "The Elected Monarch", about the British Prime Minister and how powerful he was. If it was true then, it is much truer now, after several more Governments of both parties. Downing street has aggregated more power than ever and Parliament has been sadly downgraded. Indeed, we might say, in Walter Bagehot's terms, that we have become more the decorative than the effective part of the constitution. That is not right. We live in a democracy and the House should have more power relative to the Executive. That may be uncomfortable and disagreeable for Government, but it is better for the people and ultimately better for the Government. Sometimes Governments get it wrong and they should accept that.

Unfortunately, Governments of both parties appear to believe that the dialectical debate has been resolved and that all truth now resides in Downing street. That is not so and we must constantly challenge, argue and debate matters. We should debate them in the House, not simply be told what to do and follow the decisions of a small number of people, who believe that they know what is best for us all. Even if I were in their position, I hope that I should want to be challenged.

The Bill should more closely resemble the Select Committee's recommendations, give more power to Parliament and provide for more openness. That would be a great improvement but, unfortunately, once Governments get into power, they do not like to give their power away. When they are in opposition, they say, "We want more democracy, more openness and more debate in the Chamber", but when they get into power, they say, "Oh, it's a bit difficult in this particular case." Within months, if not weeks, they have changed their view on some subjects and want to retain the powers that the previous Government held.

Looking back to the 1960s and 1970s, we had a relatively collegiate form of government rather than prime ministerial dictatorship. The Cabinet genuinely discussed matters. I understand—I was not a Member of Parliament at the time—that papers were presented to the Cabinet and open discussions ensued. One gets the feeling that that is no longer the case and that Governments do not welcome a challenge in the way that they once did. I believe that the change will come from the Labour party rather than the Conservative party, but I should like our Government to say, "Let's release the reins of central power in Downing street a little. Let's have a little more discussion and collegiality. Let's give Parliament a little more independence. Let's accept a bit more challenge from public inquiries and let's accept that the chairs of those inquiries will be able to publish information without necessarily going through a Minister." That would be healthy for our politics and our political institutions.

That would have to be done voluntarily and it would take a brave leader, a brave politician, a brave Prime Minister to do it. They would inevitably be giving away some of their own power and, in politics, power is what it is all about. We do not like to give it away. However, it would be much better if we did, and the Bill could provide an opportunity for a Government—our Government, I hope—to give away a little more power from the Executive to the legislature and, indeed, to the electorate whom we serve. I shall not necessarily serve on the Bill's Committee, but I have one or two amendments that I hope to table through colleagues in Committee, and I hope that they will be accepted.

We have a job to do now, and that is to persuade the people of Britain that we are genuinely trustworthy and open, that the Government represent what people think and want, and what is in the people's interests, and that they are not just about the concentration of power in the hands of a small number of people who think that they know what is best for us. We have drifted too far in that direction for too long, and I want that drift to be reversed. The Bill could provide an opportunity to move in the other direction, and I hope that the Government will take that opportunity.

3.56 pm

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): It is a great pleasure to follow so many serious and measured contributions to this important debate. The Bill is a slim volume, but it is an important document not only for Parliament but for many of our constituents, who look to public inquiries to give them the answers that they cannot get from any other source. It is therefore important for us to get this right.

I welcome the fact that the Government are presenting the Bill as a consolidation measure, but many of the hon. Members who have spoken this afternoon seem to be asking for more than that. Many have welcomed the fact that the Bill clarifies the law, and that it will tidy up untidy pieces of legislation that do not work well together to facilitate public inquiries, especially complex ones such as the inquiry into the death of Victoria Climbié. However, many of us, while supporting that degree of consolidation, also want more clarity about the role of Parliament and the power that we have, as Members, to raise issues on behalf of our constituents and to push for public inquiries. Some of us also hope that the establishment of public inquiries will be easier to achieve under the Bill, because our constituents want answers on many issues.

Concerns have been expressed about the increasing power that the Bill will place in the Government's hands. Consolidating the different pieces of legislation perhaps emphasises the fact that Ministers have always taken decisions, but those decisions have now been outlined with much greater clarity in the Bill. The Bill proposes to place the control over inquiries into the hands of the Government. Ministers will be able to appoint the chair of an inquiry without any consultation, and they will also be empowered to dismiss and replace an inquiry chair. They will be able to decide in advance whether to regulate or prevent public access to an inquiry. They will also be empowered to vary the structure and terms of reference, and decide whether to limit the publication of the inquiry report. They will be able to suspend or terminate an inquiry before it ends, and to decide that an inquiry should not attribute blame. That is a long list of powers, and we should consider carefully the impact that they will have on those of us who have supported our constituents in asking for public inquiries. Our constituents are not interested in how this legislation helps Parliament; they want to know how it helps them to get answers.

There are particular issues that I want to use as touchstones to discover how the Bill will help individuals. I make no apologies for that, because if we did not refer to real people and real cases we would be discussing legislation in a vacuum. All too often, we can pass legislation without realising what implications it might have for our constituents, so, if you will allow me, Madam Deputy Speaker, I want to mention two particular areas.

First, I chair the all-party Myodil group. Myodil is the commercial name for a drug that was injected into the spines of hundreds of people to act as a contrast agent so that clinicians could more clearly see the results of X-rays so as to determine whether the patient had a particular illness. That drug was enormously toxic. People who had myelograms then found that they suffered from a very painful condition called adhesive arachnoiditis.

Glaxo Wellcome withdrew the drug in 1987. There was then a court case, but many individuals who had undergone myelograms were excluded from it. Since then, they have been campaigning for a public inquiry. It has to be said that Governments of both parties have denied them that—because, they say, there was a court case, regardless of the fact that many people were not involved. They also say that the way in which drugs are monitored and licensed for use has changed. That is true, but they have left hundreds of people still wanting to know why they had an injection that they were not warned contained a toxic agent that may not have been essential for their treatment. They are suffering pain. More importantly, they are finding out much more about that drug—more than was known years ago. For example, they have found out about how other Governments reacted to it.

These people still want answers; they want a public inquiry. I have constituents who suffer and are asking me to support them. I get the same response from Ministers as Ministers have given over the past 10 years or more. So, for me, the question is: how can this Bill help? The Minister will still be making a decision. Will he or she make that decision on the same grounds as Ministers have in the past? This is not in the Bill, but will it have guidance attached on the rules within which Ministers will agree, or not agree, to a public inquiry? Will Ministers take into account issues that may have arisen many years ago, on which people still want justice, and still want answers?

The second example that I want to mention has already been raised by the hon. Member for Montgomeryshire (Lembit Öpik)—the Deepcut campaign. As the hon. Gentleman well knows, I support the families involved in the Deepcut and Beyond campaign, so I raise again the point about terms of reference that I made in an intervention on the Minister. The Deepcut and Beyond families have been campaigning for many years. There has been a good

[Mrs. Joan Humble]

deal of publicity about the four tragic deaths at Deepcut barracks, but my constituent died not at Deepcut but at Catterick. He was not a young trainee.

All the debate in the media has been about how the Ministry of Defence looks after young trainees and its duty of care. The very interesting Defence Committee report published yesterday concentrated on young trainees. The issue for many of the Deepcut and Beyond families, however, goes beyond Deepcut and beyond training. In asking for a public inquiry for the Deepcut and Beyond families' campaign, I therefore have real concerns that without involvement by the victims of the issue which is to be the subject of the inquiry, the terms of reference will not satisfy people, and calls will continue for public inquiries to pick up on matters that the original inquiries did not cover. Deciding the terms of reference is therefore important.

I am concerned that the Bill does not require the Minister to consult others but leaves that to his discretion. How will he use that discretion? My hon. Friend the Under-Secretary, when he sums up, might say that every case is different, that some cases will be clear-cut, that the Minister will be able to consult the inquiry chairman, and that that is a fairly narrow issue. All too often, however, there are victims and families who want to be consulted, and that is not mentioned anywhere in the Bill. Those victims and their families are our constituents, so we have a responsibility to be their voice in this place and to demand that that voice is heard.

Lembit Öpik: I have listened with great interest to the hon. Lady's comments about Deepcut and Beyond and put on record my appreciation of her work on the issue, with other colleagues, on a cross-party basis. Does she agree, however, that the problem is that the terms of reference are so much in the hands of the Minister that even with this new Bill, as it stands, there is a danger that a public inquiry would be limited to too narrow a remit? Therefore, the inquiry might not get to the answers that the Deepcut and Beyond families require. Does she agree that we are looking for some assurance from the Under-Secretary that the Government are willing to discuss these issues in Committee to ensure that this legislation contains genuine added value for the people who matter most—the general public?

Mrs. Humble: The hon. Gentleman has taken the words out of my mouth, as I was going to urge that on the Under-Secretary. In any inquiry that is set up, it is vital that the terms of reference are right. With an issue as complex as non-combat deaths, it is vital to have clarity. As more and more service families learn of the Deepcut and Beyond campaign, they are coming forward with a wide variety of experiences. It will therefore be difficult to decide where the cut-off point should be, but there must be a cut-off point, as no inquiry can be open-ended. It is vital, however, that those with a genuine cause should not be excluded because the terms of the inquiry are too narrowly defined—because it might be in the best interests of the Department concerned so to define them. We must make sure that if a thread runs through events, that thread runs through the inquiry, too.

The Under-Secretary should be aware that the call for a public inquiry has been supported not only by the families of the young men and women who have died in non-combat circumstances but by 240 Members of Parliament. That should not just be brushed to one side—and that brings me back to my earlier point about the circumstances in which a Minister will listen and take into account such overwhelming calls from the public and Members for an inquiry.

As I said earlier, I hope that this Bill will not just be a consolidation but will enable inquiries to have more powers and to be more clearly focused. I am pleased that clause 22 gives the chairman of an inquiry power to compel people to come forward and give evidence, but I note that the exemptions in clause 23 are based on satisfying the test for civil proceedings. What happens if some sort of criminal liability is being discussed? I worry that evidence will not be given to the inquiry because people fear criminal prosecution, and that therefore much of the evidence given will not satisfy those who have called for it.

Like others, I read with interest the recommendations of the Joint Committee on Human Rights. The report referred to the issue of how inquiries deal with deaths, especially deaths falling within the ambit of article 2 of the European convention on human rights. A public inquiry is clearly not a court of law, but we must ensure that we get right not just the terms of reference but the powers of the inquiry; otherwise, we shall not secure the justice that so many of us want.

Clause 2 is entitled "No determination of liability". While many members of the public believe that an inquiry should determine who is to blame for what has occurred, the explanatory notes to the Bill state:

"The aim of inquiries is to help to restore public confidence in systems or services by investigating the facts and making recommendations to prevent recurrence, not to establish liability or to punish anyone."

Although many of those calling for inquiries might not want people to be punished, they certainly want some indication of liability.

On Second Reading in the House of Lords, Lord Laming said:

"if a train crashes because the driver has gone through a stop light and he is then proved to be drunk while on duty, I would expect the blame to be stated very clearly".—[*Official Report, House of Lords*, 9 December 2004; Vol. 667, c. 1004.]

That is patently obvious. There will be inquiries when liability should be apportioned to those who are plainly liable. If other proceedings need to be brought as a result, or indeed have already been brought, that will be an issue for the courts. However, those who are asking for justice, as the Deepcut and Beyond families are, want an inquiry that will look into exactly that sort of issue: who is liable?

Mr. McNamara: Article 2 of the convention requires blame to be apportioned. I do not understand why, having incorporated the convention in our domestic law in 1998, we are now introducing legislation which I venture suggest will be used—almost certainly, in the Finucane case—to deal with causes of death, and trying to cut out the responsibility conferred by article 2. If we do that, the families will be off to Strasbourg again.

Mrs. Humble: As always, my hon. Friend makes a very interesting point. I refer him to clause 2, and I hope

that questions will be asked about the issue in Committee. Certainly, according to the explanatory notes, it is not part of the Bill's purpose to determine liability. There has to be some answer to this issue, because otherwise, when a constituent writes to us asking us to campaign for a public inquiry and we secure such an inquiry, they will say, "It didn't give me the answer I wanted." If an inquiry is not going to provide answers, why set it up? Inquiries have to be set up with the right terms of reference and the right powers, and they must determine the truth of what happened. They must accord justice to those who demand it, and make sure that lessons are learned from what went wrong.

Will the Bill help or hinder those who wish public inquiries to be held into issues of great importance to them and to the country? How will the Minister and his colleagues in various Departments respond to calls for such inquiries? If the Bill makes the process simpler and more transparent, it will have wholehearted support. Clearly, there will be instances of frivolous demands for public inquiries, or of demands that can be addressed in other ways, such as through the judicial system. However, many people are making genuine calls for inquiries, yet such calls are dismissed year after year. With each passing year, more evidence is produced, yet those calls are still dismissed.

The time has come when the Government must address these issues seriously and clearly. The time has come for them to tell us and our constituents, "These are the rules within which we are working. Some issues are not suitable for public inquiries, but others clearly should be. We have now introduced a simpler, clearer system, with guidance and rules that will help you and your constituents to get the answers they want." If that is what this Bill does, it has my wholehearted backing. I have a feeling that it will be examined in great detail throughout its passage, and I sincerely hope that by the end of that process, it will answer those questions and satisfy the majority of Members and our constituents.

4.17 pm

Andrew Mackinlay (Thurrock) (Lab): I will try to avoid detaining the House for long because I know that there are many others who want to speak; indeed, I am very conscious of the request, which Mr. Speaker makes from time to time, that we take such factors into consideration.

Before I comment on the Bill's content and the supporting documents listed on the Order Paper, I want to draw attention to the fact that this Parliament has well over two years to go. Notwithstanding that, I cannot help feeling that my hon. Friend the Member for Hull, North (Mr. McNamara) and the hon. Member for Newry and Armagh (Mr. Mallon) may not catch Mr. Speaker's eye many more times during this Parliament. Their speeches this afternoon were an extremely important contribution to our consideration of the Bill, but they also reflected their great contribution to Parliament.

It is true that I have not always seen eye to eye with my hon. Friend and the hon. Gentleman, nor they with me, but I want to place on the record my appreciation—it is shared by other Members—of the courage shown by the hon. Gentleman over many years, and of his contribution to this House. I say that unreservedly and from the bottom of my heart, despite past comments that I might have made, or my past trespasses on certain matters relating to his party. Of course, the same appreciation is also due to my hon. Friend, who has helped me at every stage—both since I have been in Parliament and before. I hope that all Members present concur, and that they will want to be associated with those remarks.

The Bill is, on the face of it, a satisfactory and prudent piece of legislation, but as I said in my intervention earlier, the test will be whether it alters the culture of the present or subsequent Governments in respect of openness and allowing oxygen in for a full examination of the problems or alleged scandals that arise from time to time. During my period in the House, I have felt frustrated that Parliament is not always fulfilling its role of providing adequate scrutiny of legislation and that Governments are not as open as they should be in a democracy.

I was particularly aware of that problem after Labour came to office in 1997. The Foreign Affairs Committee clearly had a duty to probe the reasons for the deployment of British troops in Sierra Leone, particularly in connection with what became known as the Sandline affair. It posed the important issue of the interface of Her Majesty's Government and British armed forces with mercenary forces. It is a shame, but the Government immediately assumed that anyone who wanted to inquire into the affair was necessarily opposed to them. That was not the case. I have always taken the view that it is Parliament's duty to know what is going on, particularly when our armed forces are being deployed in potential conflict situations, and certainly when they are dealing with mercenary soldiers. Yet the Government—and, I have to say, Sir John Kerr, who was in charge of the Foreign Office at that time—put every obstruction in the way of the Foreign Affairs Committee. Speaking for myself, the more they tried to obstruct us, the more determined I was not to be thrown off.

All that led to a fraught situation. It poses a problem that the hon. Member for Montgomeryshire (Lembit Öpik) and my hon. Friend the Member for Cannock Chase (Tony Wright) mentioned earlier. When we go into our Select Committees, we try to leave our party politics at the door, but we are creatures of political parties. I certainly found, in dealing with the Sandline affair and then again with Iraq, that considerable disagreement and some unpleasantness broke out in Select Committee between people who were otherwise and hitherto colleagues in the same political party.

I shall return to the matter in greater detail later, but I believe that the proposal advanced by my hon. Friend the Member for Cannock Chase, who chairs the Public Administration Committee—that there should be some form of parliamentary commission—is highly commendable. I hope that the Government will accept some amendments to accommodate that proposal in Committee.

Since the Iraq war, we have encountered from the Prime Minister downwards—no doubt it has also appeared in briefing notes that are issued from time to time—the argument that goes, "What's the problem with Iraq? We have had four inquiries and nothing suspect has been found." I do not want to stray into debating Iraq, Madam Deputy Speaker, but the

BEST COPY AVAILBLE

[Andrew Mackinlay]

inquiries are relevant to our debate. Of course, the Prime Minister and others who make that sort of point are overlooking a number of things. They pray in aid four inquiries. One was carried out by the Foreign Affairs Committee, of which I am a member. It and I were subjected to considerable criticism for the way in which we pursued our inquiries. On another occasion, I would be prepared to explain and elaborate all the circumstances—*[Interruption.]* It was flawed, partly because of the Government's reluctance to collaborate in the early stages. I have to say that many of my colleagues, whom in every other respect I consider friends, were bitterly opposed to our inquiry.

From my experience of the Sandline affair and Iraq, the question of whether or not the Select Committee should hold an inquiry and what it should inquire into was not just a matter of one vote. Whether the inquiry would be sustained depended on vote after vote after vote. Some wanted to close the inquiry and some wanted to stop inquiries into particular aspects of the subject.

I return to the proposal for a parliamentary commission of inquiry, which could take out that tension and cause of bad blood between friends and party colleagues, not to mention other parties. It will be different if just one vote is necessary to establish a commission on a particular subject, rather than depending on division after division, sometimes week after week, in order that an inquiry can be sustained. Then, of course, one sometimes feels aggrieved, as I have felt when I have been unable to command a majority. I have also felt aggrieved when party colleagues have accused me of voting with the Conservatives. That is deeply offensive. I have nothing personal against our Conservative colleagues, but they will understand that that accusation is hurtful. It has been made on a number of occasions, and I dismiss and resent it, as every time I was voting in favour of holding an inquiry. At the very least, adopting the Select Committee's recommendation will mean that the incidence of such unpleasantness will be greatly diminished.

The Prime Minister has also referred to the Security and Intelligence Committee. As I have said in the Chamber many times, that is nonsense. That Committee is appointed by the Prime Minister, who heads the security and intelligence services. It is true that the scrutineers are Members of Parliament, but they are not appointed by this House. The Committee does not use House of Commons Clerks, and its meetings are so secret that Committee members blush when one intercepts them waiting for the white van that takes them to meetings from the taxi rank in New Palace Yard, and asks them where they are going. They are petrified about telling people that they are going to a meeting of the Security and Intelligence Committee at the Cabinet Rooms. The Security and Intelligence Committee's members are obsessed with secrecy, but its reports are prayed in aid as examples of openness.

Another such example is the Butler inquiry, which was not granted from the outset but was rather extracted from Government. In contrast, the Hutton inquiry was appointed on the Government's initiative, but without consultation with Parliament. People should not dismiss that extremely important point. Mr. Speaker was not consulted and neither was Parliament, even though the Hutton inquiry had important ramifications for Parliament's independence.

Our Bill of Rights has its flaws and deficiencies, but one of its strengths is that it acknowledges that Parliament is supreme. That principle has been translated to constitutions in north America and around the world. We have exported our parliamentary institutions, yet the Hutton inquiry was the first to look into this House's conduct and stewardship of inquiries. Hutton is a judge, but my hon. Friend the Member for Cannock Chase was right to distinguish between inquiries headed by judges and judicial inquiries. The difference is substantial.

The Hutton inquiry was not judicial. Its principal term of reference was to deal with matters expeditiously. It is always dangerous to tell the person presiding over an inquiry to make sure that it is completed quickly. I wish that Lord Hutton had said that he would not be told by the Government at what speed he should conduct his inquiry. The inquiry included no provision for cross-examination other than in the most narrow sense. Only some people could cross-examine witnesses. Information was not fully disclosed. I made a written submission to Lord Hutton and, to my surprise, it remains secret and outside the public domain. Many other submissions remain secret. In addition, I and my colleagues were not able to make opening statements. The Clerk of the House of Commons wrote to Lord Hutton to remind him of the rights of Parliament under the Bill of Rights, and that this place has comity with the courts.

In retrospect, I believe that the status of Parliament should have been made clear, and I hope that that will happen in future. Although I have got into trouble before for saying so, I repeat that I believe that this is the high court of Parliament. We need to safeguard that status jealously. To do otherwise would be foolish in the extreme, for Parliament and for the constitution of our parliamentary democracy.

Tony Wright: On the Hutton inquiry, did my hon. Friend notice that the Committee's report expressed great reservations about judges sitting alone? We recommended that, routinely, they should sit with other panel members. We pointed out that if Lord Hutton had sat with a media expert and an expert in the machinery of government, it is likely that his findings would have been substantially different.

Andrew Mackinlay: I agree. I have an open mind about such matters, but the inquiry was flawed because the judge accepted the time scale in which he had to conduct his inquiry and that inevitably led to less than full disclosure, less cross-examination and few opening statements. I do not relish saying that the Hutton inquiry findings are deemed to be flawed. The proposition of my hon. Friend the Member for Cannock Chase is eminently sensible. We must look at the matter more critically before the Bill receives Royal Assent.

I came into politics and became an avid reader of *Private Eye* when the world first heard of Lord Denning. My hon. Friend would probably not have been elected in the great Hull, North by-election but for what flowed from the Profumo case and the humbug of the Denning

inquiry in 1963. He was elected in 1966 in the wake of the bumbling, nonsense and humbug of that period. That was exemplified by the way in which the Denning inquiry met, which was in private.

Mr. McNamara: I thank my hon. Friend for his kind words. I was elected because we had a brilliant Prime Minister and a brilliant Government who survived for 18 months with a majority of only three and introduced great and positive reforms that people rejoiced in.

Madam Deputy Speaker (Sylvia Heal): Order. I remind hon. Members to speak to the Bill under discussion.

Andrew Mackinlay: Indeed, Madam Deputy Speaker. You will notice that Lord Denning's report is referred to in the report of the Public Administration Committee.

My hon. Friend is correct. He was elected because of the great prudence of Harold Wilson, who pursued the then Conservative Government for setting up a committee of inquiry that sat behind closed doors. It was headed by a judge whom Mandy Rice-Davies referred to as a sweetie.

The parliamentary commission of inquiry commends itself to me. The Transport Committee adequately deals with inquiries on matters such as the location of airports. The Foreign Affairs Committee adequately considers our overseas missions and so on, but it also considered Sandline and why we went to war in Iraq. It can consider the broad issues relating to the war against terrorism, but we are not detectives. The Sandline and Iraq cases involved the Government, security forces and bitter opinion on both sides. It was difficult for us to probe adequately because that is not our function. However, uniquely in Parliament, the Public Accounts Committee can do that because it has the valuable tools of the National Audit Office and the Comptroller and Auditor General.

As I read the Public Administration Committee's report and its recommendations, it believes, as I do, that when Select Committees deal with what my hon. Friend the Member for Cannock Chase and the hon. Member for Montgomeryshire referred to as highly charged political issues, there should be pre-examination by the equivalent of the National Audit Office and the Comptroller and Auditor General who can be a detective and caution witnesses, Ministers and Departments. With the need for candour and full disclosure, that can be done behind closed doors.

The painful experience of the past two years has persuaded me that cameras should not be allowed in courts and inquiries where rigorous examination takes place. Pre-examination would take place behind closed doors. The Committee would receive a report from those who carried out the investigation, as the Public Accounts Committee does. That is what happens in the US. Then, the Committee could deliberate in public and in private and produce its report on the detailed findings obtained by the examination officer on behalf of Parliament. That would be fairer to witnesses and there would be fewer cover-ups, whereas at the moment we see many cover-ups on fraught, highly charged political issues. It would be a great step forward and I hope that the Minister has an open mind on the issue.

Mention was made by my hon. Friend the Member for Pendle (Mr. Prentice) of the Osmotherly rules. Until they are clarified, we will always have people such as Sir John Kerr trying to use the Osmotherly rules to obstruct witnesses from Departments appearing before Select Committees. We need to tackle that problem, but the proposals by the Public Administration Committee may alleviate the tensions that have occurred when Committees have demanded that civil servants should appear before them.

I was interested to see that clause 36, entitled "Offences", states:

> "A person is guilty of an offence if during the course of an inquiry he does anything that is intended to have the effect of . . . distorting or otherwise altering any evidence, document or other thing . . . or . . . preventing any evidence, document or other thing from being given . . . or . . . intentionally suppresses or conceals a document".

And it continues. However, a few months ago, the House of Commons—foolishly, in my view—voted to do away with Sessional Orders that encapsulated those offences. That was a big mistake and I hope that we will revisit the issue. A culture has developed in which it is felt to be wholly legitimate to mislead or to fail to make full disclosure to parliamentary Committees. More worryingly, it is seen as perfectly proper for employers and managers, in both the public and private sectors, to lean on witnesses so that they are not candid with parliamentary Committees. It is amazing that we decided to do away with the Sessional Orders, which made it a high crime and misdemeanour to lean on another person to be less than candid before Parliament. I would like to table an amendment in Committee to extend clause 36 to Parliament, bearing in mind that we have comity with the courts and we are the high court of Parliament.

4.38 pm

Mr. Gordon Prentice (Pendle) (Lab): It is always an education to listen to my friend the Member for Thurrock (Andrew Mackinlay), who is an expert on these constitutional matters. I wish to apologise to you, Madam Deputy Speaker, and to the House for my absence during the opening speeches: I was called away urgently.

We have covered a lot of ground this afternoon. As my friend the Member for Cannock Chase (Tony Wright) said, the Bill is a consolidating measure. It draws attention to an important part of our constitution. As he told the House, our report states that

> "inquiries play an important role in the public life of this country . . . they deserve to be taken seriously."

Sometimes they are not taken seriously, however. They come in all shapes and sizes and each inquiry has its own story to tell.

We have heard several times this afternoon about Lord Saville and his inquiry, which has been grinding on, year after year, since 1998. It has cost £155 million, and I heard some talk from the Opposition that the true figure could be £250 million. We heard that the opening speech—the opening speech!—was 42 hours long, or was it 42 days long? It was astonishing.

Mr. Mallon: One of the difficulties with the Saville inquiry was that it had to undo the faulty inquiry chaired by Lord Widgery. There was a danger in having reached a faulty conclusion through a faulty inquiry—the infamous Widgery inquiry—so the Saville inquiry's first business was to undo that. Secondly, there was an inordinate number of requests from the Ministry of Defence for judicial review, at enormous expense and waste of time.

Mr. Prentice: I do not want to get bogged down in Saville. Saville is already bogged down in Saville. The Widgery inquiry was convened rapidly and reported quickly. Saville may be trying to right wrongs, but what is the purpose of an inquiry that takes eight or more years to report? As I said to Lord Hutton, in the long run we are all dead, and that includes judges. It asks a lot of the judiciary that they should give up eight or nine years of their lives to inquire into matters.

As we have heard, the Bill repeals the Tribunals of Inquiry (Evidence) Act 1921 and removes the statutory role of Parliament in establishing some inquiries.

Lembit Öpik: Just before we leave the Saville inquiry—I hope for good in this debate—does the hon. Gentleman accept, in defence of the Government, that the Saville case is exceptional? Much as I should like to think that we could find legislation to resolve such things, as I said in exchanges with the hon. Member for North-East Cambridgeshire (Mr. Moss), there will always be pressure and responsibility on Ministers to set parameters about what they think reasonable. The error may have been a degree of naivety by the Government in thinking that leaving the cheque book open would not have inevitable consequences.

Mr. Prentice: I understand all that. The Saville inquiry is atypical, but there are many inquiries, as we discovered in our work, that run on for two, three or four years. There should be some expedition, some sense of urgency. Some of the better inquiries do their work quickly. We heard about the Bichard inquiry into the Soham murders, with its 31 recommendations. That was all wrapped up in about six months. There are lessons to be learned from that.

I was talking about the 1921 Act and pointing out that the statutory role of Parliament in establishing inquiries will be removed. My friend from Thurrock and others have referred to Select Committees. We remember that Treasury Ministers refused point blank to attend the Transport Committee's inquiry into the London Underground public-private partnership. We remember, because my friend has just reminded us, that the Foreign Affairs Committee tried to get its hands on John Scarlett, but he would not go before a Select Committee of the House, although he subsequently appeared before the Hutton inquiry. We need to look urgently at the application of the Osmotherly rules, to give Parliament teeth. If Parliament had the same powers in practice as, say, the Hutton inquiry, it would really make an enormous difference. Lord Hutton admitted as much.

Inquiries are set up by Ministers using prerogative powers, and this will be the case after the Bill has passed. The initiative is very much in the hands of Ministers when deciding whether to hold an inquiry. My friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) spoke earlier about the Deepcut inquiry. The Minister of State at the Ministry of Defence told the House that the Government were rejecting calls for an inquiry into the deaths of the four young soldiers at Deepcut barracks—I quote from the Public Administration Committee report—by saying:

> "We cannot run the Government on the basis of pubic inquiries. They may be good for lawyers, but they are not good for the governance of this country."—[*Official Report*, 24 May 2004; Vol. 421, c. 1318.]

So the Government will not have a public inquiry into what took place at Deepcut, and to be fair, the Defence Committee, which reported yesterday—or was it the day before?—drew back from calling for a public inquiry.

Mr. McNamara: Will my hon. Friend give way?

Mr. Prentice: I do not want to get sucked into Deepcut.

Mr. McNamara: My hon. Friend makes a statement about what the Ministry of Defence will or will not do. May I point out that its original view was that there was never any problem about people committing suicide in the Army? It then said that there was perhaps a problem. Then no figures were available; then figures were available. It then said that perhaps it might look at the problem and perhaps it might not. It then suggested that perhaps an education group would look at the issue and then that it would get the distinguished barrister, Mr. Blake, to look at it. There is now the possibility of an independent ombudsman becoming involved. So the MOD can give way to pressure, and one of the important things about the House is that we should not take no for an answer.

Mr. Prentice: Indeed, but the Government sometimes take some shifting, do they not?

Mrs. Humble: Will my hon. Friend give way on that point?

Mr. Prentice: Yes, and then I must move off Deepcut.

Mrs. Humble: There is an important point to make about the MOD's response to the Deepcut and Beyond campaign by the families if the Bill is about simplifying matters and saving money. The MOD is an example of a Department that has spent huge sums on not having a public inquiry, but on holding a police investigation, and a separate police investigation to investigate the first one, on setting up an inspectorate to look at training methods, and now on setting up the Blake inquiry. It would have been a lot simpler if the MOD had set up an independent inquiry in the first place and answered the parents' concerns—then the issue would have been dealt with.

Mr. Prentice: I agree with that. The litmus test is whether there is huge public anxiety. If people are clamouring, with good reason, for a public inquiry, the Government should accede to their wishes and hold a public inquiry. Of course, we know of not just Deepcut but Gulf war syndrome. All MPs have received shoals of letters from constituents—ex-military people and

ordinary members of the public—calling for an independent public inquiry. Even when the Royal British Legion secured the services of the former Law Lord, Lord Lloyd of Berwick, that did not embarrass the Government or shame them into holding an independent public inquiry. Lord Lloyd has reported and his report has just sunk to the bottom of the pond. What people really want is a fully fledged public inquiry into Gulf war syndrome, and that wish will not go away.

There are two types of inquiry that should not be a matter for Ministers—something that is picked up in the Select Committee report—and the first type is the inquiry into ministerial conduct. Not so very long ago, Sir Alan Budd's inquiry investigated the conduct of the former Home Secretary. Sir Alan came before our Select Committee and he took us through the procedure. The phone rang. He picked it up. The permanent secretary at the Home Office was on the other end of the line and asked, "Sir Alan, are you available for this inquiry?" We were told that a number of individuals were canvassed, but it just so happened that Sir Alan was free and available, and he is a public servant with a very strong sense of duty and obligation. That was why he took it on. However, surely that approach is very ad hoc, is it not? It is amazing that a permanent secretary can set up an inquiry into the conduct of his Minister in such a way. That is why my friend from Cannock Chase says that it is better to involve the parliamentary ombudsman in matters that touch on the application of the ministerial code, which are currently the responsibility of the Prime Minister. The parliamentary ombudsman should investigate such matters. She has the confidence of the House and is an Officer of the House. She could report simultaneously to the Prime Minister and the House. Allegations of ministerial misconduct should be properly investigated in such a way.

Ministers should not be involved at all when questions are raised about the way in which they discharge their ministerial responsibilities, however they are defined. We spoke earlier about the Butler report and the controversy over the illusive, imaginary weapons of mass destruction. The Select Committee says that such matters should be investigated by a parliamentary commission. They should not be investigated by Privy Councillors who are plucked from thin air using the royal prerogative, but people appointed following a recommendation from the Liaison Committee. The inquiry would thus be rooted in Parliament itself.

Ministers tell us that such things are up to Parliament and that Parliament can do what it wants. Yes, theoretically, Parliament is sovereign—I hear that from my friend from Thurrock all the time. However, Parliament rarely gets up off its knees. Its posture is one of grovelling.

Andrew Mackinlay: It is supine.

Mr. Prentice: Yes, supine. We must construct mechanisms that translate the theoretically awesome power of Parliament into something that works on the ground. Otherwise, as my friend the Member for Luton, North (Mr. Hopkins) said, we are just a decorative part of the constitution. We should be more than that.

A few other things have troubled me, so I am going to get them off my chest. The first is the whole business of inquiries being chaired by judges. I agree with the amendment adopted in the other place that the appointment of a judge as a chair of an inquiry should be a matter of co-decision between the Lord Chancellor and the Lord Chief Justice, or another relevant leader of the judiciary. There was quite a spat about that in the other place, which led to the Lord Chancellor and Lord Justice Woolf locking horns. In the Government's response to the Select Committee's recommendations, they said that they were

"unable to accept the Committee's recommendation"

on co-decision,

"which would give the Lord Chief Justice or other senior judge a right of veto over the appointment of any serving judge."

I ask my friends on the Front Bench whether the Government will resist the amendment and try to reinstate the Bill as originally drafted in Committee. I hope that they will not, because the provision has the support of both Labour and Opposition Members.

My friend from Cannock Chase touched on the appointment of wing members. Wing members could offer advice, counsel and sometimes common sense to the person—often a judge—chairing an inquiry. That is a good idea. Lord Hutton was marvellously open and relaxed about his inquiry's conclusions when he appeared before the Select Committee. He confessed that he was ignorant of the machinery of government—I am not breaching any confidences, because this is what he told the Select Committee—and had not thought through the implications for freedom of information when he posted emails between Jonathan Powell and Alastair Campbell on the net so that billions of people around the world could see them. He did not realise that that would have a huge ripple effect and would have implications for future inquiries.

Lord Hutton also confessed that he knew little about the media. Greg Dyke was excessively scathing when he said that the Hutton report was just

"a cut and paste job".

He, along with Gavyn Davies, was one of the many casualties of the report. When major inquiries report, some people lose out—they lose their reputation and their job, and they might lose everything. It is therefore important to have a system for establishing inquiries that is as fair as possible. Judges may be skilled at ferreting out the truth and the facts, but in my experience, they need expert wing members to give them counsel. I am reminded of Lord Scott, another judge who worked alone for many years on his arms to Iraq inquiry. Geoffrey, now Lord, Howe said that Scott got lost in a swamp of detail. To this day, in my little study at home I have Scott's five volumes, but as the years pass, I find it more difficult to pick them up. It was an enormous great investigation, but there was far too much detail. I feel very strongly that it should be obligatory to give evidence on oath.

Andrew Mackinlay: Yes.

Mr. Prentice: I have support from my friend from Thurrock. The Bill says that the inquiry chair may take evidence on oath. I believe that it should be obligatory to do so. When Donald Rumsfeld went to Capitol hill to

[Mr. Prentice]

give evidence to the Senate Committee, I watched the session on television. I remember watching him raise his hand and swear that he would tell the truth according to the constitution of the United States. We should have a similar arrangement here, and people should swear to tell the truth. When Butler reported in July 2004, it was a revelation to learn that the Secret Intelligence Service withdrew its reports on chemical and biological weapons of mass destruction in July 2003 because they were unsafe. However, when John Scarlett appeared before the Hutton inquiry, that fact was not reported. From memory, the Hutton inquiry started to take evidence in August 2003, but the security people had withdrawn cover for that crucial bit of evidence in July.

It is therefore important that people give evidence on oath. When I put that to the Lord Chancellor, he conceded that people behave differently when they give evidence on oath, as they start to think differently about the consequences, which are dire for someone who lies in court. They would be equally dire for someone who lied to an inquiry after taking the oath.

Andrew Mackinlay: Is not the importance of the oath also that it provides protection to those who want to be candid with the Select Committee or the committee of inquiry, but are being leaned on by superiors? The oath not only demands candour but offers some protection to those who might feel intimidated.

Mr. Prentice: I agree, and I do not see the problem in making the oath obligatory.

The final point that I want to get off my chest before I leave the subject of Hutton concerns cross-examination. The Prime Minister gave his evidence to the Hutton inquiry but there was no opportunity for cross-examination. When I asked Lord Hutton about that, he said he did not want to give the press a field day. I paraphrase what he said, but that was the gist of it.

We do not want inquiries to run on for ever, so it is important that when they make recommendations, those are acted on and there is a follow-up, as Michael Bichard has done. His report on the Soham murders came out in June 2004, and there was a statement, I believe, from Mr. Bichard today on the progress in implementing his 31 recommendations. He tells us that senior civil servants felt that the prospect of a public review concentrated their minds wonderfully. That is a good thing.

I wish that minds in No. 10 and in the Cabinet Office were similarly concentrated. Butler made his recommendations in July 2004, and a few days later the Prime Minister said at the Dispatch Box—I was present, as we all were—that the Government

"accept fully the report's conclusions." —[*Official Report*, 14 July 2004; Vol. 423, c. 1431.]

Yet, when I asked the Cabinet Secretary last week how it was going, he said there were drafts circulating round Whitehall. It is now nine months after Butler. Whitehall seems to be spending more time thinking, ruminating and considering the recommendations than the Butler committee took to make them in the first place.

I welcome the new clause 6, which obliges Ministers to inform Parliament about the inquiry chair, the panel and the terms of reference, but astonishingly, the clause provides that the statement may be oral or written. A written statement is not good enough. I want to see the provision amended in Committee so that when Ministers want to set up an inquiry, they come to the Dispatch Box, make a statement and can be quizzed about it.

Despite these criticisms, minor though they may be, I welcome the fact that the Government have taken the opportunity to introduce the Bill. I am disappointed that Ministers did not take up more of the recommendations of the Select Committee, but I am hopeful that the Bill can be improved in Standing Committee.

5.4 pm

Mr. Jonathan Djanogly (Huntingdon) (Con): I declare any interest that I may have as a practising solicitor.

The debate has been interesting, though relatively short. As the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) said, the Bill is short, but involves issues of constitutional importance that demand our due consideration. The hon. Member for Luton, North (Mr. Hopkins) and others recognised that inquiries fulfil an important social role. They can provide a platform from which to ascertain the facts surrounding issues of public concern. In turn, that provides catharsis, allowing us to learn from events, to apportion blame where appropriate and to provide reassurance for the future.

In recent years, the numerous important inquiries fall into three broad categories. First, inquiries of urgent public importance based on the 1921 Act, such as the Dunblane and Shipman inquiries. Secondly, inquiries based on subject-specific legislation, such as the Stephen Lawrence and Victoria Climbié inquiries, which were based on the Police Act 1996 and the National Health Service Act 1977 respectively. Thirdly, many ad hoc inquiries have been conducted without any statutory base, such as the BSE and Hutton inquiries. The Bill provides a model for consolidating legislation in that area.

In debating the Bill today, we have had the benefit of several reports on the subject, including "Effective inquiries", the Department for Constitutional Affairs consultation paper on which the Bill is largely based, the Public Administration Committee report and the Joint Committee on Human Rights report. We have also had the benefit of much debate and progress in another place, where the noble Lords identified the salient issues and introduced several amendments. As is clear from today's debate, several further amendments are required before the Bill is acceptable to all parties.

As my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) said, the Conservative Opposition welcome the introduction of new legislation to update and consolidate the current piecemeal approach to inquiries. The 1921 Act is inflexible and cumbersome and therefore rarely used. Subject-specific powers do not provide a suitable alternative, because an inquiry's subject matter may fall in the gap left between the various legislative powers or, conversely, be covered by more than one statute.

As many hon. Members have pointed out, the non-statutory path is unattractive, because it provides no basis on which to compel witnesses to come forward, to

require evidence to be submitted and to provide protection from external influences. In his earlier comments, the Under-Secretary of State for Constitutional Affairs, the hon. Member for Shipley (Mr. Leslie), frequently referred to the many different types of inquiries as his defence against the charge of the centralisation of power in the Executive and the removal of parliamentary approval entailed by the Bill. That is a red herring, in so far as the Bill's stated purpose is to consolidate, and I hope that the Minister was not implying that the consolidation approach is a non-starter.

The Conservative Opposition welcome many of the amendments introduced in another place, particularly those that seek to redistribute the proper balance of power. As the hon. Members for Thurrock (Andrew Mackinlay) and for Cannock Chase (Tony Wright) have pointed out, the Lord Chief Justice must now consent to the use of judges on inquiry panels, a decision that should never have been in the hands of Ministers. I agree with the hon. Member for Thurrock, who warned the Government not to change their mind about that provision. In that context, certain key ministerial decisions and reports by inquiries must now be laid before Parliament, which will allow transparency and the possibility of debate, where it is required, even if, as various hon. Members pointed out, it will not ensure debate.

As the shadow Secretary of State for Constitutional Affairs, my hon. Friend the Member for North-East Hertfordshire, said, the Opposition in the Lords have also secured an alternative parliamentary basis for setting up an inquiry, where the subject matter includes ministerial misconduct. As Lord Kingsland put it in the other place:

> "It is plainly ludicrous . . . that a Minister should investigate his own conduct or that of any other Minister who is in the Government of the day."—[*Official Report, House of Lords*, 18 January 2005; Vol. 668, c. GC192.]

The optional use of Parliament in such circumstances will go some way to curing the constitutional imbalance between the Government and the relevant assembly, but it will not go far enough. We will be arguing for obligatory parliamentary involvement, such as the parliamentary commission advocated by the Public Administration Committee, when ministerial conduct is in question.

Earlier today, the Minister said that he was reconsidering clause 7. We will carefully study his remarks, but with some concern, as this is an important issue that should not be diluted. I was pleased to hear the Liberal Democrat spokesman supporting our concerns in this regard.

The Opposition will table several further amendments to the Bill as it stands. I am in full agreement with my hon. Friend the Member for North-East Cambridgeshire (Mr. Moss) and with several hon. Members on the Government Benches that just because the Government present this Bill to us one week before the likely start of a general election campaign does not mean that Conservative Members should avoid giving it the oversight that it deserves. We have identified various areas that demand specific attention, including the role of Parliament in the establishment of an inquiry, as set out by my hon. Friend the Member for North-East Hertfordshire, costs and the worrying imbalance of powers between the Minister—

Mr. Hopkins: I am interested in what the hon. Gentleman is saying, which sounds like a conversion. When Lord Heseltine came before our Committee, he said, "When I was in government it was very simple—choose your conclusion then choose your chairman." Presumably this is a change of heart by the Conservative party.

Mr. Djanogly: I thank the hon. Gentleman for that comment. As we know, Ministers can take differing views during office and after they leave it. I can assure him that the position that I am maintaining is the current position of the Conservative party and one that we will support throughout Committee.

Let me turn to costs, which is a matter of topical interest that has inspired some debate today but not been adequately dealt with in the Bill. Inquiries are valuable tools, but they come at some cost to the British taxpayer—I would estimate, as a ballpark figure, more than £500 million since 1990. A small percentage saving on inquiries would free up millions of pounds to be diverted to other worthy causes every year. It is now well known, as was made clear by the hon. Member for Pendle (Mr. Prentice), that the recent Saville inquiry may cost up to £250 million—an amount that, as he rightly pointed out, would be difficult to justify using any criteria. In fact, the seemingly uncontrollable spiral of inquiries' costs was one of the main inspirations for drafting the Bill. The Conservative Opposition believe that a broad budget for an inquiry should be announced from the outset and that any increases should be justified thereafter—an approach that is also supported by the Public Administration Committee and in principle, it would seem, by Baroness Ashton of Upholland in another place. No doubt the issue will be debated further in Committee, but I would be grateful to hear more from the Minister now so that we know where we stand before then.

More critically, the Conservative Opposition cannot accept the current imbalance of powers between the Minister and the chairman of an inquiry. That issue has been raised by many hon. Friends, including my hon. Friends the Members for North-East Hertfordshire, for Surrey Heath (Mr. Hawkins), for Buckingham (Mr. Bercow) and for North-East Cambridgeshire, and by many other hon. Members, including the hon. Members for Hull, North (Mr. McNamara), for Cannock Chase, for Montgomeryshire (Lembit Öpik), for Luton, North, for Blackpool, North and Fleetwood and for Thurrock. It is clearly a matter of great import to many hon. Members.

As stated by Lord Kingsland in the other place, the Bill is riddled with new discretionary powers for Ministers to override or overreach decisions that are, or should be, made by the chairman of the inquiry. Unfortunately, as many hon. Members have noted, that could affect the inquiry's independence and effectiveness, and therefore its credibility. The hon. Member for Cannock Chase made the important point, in a wide-ranging and extremely competent speech, that the Executive could effectively end the possibility of an inquiry before it even begins.

[Mr. Djanogly]

There was much debate about that imbalance of powers in another place, where several amendments were introduced to try to cure the deficit. However, we believe that the restructuring of the relationship must go somewhat further. The Minister should not have the final say over changes in the composition of the panel, the suspension or termination of an inquiry, the withholding of funds or the publication of the inquiry report. As the Bill stands, members of the panel could, as Lord Bledisloe noted in the other place, be removed at the whim of the Minister if they seemed to be taking a view not favourable to the Government interest in the inquiry.

The PAC report noted that Ministers could manipulate the publication date of an inquiry report for their own needs or undermine a parliamentary debate on its findings by limiting access to it. The hon. Members for Luton, North and for Thurrock wanted the Executive to give up powers and Parliament to get up off its knees—I believe that that was the phrase used. I sympathise with that but there is little chance of its happening under the current Administration.

Apart from issues about independence, the Minister is simply not qualified to make those decisions as he will not have attended the proceedings and will not intimately know the inquiry's state of affairs. By contrast, the chairman will be fully up to date on all factors affecting the inquiry and therefore best placed to judge practically and politically. To ensure an inquiry's fairness, independence and effectiveness, we believe that all the powers should rest with the chairman, as recommended by the PAC and the Joint Committee on Human Rights.

The most worrying example in the Bill of the unacceptable imbalance of power between the Minister and the chairman is the Minister's restriction notice, which would allow him to restrict public access to the inquiry, its documents and evidence. That subverts the presumption of openness that should be present in any inquiry, as the PAC noted. The Opposition acknowledge that there may be circumstances in which it would be preferable for an inquiry or its evidence to remain private. However, that power should be exercisable only in exceptional circumstances by the chairman, who is in a position to know all the circumstances from an independent point of view. Otherwise, the inquiry's independence and effectiveness are put at risk by limiting public accountability and restricting next of kin's access to inquiry proceedings. Like the Joint Committee on Human Rights, we consider that that is also a potential breach of the European convention on human rights.

Ministerial restriction notices could not only compromise grand principles, but reduced public confidence in the inquiry could limit the co-operation of witnesses and interested parties. That could lead to biased conclusions. The hon. Member for Montgomeryshire raised anxieties about the possible Deepcut inquiry and the hon. Member for Cannock Chase spoke wisely about what he described as a corrosive effect.

The thesis has been borne out twice in recent years. First, the statutory basis of the Shipman inquiry had to be changed following a successful challenge to the decision to hear evidence in private. Secondly, we must appreciate that the Finucane family has refused to take part in any inquiry that is constituted under the same conditions for which the Bill provides because of excessive ministerial power. The hon. Member for Newry and Armagh (Mr. Mallon) referred to that. However, although I sympathise with much of what he said from a procedural point of view, it is worth pointing out that, in the year when Mr. Finucane was killed, 61 others were murdered in Northern Ireland, including 23 members of the security forces. We need to acknowledge the debt that we owe them.

We welcome the Bill in principle. It has the flexibility to encompass various types of inquiry and therefore could consolidate and clarify the existing basis for establishing inquiries. It also provides increased clarity for rules of procedure, which could lead to more effective and efficient inquiries. In turn, that could boost public confidence in the reports. However, the Bill should not reach the statute book in its current form. It requires amendment, not least regarding the pressing matter of controlling inquiries' costs. More important, the draconian powers afforded to the Minister after an inquiry has been set up must be reined back.

To ensure an independent and effective inquiry in which the public can have full confidence, we must correct the balance of power between the Minister and the chairman. The Opposition will address those issues in Committee to ensure that future inquiries can effectively fulfil their important role and stand against the Government's obsession with boosting the power of the Executive and reducing that of Parliament.

5.19 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): We have had a frank, illuminating and wide-ranging discussion this afternoon on the role of inquiries in our democratic system, and I am pleased that hon. Members across the House agree that there is a need for reform of the legislation on inquiries. I am grateful for the support that has been expressed by the hon. Members for Huntingdon (Mr. Djanogly) and for North-East Hertfordshire (Mr. Heald), and by the Liberal Democrat spokesman, the hon. Member for Montgomeryshire (Lembit Öpik).

We all agree that this should not be a party political matter. We must not lose sight of the fundamental importance of inquiries in highlighting issues of public concern. In that regard, we heard from the hon. Member for North-East Cambridgeshire (Mr. Moss), and from my hon. Friends the Members for Cambridge (Mrs. Campbell), for Blackpool, North and Fleetwood (Mrs. Humble), for Thurrock (Andrew Mackinlay), for Pendle (Mr. Prentice) and for Luton, North (Mr. Hopkins).

I want to associate myself with some of the remarks made by my hon. Friend the Member for Thurrock when he paid tribute to my hon. Friends the Member for Hull, North (Mr. McNamara) and for Newry and Armagh (Mr. Mallon), who may have made their last contributions in Parliament today.

Lembit Öpik: Is that a prediction or a threat?

Mr. Lammy: I said that only because this is an interesting Bill, and I know that my hon. Friends want

to make contributions on interesting Bills. I cannot, of course, foresee what matters will come before the House in the next 18 months.

I looked up my hon. Friends' maiden speeches, and my hon. Friend the Member for Hull, North said in his:

"The theme throughout my by-election campaign was the need to organise the nation's resources to achieve social justice and the proper recognition of the dignity of the individual and the sanctity of family life."—[*Official Report*, 23 February 1966; Vol. 725, c. 456.]

My hon. Friend the Member for Newry and Armagh said in his maiden speech:

"Jefferson once said that if justice is sacrificed for security, both are lost."—[*Official Report*, 20 February 1986; Vol. 92, c. 532.]

We heard in their speeches today that those themes remain important to our discussion, and we are all grateful for the powerful way in which they put their cases.

In the past, we have seen the significant impact that inquiries can have on public services. The findings of the inquiry into the tragic death of Victoria Climbié—a child who died in my constituency—helped to bring about reforms in children's services. The Stephen Lawrence inquiry was a watershed for the police force, and is having a great impact on police operational practices and beyond. I am sure, however, that hon. Members will agree that we should move away from the existing complex, fragmented and often inadequate inquiries legislation. The inquiry into the tragic case of Victoria Climbié had to be set up under three separate pieces of legislation. There is no power at present for statutory inquiries to be held into deaths in prison custody, and there are no provisions to help a chairman to keep inquiry expenditure in check. We have heard a great deal about such expenditure this afternoon. Inquiries can make a real difference, so it is important to get the framework right.

My hon. Friends the Members for Cannock Chase (Tony Wright) and for Blackpool, North and Fleetwood raised the issue of when an inquiry should be held. The difficulty is that it is just not possible to set statutory criteria for when an inquiry should be held. We have only to look at the list of past inquiries to see the huge variety of events that they have covered. How could we put a single process in statute that would be appropriate for the BSE inquiry, the inquiry into organ retention at Alder Hey and the Scott inquiry into arms to Iraq, for example? How could we establish a single process that would identify the circumstances in which a Minister should set up such inquiries? It has to be a matter of judgment, weighing up the relevant factors in each case to see what is in the public interest.

Mr. Paul Tyler (North Cornwall) (LD): Before consideration of the Bill in Committee, will the Minister look into another interesting example of a Government inquiry, which was set up by his colleagues from the Department for Environment, Food and Rural Affairs and the Department of Health in respect of the Lowermoor water poisoning episode in my constituency many years ago? That has incredible flexibility and—with due respect to his profession—does not involve a great many lawyers and a great deal of legal expertise, with all the difficulties that those mean for witnesses. It is proving to be an effective way to consider a difficult problem.

Mr. Lammy: I will definitely look into that. There has been legislation in respect of some Departments around which inquiries could be set up. There are always prerogative powers under which any Minister could set up an inquiry, but they would not have the duty to compel, and other things. We also have the 1921 Act, which we have heard much about. In a sense, the Bill pulls that together and provides a framework. It repeals measures in respect of lots of areas in which an ad hoc inquiry could be set up. Notwithstanding that, it would still be possible to hold an inquiry outside the scope of this legislation.

I was saying that Ministers have to make the judgment about when to set up an inquiry, and they have to justify it publicly and to Parliament, which brings me to the role of Parliament. That is where the hon. Member for North-East Hertfordshire began his remarks, and we have heard lots on that subject today. It is important to put it on record that we introduced several amendments in another place that give Parliament a full opportunity to scrutinise key aspects of the inquiry process.

Clause 6 now requires the Minister to make a detailed statement to Parliament on the establishment of an inquiry. Ministers must also explain to Parliament any decisions to suspend an inquiry, or end it early, and must lay published reports before Parliament. These requirements will exist as a result of the Bill, and they are to be welcomed.

The Bill is aimed at inquiries set up by Ministers to examine problems within the systems or services for which they are responsible. We have heard a lot about other vehicles through which Parliament should scrutinise, challenge and raise issues of public concern. The Government's view is clearly that if Parliament wants to explore options for setting up its own inquiries, that is for Parliament to consider. The Bill is not the place for that as it stands. Clearly, however, there are issues that arise—we have heard what the Prime Minister has had to say on this—which Parliament may want to examine in respect of how it might better conduct its own inquiries.

I also want to make it clear that the 1921 Act does not give Parliament the power to set up an inquiry per se. As hon. Members will know, that Act has rarely been used in recent years: in only one case since 1990 has such a resolution been debated by Parliament, while in the other three cases such a proposal was dealt with formally. The Government believe that it is right that the Minister should explain publicly the decision to establish, or not to establish, an inquiry. Ministers can be, and often are, called to justify such decisions to Parliament. That practice will undoubtedly continue.

The issue of the power of Ministers was raised by the hon. Member for North-East Cambridgeshire and by the hon. Member for Montgomeryshire, who wanted assurances with regard to his constituents. The Minister cannot set the terms of reference or appoint other inquiry members without consulting the chairman. The Minister must inform Parliament at the start of an inquiry, setting out the terms of reference, the identity of

[Mr. Lammy]

the chairman and the composition of the panel. The Minister must also consult the chairman before suspending an inquiry, or ending it early, and inform Parliament.

The Bill therefore sets boundaries and clearly spells out the respective roles of the Minister and the inquiry chairman. Crucially, it does not undermine the importance of inquiry panels in the future; in fact, it reinforces their impartiality in statute.

Lembit Öpik: I am grateful for the Under-Secretary's attempt to clarify this important point. Can he tell us, however, whether the Minister concerned is entitled to ignore the responses from the consultation? Is there any obligation whatever for the Minister to alter the plans on the basis of that consultation?

Mr. Lammy: The hon. Gentleman will know that nobody ultimately has a veto over the Minister, but the Minister will be accountable to Parliament, and I would have thought that that Minister would expect chairmen to raise any disagreement in public, as they do when they are not happy about things.

Tony Wright: I am not sure whether my hon. Friend has left the subject of Parliament yet, but in case he is about to do so, may I ask him directly what the Government's stance is on clause 7, which was introduced by the other place? As I understand it, the Government have problems with an original amendment that we produced, and they also have problems, as I do, with the clause that has come from the other place. They have told us, however, that they support the idea of a parliamentary commission as part of the armoury of inquiry. I therefore want to ask the Minister two things. First, would he support the development of an amendment with which the Government would feel comfortable, on which some of us are happy to work, and are indeed doing so? Secondly, if that is not the case but the Government still support the idea—because the Government, if we are honest, control the business of the House—how do they propose to advance the idea of a parliamentary commission of inquiry?

Mr. Lammy: The Government will, of course, consider all suggestions. The other Under-Secretary of State, my hon. Friend the Member for Shipley (Mr. Leslie), indicated that we have real concerns about the provision, primarily because of the existence of the ministerial code of conduct. I hear what my hon. Friend the Member for Cannock Chase says about particular areas in which the politics of the inquiry bear on the Minister. First, in relation to any inquiry, it is hard to extrapolate when and how the issue of ministerial conduct might arise before the inquiry had even been set up. Secondly, he will know from past events, stretching back to the Profumo case, that Parliament and the media often bring such pressure to bear that Ministers resign well in advance of the inquiry when the issue is as political as in those matters about which he is concerned.

As for a restriction on public access, it is important to make clear that the starting assumption for inquiries under the Bill should be full public access. Indeed, that is the position under the Bill. Let me also make clear that even if access is restricted, the inquiry panel will still see whatever documents and witnesses it needs to see. The Bill gives it full powers to do that.

It is widely recognised that in certain circumstances it is appropriate to hold an inquiry, or parts of an inquiry, in private. That is not only because of issues of national security, about which we have heard a great deal this afternoon. As was the case with the inquiry into organ retention at Alder Hey, families might request such privacy because the circumstances are so sensitive and difficult. Clearly, that inquiry commanded much respect once it produced its recommendations.

The Bill makes clear the circumstances in which restrictions can be imposed, and what factors must be taken into account when deciding whether a restriction is justified. Those clauses reflect the balance that the Minister is expected to strike. Clause 20 makes it very clear that reasons for restrictions must always be weighed against the impact that they would have on the allaying of public concern.

My hon. Friend the Member for Cannock Chase says that he would prefer that control to be in the hands of the inquiry chairman. We agree that once an inquiry is under way, decisions about public access should as far as possible be made by the chairman. The power in the Bill enables Ministers to safeguard. Ultimately it is Ministers who are responsible for protecting national security, and for having regard to such provisions as the Human Rights Act 1998 and the European convention.

My hon. Friends the Members for Newry and Armagh and for Hull, North spoke of the need for an inquiry into the death of Patrick Finucane. The Bill is designed to provide a statutory framework for any future inquiry into events causing public concern. Nothing in it would be any different if no Finucane inquiry were planned.

The Bill does not allow blanket restrictions on access to material simply because it relates to national security. The Minister or the chairman must weigh up all the factors, including whether restricting access would inhibit the allaying of public concern. My hon. Friend the Member for Hull, North asked me a crucial question: would everything be available to the chairman? I think that there was some difference of opinion between him and the hon. Member for North-East Cambridgeshire.

In fact, the Bill gives inquiries full powers to compel witnesses to attend, and to require the production of documents. The only circumstances in which they cannot compel are those in which compulsion would not be possible in ordinary court proceedings. That applies to documents covered by legal professional privilege. I am afraid I must tell my hon. Friend the Member for Hull, North that I cannot speak for the Irish Government, but as the Government have said, there were inaccuracies in a recent article in *The Irish Times*.

Mr. McNamara: Can I assume from what my hon. Friend has said that the answer to my question about the Irish Government is no? Will he now answer the question about Lord Saville? I thank him for clarifying a point that he made earlier.

Mr. Lammy: I am afraid that there is disagreement between the Government and Lord Saville.

My hon. Friend also mentioned the work of the Joint Committee on Human Rights and the effect of article 2. In the context of the right to life, when someone has died an inquiry will not be the only means of investigation. There will be an inquest, and there may well be criminal proceedings. The whole package makes up the Government's obligations in relation to article 2.

Mr. McNamara: With respect to my hon. Friend, it does not. When a state agent is involved in a killing, the Government have a specific duty to hold an inquiry that is speedy, independent, open, transparent and capable of reaching a decision on the apportioning of blame, and which involves the victim's family at all stages. My hon. Friend has not referred to any of those factors.

Mr. Lammy: There are wider considerations. As my hon. Friend will appreciate, there may well be an inquest into a death that bears on the state function that led to that death. I can think of inquests in which that has been the case, certainly in the context of my constituents. In any state, the legal mechanisms—which may include an inquiry, an inquest or even criminal proceedings—will have a bearing on our obligations under article 2, or at least on our interpretation of our obligations.

Mr. Mallon: I thank the Minister for giving way to me, and for his kind words. Will he try to explain why—after 17 years and a police investigation by Sir John Stevens, which was very conclusive indeed—there is still no conclusion in respect of the Finucane incident? How, after the passage of 17 years, can the Minister's statement be substantiated?

Mr. Lammy: As my right hon. Friend the Secretary of State for Northern Ireland has made clear, we intend that this Bill could be used to conduct an inquiry into the matters that the hon. Gentleman remains so concerned about.

I turn finally to the appointment of judges. The hon. Member for North-East Cambridgeshire and my hon. Friend the Member for Pendle asked what the Government's plans were in respect of the Opposition amendment to clause 11, and whether we will seek to reverse it. The Government continue to take the view that although the Lord Chief Justice and other appropriate senior judges should certainly be consulted on any proposals to appoint a judge to an inquiry panel, they should not have a veto. The Government are giving very serious consideration to the action that should be taken.

I am grateful to Members for a stimulating debate, and I have endeavoured to respond to the issues raised. The citizens of this country rightly demand accountability from Government—never, in a sense, more so than now. So it is right that this Government should introduce legislation that clarifies and strengthens that accountability. Inquiries are far from easy subjects for any Government, because they often point out systemic failures and shortcomings in our state administration. But as I have said, they can be a vital tool in reforming our public services, and in holding the deliverers of those services—from Ministers to front-line staff—to account.

The Bill is necessary to bring our inquiry procedures and processes up to date and make them fit for the 21st century. Ultimately, it will enable them to be more efficient, accountable and transparent, and it will give us the framework that we need to allay public concern in the years ahead. On that basis, I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

INQUIRIES BILL *[LORDS]* (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions),

That the following provisions shall apply to the Inquiries Bill [Lords]:

Committal

1. The Bill shall be committed to a Standing Committee.

Proceedings in Standing Committee

2. Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 24th March 2005.

3. The Standing Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

Programming Committee

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of any message from the Lords) may be programmed.—*[Mr. Ainger.]*

Question agreed to.

INQUIRIES BILL *[LORDS] [MONEY]*

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That for the purposes of any Act resulting from the Inquiries Bill [*Lords*], it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenditure incurred by a Minister of the Crown or the Treasury under the Act;

(2) any increase attributable to the Act in the sums payable out of money so provided under any other Act.—*[Mr. Ainger.]*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft District Policing Partnerships (Northern Ireland) Order 2005, which was laid before this House on 21st February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Electoral Law (Northern Ireland) Act 1962 (Amendment) Order 2005, which was laid before this House on 20th January, be approved.—*[Mr. Ainger.]*

The House divided: Ayes 258, Noes 33.

Division No. 143] **[5.43 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, rh John
Bayley, Hugh
Beard, Nigel
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byrne, Liam *(B'ham Hodge H)*
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caton, Martin
Challen, Colin
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Foster, rh Derek
Foulkes, rh George
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(MerthyrTydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hopkins, Kelvin
Humble, Mrs Joan
Iddon, Dr. Brian
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jenkins, Brian
Johnson, rh Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, rh Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McCabe, Stephen
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Malliaber, Judy
Mallon, Seamus
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Morgan, Julie
Mountford, Kali
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Oiner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Pickthall, Colin
Pike, Peter *(Burnley)*
Pleskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Read, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sailor, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Wareing, Robert N.
Watson, Tom
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm

Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Margaret Moran and Mr. John Heppell

NOES

Allan, Richard
Beith, rh A. J.
Breed, Colin
Burnside, David
Burstow, Paul
Cable, Dr. Vincent
Campbell, rh Sir Menzies *(NE Fife)*
Chidgey, David
Doughty, Sue
Foster, Don *(Bath)*
Gidley, Sandra
Gill, Parmjit Singh
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hughes, Simon *(Southwark N)*
Kirkwood, Sir Archy
Lamb, Norman
Oaten, Mark *(Winchester)*
Öpik, Lembit
Pugh, Dr. John
Randall, David
Robinson, Peter *(Belfast E)*
Russell, Bob *(Colchester)*
Sanders, Adrian
Smith, Sir Robert *(W Ab'd'rs & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Stunell, Andrew
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Thurso, John
Tyler, Paul *(N Cornwall)*
Williams, Roger *(Brecon)*
Winterton, Sir Nicholas *(Macclesfield)*

Tellers for the Noes:
Mr. Alan Reid and Richard Younger-Ross

Question accordingly agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Northern Ireland

That the draft Electoral Law Act (Northern Ireland) 1962 (Amendment No. 2) Order 2005, which was laid before this House on 24th February, be approved.

That the draft Electoral Law Act (Northern Ireland) 1962 (Amendment No. 3) Order 2005, which was laid before this House on 7th March, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Social Security

That the draft Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2005, which was laid before this House on 1st February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Electricity

That the draft Renewables Obligation Order 2005, which was laid before this House on 9th February, be approved.—*[Mr. Ainger]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Extradition

That the draft Extradition Act 2003 (Part 3 Designation) (Amendment) Order 2005, which was laid before this House on 23rd February, be approved.—*[Mr. Ainger]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Pensions

That the draft Occupational Pension Schemes (Modification of Pension Protection Provisions) Regulations 2005, which were laid before this House on 9th February, be approved.—*[Mr. Ainger]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Health Care and Associated Professions

That the draft Opticians Act 1989 (Amendment) Order 2005, which was laid before this House on 24th February, be approved.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Income Tax

That the draft Tax Information Exchange Agreement (Taxes on Income) (Guernsey) Order 2005, which was laid before this House on 23rd February, be approved.

That the draft Tax Information Exchange Agreement (Taxes on Income) (Jersey) Order 2005, which was laid before this House on 23rd February, be approved.

That the draft Tax Information Exchange Agreement (Taxes on Income) (Isle of Man) Order 2005, which was laid before this House on 23rd February, be approved.—*[Mr. Ainger]*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order 119(9) (European Standing Committees),

Generalised System of Preferences from 2005

That this House takes note of European Union Document No. 13931/04, draft Council Regulation applying a generalised system of preferences (GSP); welcomes the Government's contribution towards the European Union's efforts towards across-the-board simplification of the GSP; welcomes the benefits that the new scheme will offer developing countries, particularly those affected by the Indian Ocean tsunami; welcomes the added incentives for sustainable development and good governance; urges the EU to bring forward proposals for the simplification and liberalisation of the rules of origin for the GSP; and approves the proposed Regulation.—*[Mr. Ainger.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order 119(9) (European Standing Committees),

Creation of a Fundamental Rights Agency

That this House takes note of European Union Document No. 14223/04, public consultation document on the creation of a Fundamental Rights Agency; and supports the Government's position as set out in its response of 10th January 2005, namely that the focus of the Agency should be upon compliance by the institutions of the European Union with human rights, and that the Agency's primary purpose should be data collection and analysis.

The House divided: Ayes 291, Noes 100.

Division No. 144] **[5.57 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Battle, rh John
Bayley, Hugh
Beard, Nigel
Beith, rh A. J.
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Breed, Colin
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byrne, Liam *(B'ham Hodge H)*
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caton, Martin
Challen, Colin
Chidgey, David
Clark, Ms Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, Tony *(Workington)*
Dalyell, Tam
Dean, Mrs Janet
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Foster, rh Derek
Foster, Don *(Bath)*
Foulkes, rh George
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gill, Parmjit Singh
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hill, rh Keith *(Streatham)*
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hopkins, Kelvin
Hoyle, Lindsay
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Iddon, Dr. Brian
Iranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jenkins, Brian
Johnson, rh Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, rh Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, rh Thomas
McCabe, Stephen
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
Macleggart, Fiona
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Morgan, Julie
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Oliver, Bill
O'Neill, Martin
Öpik, Lembit
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Pickthall, Colin
Pike, Peter *(Burnley)*
Pleaklit, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Price, Adam *(E Carmarthen & Dinefwr)*
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salmond, Alex
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ne & Kincardine)*
Soley, Clive
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry

Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Thomas, Gareth *(Clwyd W)*
Thurso, John
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Waring, Robert N.
Watson, Tom
Watts, David
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Roger *(Brecon)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Wood, Mike *(Batley)*
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Margaret Moran and
Mr. John Heppell

NOES

Arbuthnot, rh James
Baldry, Tony
Bellingham, Henry
Barcow, John
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Cameron, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Francois, Mark
Gale, Roger *(N Thanet)*
Gillan, Mrs Cheryl
Goodman, Paul
Grey, James *(N Wilts)*
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heathcoat-Amory, rh David
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Jack, rh Michael
Jenkin, Bernard
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Lansley, Andrew
Letwin, rh Oliver
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maude, rh Francis
Mawhinney, rh Sir Brian
May, rh Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Ottaway, Richard
Page, Richard
Prisk, Mark *(Hartford)*
Randall, John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robinson, Peter *(Belfast E)*
Roe, Dame Marion
Ruffley, David
Shephard, rh Mrs Gillian
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Tyrie, Andrew
Viggers, Peter
Watkinson, Angela
Whittingdale, John
Wiggin, Bill
Wilkinson, John
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. Geoffrey Clifton-Brown and
Andrew Selous

Question accordingly agreed to.

PETITION

North Nantymoel (Polling Station)

6.10 pm

Huw Irranca-Davies (Ogmore) (Lab): I am pleased to present to the House of Commons a petition on behalf of the residents of north Nantymoel and others that has been collected by Community Councillor Enid Lock.

The petition declares:

"Due to the closure of the polling station at Bryants Centre by Bridgend County Borough Council, the residents of North Nantymoel do not have a voting station within a reasonable distance of their homes, further notes that Bryants Centre is now fully accessible to the disabled having had a ramp and handrail installed, and therefore now meets the standards necessary to be used as polling station.

The Petitioners therefore request that the House of Commons urge the Government"—

and Bridgend county borough council—

"to do all within its power to restore the polling station at Bryants Centre in North Nantymoel.

And the Petitioners remain, etc."

To lie upon the Table.

Cholesterol and Disease Prevention

Motion made, and Question proposed, That this House do now adjourn.—*[Vernon Coaker.]*

6.11 pm

Dr. Howard Stoate (Dartford) (Lab): I welcome the public health White Paper and the Government's renewed commitment to promoting public health and investing in disease prevention. I pay tribute to Health Ministers, and in particular to the hard work done by my hon. Friend the Minister for Public Health, who has done a great deal to promote public health in the Government and to help to raise awareness of the importance of healthy living among the public and the media.

The White Paper and the measures that flow from it will help to enable the public to make more informed choices about their health and to take greater responsibility for their own health and well-being. That is of critical importance if we are to make sustained, long-term improvements in the health of this nation. Everyone, regardless of age, can do a great deal significantly to reduce their risk of developing diseases, such as heart disease, stroke and diabetes, as well as obesity. It is essential therefore, that disease prevention is placed at the heart of our public health strategy.

I am heartened by the positive steps that the Government, together with primary care providers and non-governmental organisations that operate in health care, have taken to raise the profile of disease prevention and to provide direct extra resources for preventive strategies. For example, the newly established National Obesity Institute, of which I am a trustee, has chosen to focus its activities on public health and healthy lifestyle promotion, in line with the ethos of prevention, in preference to the narrower issue of obesity and weight management. The institute looks forward to working with Departments and acting as a catalyst for the development of innovative strategies and disseminating best practice.

The challenges are formidable. It is clear both from the tenor of debate in Westminster and in the media that, as a society, we have yet to comprehend fully the importance of disease prevention. Four months on from the publication of the public health White Paper, the media are dominated by debates about MRSA and the performance of accident and emergency departments, rather than some of the fundamental primary care and public health issues that will influence the future of everyone in the nation.

Coronary heart disease remains the nation's biggest killer. In turn, raised cholesterol is the single greatest risk factor for heart disease. Statistics show that raised blood cholesterol is a factor in nearly half of all coronary heart disease cases—47 per cent.—and is more significant even than smoking, blood pressure problems or the lack of exercise. Moreover, high blood cholesterol levels in diabetics and obese individuals carry an even greater health risk than in normal weight, non-diabetic people.

Most people can help to lower and manage their cholesterol by changing their diet and lifestyle. Last year, for example, the "Winning the War on Heart Disease" progress report highlighted positive steps to prevent death from heart attacks. Statistics show that that is a continuing trend, which is obviously good news. However, statistics also show that more people are developing heart disease. We would like that trend to be reversed. Many people are effectively being ignored because health advice about diet and lifestyle changes is not reaching them. Ironically, those people are often those who are most at risk: those in lower socio-economic classes and those living in more impoverished circumstances. Those people are the heart patients of tomorrow, as are their children. We should give special priority to helping them through public health initiatives.

I share the worries of Cholesterol UK, which has been enormously helpful by providing briefings for the debate. It, along with other organisations, has actively supported moves to focus on cholesterol as the biggest single risk factor for heart disease. Diet and lifestyle changes are achievable to reduce cholesterol levels and they could contribute significantly to reducing the cost of treating heart disease patients.

At present, 70 per cent. of UK adults aged over 35 have a cholesterol level in excess of the recommended 5 millimoles per litre. As the Joint British Societies' guidelines are to be updated in 2005 with a lower recommended cholesterol level of less than 4 millimoles per litre, it is certain that the proportion of people with cholesterol above the recommended level will increase. However, less than 5 per cent. of the population recognise that cholesterol is the major risk factor for coronary heart disease. Most people still think that smoking is the major factor.

Studies have shown that a 5 per cent. reduction in the cholesterol of people aged 30 to 74 with raised cholesterol levels could reduce the number of people qualifying for treatment under the national service framework for coronary heart disease by 500,000. A 10 per cent. reduction in the cholesterol of those individuals could mean that almost 1 million people would no longer require treatment. Likewise, studies show that a 10 per cent. reduction in cholesterol in a 40-year-old male, which is achievable by changing diet and lifestyle, would lead to a 54 per cent. reduction in the risk of heart disease. The Health Development Agency recently published a report showing that reducing cholesterol levels by even a small amount would prevent approximately 25,000 premature deaths each year—that is quite possible.

Some 51 per cent. of the decline in recent years in deaths due to coronary heart disease in Scotland is attributable to the reduction of risk factors such as smoking, cholesterol levels and blood pressure, as well as improvements to social and economic circumstances. Even people with a family history of high cholesterol levels can enjoy improved health outcomes through changes to their diet and lifestyle.

Coronary heart disease costs the UK economy more than £7 billion each year. Through the national service framework for CHD, the Government have placed great emphasis on lowering cholesterol as part of secondary prevention strategies for those at high risk of CHD or those who have already had a coronary event. In particular, they have supported the introduction of statins in all coronary disease management guidelines and introduced the licensing of over-the-counter statins. However, that recognition has been omitted, in a

broader primary prevention sense, from public health messages relating to diet and lifestyle approaches on lowering cholesterol.

The cost of treating heart disease will continue to rise. The Department of Health's annual spend on statins is £700 million and rising. It is said that the figure will reach £2.1 billion by 2010. Lipid-lowering drugs now cost the NHS more than any other class of drugs—they overtook ulcer-healing drugs in 2001. Between 2002 and 2003, 22 per cent. of the overall increase in the cost of drugs to the NHS was due to lipid-lowering drugs.

Many other diseases are linked to cholesterol. Raised cholesterol is a major risk factor in the 110,000 strokes suffered each year in the UK. Obesity and heart disease are inextricably linked because obesity increases the likelihood of high cholesterol, high blood pressure and diabetes, all of which are key risk factors for heart disease and stroke. Obesity also significantly increases the risk of cancer and affects mental health, with a rise in depression and suicide.

There is also some good news. A recent study involving patients with high cholesterol showed that through increased awareness of their cholesterol levels, individuals were more motivated to improve their diet and take more exercise. That had a positive effect on reducing their risk of heart disease and certain cancers, especially gastrointestinal cancers.

As I have already said, everyone can benefit from lowering their cholesterol and there is no lower limit on cholesterol reduction. Much of the focus to date has been on reducing smoking and salt intake and increasing the consumption of fruit and vegetables, all of which are welcome. However, cholesterol, as one of the major risk factors for heart disease and stroke, needs to be given an equivalent focus by the Department of Health in the public health strategy outlined in the White Paper. Moreover, although the White Paper rightly prioritises action for children and those in mid-life, I would welcome the Government implementing measures aimed at people aged between 15 and 55 to help them to make the lifestyle changes necessary to stay in good health and prevent disease.

Enabling that group, which the NHS has found hard to reach in the past, to take greater responsibility for their own health will not only help to reduce the incidence of chronic and debilitating disease but will minimise the growing financial cost to the NHS of managing chronic disease. There are concerns, however, in some quarters about the Government's ability to ensure implementation of the many good actions proposed in the White Paper. It states that the Government will issue a technical note to the NHS reinforcing the priorities that it sets out. I would like the Government to go further. If there is not a clear accountability structure for the implementation of the White Paper, it will not receive the local funding and prioritisation that it needs.

The White Paper states that the new contract for primary care "offers enormous potential". GPs and their teams are vital to successful public health strategies, and there should be a clearer commitment to action through the new contract. In particular, measurement of body mass index should be a target for GP practices with appropriate quality points attached. People with a raised BMI should have their lipids measured and there should be a follow-up to ensure that the effects are dealt with.

One well-known public health initiative took place in Finland, where the incidence of coronary heart disease was the highest in Europe. Community projects such as the north Karelia project have shown that a reduction in cholesterol levels significantly reduces heart disease, and that that can be achieved through diet and lifestyle. The Finnish programmes focused on changing dietary habits through health education, cholesterol awareness campaigns, community participation programmes, national guidance by Government and heart associations, food and agriculture industry collaborations and so on. From 1972 to 1995, the heart disease mortality reduction was 65 per cent.—and that was prior to the introduction of statins. Professor Pekka Puska, who led the programme in north Karelia, will speak at the associate parliamentary food and health forum on 22 March. He will present the successful results achieved in Finland and outline the ongoing challenges to maintaining healthier lifestyles.

Informed choice is a significant part of the public health White Paper. Building on the success of the Food Standards Agency's recent campaign on salt, it would be prudent to address the other two main food groups—fat and sugar—as part of a comprehensive public health strategy. The positive results of the salt awareness campaign indicate that the public welcome greater information on how to lead healthier lives. The all-party parliamentary group on men's health, which I chair, and the men's health forum are attempting to ensure that such information is provided. Contrary to accepted wisdom, men are extremely concerned about health issues, but they are notoriously bad at seeking advice from conventional sources. We must therefore develop new strategies to reach them.

A public awareness campaign that highlights the role of good and bad fats and dispels the myths around fat would be a positive step in addressing ways of reducing cholesterol levels in the population and makes sound economic sense. The salt campaign was funded with a mere £4 million, and the cost savings of not having to treat people who might otherwise develop heart disease are enormous. It is encouraging that about one in four MPs signed early-day motion 1426 last summer in support of a national cholesterol awareness campaign.

A Cholesterol UK survey in 2004 showed that only 5 per cent. of the population realises that cholesterol is a major risk factor. It also revealed a clear lack of understanding of what constitutes a healthy diet. It is probably safe to say that there is considerable confusion about diet, and an awareness campaign that dispels misunderstandings would be a positive step in helping people to understand what they should be eating. The White Paper delivery plans outline a national obesity awareness campaign. As I have already discussed, at the very least that must include messages about cholesterol, and ways of reducing cholesterol levels and ensuring that comprehensive dietary advice is directed at people who need it. Likewise, the proposal for a communication and education programme for older people should include health messages to avert the risk of poor health in later life. That strategy should be extended to everyone, as the sooner people adopt healthier lifestyles and are given the tools and information to do so, the greater the benefit in preventing disease in future.

[Dr. Howard Stoate]

There should be greater emphasis on primary screening. It is difficult to obtain a heart health check-up on the NHS, particularly for someone who does not have a family history of heart disease or has not reached middle age. Easier access to measurement of cholesterol, blood pressure, blood sugar, and body mass index or waist circumference measurement can provide the necessary motivation for people to take action to improve their health. That should not be an additional responsibility for GPs. Pharmacies could provide much of the service through appropriate contracts with primary care trusts.

One has only to look at the huge popularity of the free Boots cholesterol screening service to see that the UK population is interested in understanding the health risks. Lloyds Pharmacy last year introduced a trial of a coronary risk assessment programme in 31 pharmacies in Cardiff, Newport and Sheffield. Following a positive evaluation, which included written patient surveys and feedback from customer groups, an additional service was introduced in 10 further pharmacies, starting earlier this year.

We must continue to make more use of the expertise and enthusiasm of community pharmacists in the future. As well as being an ideal provider of cholesterol tests, blood pressure checks, sugar tests and body mass index, community pharmacists are well placed to help raise public awareness about cholesterol and the importance of eating and exercising healthily. A number of community pharmacists have received specialist training on cholesterol and the options available to manage it through lifestyle advice, smoking cessation and statins. We should be taking greater advantage of those skills.

The many measures to provide more training for health care professionals in public health are welcome. In particular, I am pleased to see that primary health care professionals including GPs, practice nurses, dieticians and pharmacists are becoming equipped fully to advise patients on diet and lifestyle changes. Many have made the effort to train, but some have not. That should be incentivised by inclusion in the relevant contracts. In addition, appropriate evidence-based information is the key.

The Government should take the lead in providing clear, simple, evidence-based guidelines. There is currently insufficient consensus among primary care professionals on which guidelines to use. Many are secondary care focused, rather than appropriate for primary prevention for the majority of individuals. As the public and non-high risk individuals increasingly seek advice from GPs, practice nurses, occupational and community-based nurses and pharmacists as well as dieticians and nutritionists, it is important that guidelines and information for health care professionals provide consistently simple, practical and user-friendly advice.

The new Joint British Societies' guidelines on the prevention of coronary heart disease in clinical practice and the current British Hypertension Society's guidelines for the management of hypertension offer an opportunity for a simple, condensed version of primary prevention sections to be developed and circulated to relevant primary care professionals, providing the latest evidence-based information in accessible form. This could be developed independently with Government funding and distributed through NHS organisations.

In summary, I reiterate my support for the ongoing strategies in public health in the UK. It is clear that there is a need and a demand for accurate and accessible information. It is important to include all levels of society in those strategies. Increased awareness of the dangers of unhealthy levels of cholesterol, greater access to heart health check-ups, including cholesterol tests to motivate individuals, and the development of practical guidelines for health care professionals to help individuals adopt a healthier lifestyle are all important elements of a public health strategy. These recommendations should not work in isolation, but should be part of an integrated approach to implementing the many positive steps outlined in the public health White Paper. I look forward to my hon. Friend the Minister's response.

6.27 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I thank my hon. Friend the Member for Dartford (Dr. Stoate) for raising this important topic and for his tireless campaigning on this and other health issues. His zealousness extends to those rare occasions when I treat myself to fried egg and chips in the Tea Room, when he sits next to me looking like an abandoned puppy and tutting when I put salt on my chips. Like him, I believe the Government have done well on the issue, but we can always do more. I hope I can reassure him that the Government recognise the continuing importance of efforts to reduce cholesterol levels. Reducing the incidence of heart disease is a key priority, and as he rightly says, reducing cholesterol is the key to success.

Coronary heart disease, or CHD, remains a major cause of death and disability, and risk factors in addition to elevated blood cholesterol levels include age, sex, hypertension, smoking and diabetes. As my hon. Friend realises, the cornerstone of CHD prevention is lifestyle modification, particularly through dietary change, to modify both the quantity and the quality of the fat consumed and to increase levels of physical activity.

Although it is the total level of cholesterol in blood that is the main risk factor for CHD, there is good and bad cholesterol. Low-density lipoprotein cholesterol concentrations are directly associated with CHD risk, and reducing levels of LDL-C lowers CHD risk. Over the past 20 to 30 years, dietary intake of saturated fats—for example, animal fats—has been discouraged because they may raise cholesterol levels, and the replacement of saturated fat with oils rich in linoleic acid, such as sunflower oil, is encouraged as a means of reducing CHD risk. The consumption of complex carbohydrates as a replacement for saturated fat is also encouraged.

As my hon. Friend has pointed out, we cannot expect the public to be food chemists or dieticians, so it is important to translate the advice into a more usable form. The Government therefore provide practical guidance on how consumers can reduce the saturated fat in their diets through healthy eating advice. As part of a balanced diet, foods rich in saturated fat must be

replaced with unsaturated fats, such as oil-rich fish and foods containing oils such as sunflower oil, rapeseed oil and olive oil.

The Department of Health also funds a range of non-governmental organisations to increase awareness of the benefits of eating a healthy diet and of having an active lifestyle. Replacement of saturated fats with monounsaturated oils, such as rapeseed oil and olive oil, also has beneficial effects on blood LDL-C levels, which are similar to polyunsaturated fatty acids in their effect. More recently, industry has been active in making available foods that contain phytostanols—for example, in the form of spreads—which can also help to reduce blood cholesterol. Those products may not be easily accessible to everyone because of their price, but they are a means of self-help for some.

Government activities to promote healthier eating have had some success. The latest national diet and nutrition survey of adults from the ages of 19 to 64 indicates that, on a population basis, average intake of total fat has now reached the level recommended by the Committee on Medical Aspects of Food and Nutrition Policy, which is 35 per cent. of food energy being derived from fat. In contrast, the intakes of saturated fat remain higher than the recommended level at 13 per cent. of food energy compared with the recommended level of 11 per cent.

Following the publication of the public health White Paper, we published a delivery plan last week that explains how the Government will put those plans into practice. It includes 45 big wins that evidence suggests will make the greatest impact on health, and it also covers the policies and programmes that will be developed and implemented, targets to improve health and partnerships between industry, the voluntary sector, professional groups, local authorities and the NHS.

There are two plans—the food and health action plan and the physical activity plan—that set our actions to deliver improvements in diet and physical activity. The food and health action plan aims to improve diet and nutrition in England. It concerns the food that people eat, which influences the risk of developing chronic diseases, such as cardiovascular diseases and some cancers. Recognising that a significant proportion of the population consumes more than the recommended amount of saturated fat and sugar and less than the recommended amount of fruit and vegetables, the plan prioritises nutrition to reduce the consumption of fat, saturated fat, sugar and salt, and to increase the consumption of fruit and vegetables in the population.

The food plan presents the action that the Government will take across a wide range of areas. It sets out how we can develop healthy eating in a consumer society and how information can be improved to enable healthier choices. We are developing nutrient criteria to help identify which foods can be promoted to children and to signpost foods to make healthy choices easier to make. It encourages healthy eating behaviours in children and young people through a whole-school approach to healthier eating; promotes opportunities for healthy eating in the communities in which we live through, for example, the five-a-day community initiatives; ensures that the NHS promotes healthy eating in all aspects of its work; promotes opportunities for healthy eating in the workplace and for ensuring that the public sector leads by example through, for example, developing guidance on good practice in food procurement in the NHS and across other public sector services; and it requires us to work with the food industry to increase the availability of and access to healthier foods that have reduced levels of fat, saturated fat, sugar and salt, to make healthy foods the norm rather than the exception.

The physical activity action plan brings together all the commitments relating to physical activity in "Choosing Health" as well as further activity across Government. That will contribute to increasing levels of physical activity. It sets out detailed action at national, regional and local levels to improve people's health through participation in physical activity. This represents the first truly cross-Government plan to co-ordinate action aimed at increasing levels of physical activity across the whole population, as recommended by the report, "Game Plan: a strategy for delivering Government's sport and physical activity objectives", in 2002.

Our action on physical activity will ensure high quality, well-targeted and attractive provision for walking and cycling; create and maintain a wide range of opportunities for activity through recreational activity and sport; encourage activity in early years, school, and further and higher education; develop services within the community health care system to provide ongoing support to achieve sustainable behaviour change; and encourage employers in the public, private and voluntary sectors to engage and motivate staff to be more active.

As already emphasised, it is important to maintain optimal levels of blood cholesterol, with the ideal being, as my hon. Friend said, 5 millimoles per litre. The UK average is well above that at 5.6 millimoles per litre, with nearly two thirds of men and women having raised levels of blood cholesterol. In many cases, elevated levels of cholesterol can be treated by adopting healthier lifestyles. The key is to avoid being overweight, exercise regularly and eat less saturated fat.

The first route to managing raised cholesterol levels is through dietary modification. If levels continue to be high, medication is required, usually in the form of statins, which my hon. Friend mentioned. In addition to changing the quality of fat in the diet by reducing saturated fat and eating a variety of at least five portions of fruit and vegetables a day, statins can help to prevent heart disease, stroke and some cancers. The five-a-day programme includes a communications programme to increase awareness of the benefits of eating five portions of fruit and vegetables a day, and to encourage increased consumption of fruit and vegetables. A recent study showed that each increase of one portion of fruit and vegetables a day can lower the risk of coronary heart disease by 4 per cent.

Alongside diet, I reiterate the importance of physical activity. There is considerable evidence that physical activity can help to improve blood cholesterol levels. The main benefit appears to be improved levels of the good high-density lipoprotein—HDL—cholesterol. A simple measure such as regular walking of at least 30 minutes a day can help to reduce the risk of heart disease. A low level of cardio-respiratory fitness is an independent risk factor for coronary heart disease. Increasing levels of cardio-respiratory fitness can lessen

BEST COPY AVAILBLE

[Dr. Stephen Ladyman]

the harmful effects of other risk factors for coronary heart disease such as high cholesterol, smoking or blood pressure.

As my hon. Friend stated, heart disease remains the biggest killer, with the disadvantaged being more vulnerable. Tackling risk factors of heart disease, including elevated levels of blood cholesterol, is vital to the delivery of our public service agreement target, which not only focuses on heart disease but aims to reduce inequalities in health. The PSA target calls on us "to substantially reduce"—from the Our Healthier Nation baseline of 1995–97—

"mortality rates by 2010 from heart disease and stroke related diseases by at least 40 per cent. in people under 75, with at least a 40 per cent. reduction in the inequalities gap between the fifth of areas with the worst health and deprivation indicators and the population as a whole."

The Department of Health has explicitly signed up to deliver by 2010 a 40 per cent. narrowing of the gap between the country as a whole and the worst hit areas. The latest figures show that we are well on track to deliver that, with a 22 per cent. narrowing of the gap since 1997. The extra £500 million announced for the spearhead primary care trusts in the worst hit areas will be an important boost to that effort.

Primary care has a vital role to play in tackling the risk factors of heart disease. That is why we also have a priorities and performance framework, or PPF, which requires primary care practices to update practice-based registers so that patients with CHD and diabetes continue to receive appropriate advice and treatment in line with national service framework standards, including the recording of blood cholesterol levels and body mass index. Evidence from the primary care and CHD collaboratives suggests that the large majority of practices have registers.

Our second line of action on prevention is to resort to drug treatment—statins—as the last resort. Statins are lipid-lowering drugs, which are cost-effective in reducing heart attacks and deaths from CHD. They are potentially beneficial to a wide group of patients either with existing CHD or at risk of developing the disease. They are also one of the major cost drivers of the CHD national service framework—NSF. For that reason, the NSF recommended that the roll-out of statins prescribing should be staged, starting with people with diagnosed CHD, and progressing to those at risk.

That is now further reinforced in the quality indicators for the new general medical services contract, which include cholesterol management for patients with existing CHD. The number of statins prescribed continues to rise by around 30 per cent. a year. Nationally, approximately 1.5 million people currently receive them. That saves around 6,700 lives a year and prevents many more people from having heart attacks.

The Wanless report suggested that statins should be prescribed for patients with lower levels of CHD risk than indicated in the NSF—a 15 per cent. risk over 10 years as opposed to 30 per cent. in the NSF—and that that would lead to a prescribing cost of £2.1 billion by 2010.

A statin—simvastatin—will soon be available over the counter for sale to people at moderate risk of CHD, to help them reduce their risk by lowering their cholesterol. The pharmaceutical company will undoubtedly conduct its campaign to raise awareness of those benefits to potential customers.

My hon. Friend raised the importance of promoting awareness of the risk of raised blood cholesterol, and I agree that it is important for people to be aware of their cholesterol levels. Although population-wide cholesterol testing is currently not feasible, primary care practices are encouraged to identify those at risk of heart disease.

Primary care trusts will have to set local targets in their local delivery plans to cover better management of blood cholesterol and blood pressure levels. We agree that increased awareness of one's health risks can be a motivating factor in making lasting lifestyle changes, so the Government are committed to supporting people by a new kind of personal health resource in the form of NHS health trainers drawn from local communities with an understanding of the day-to-day concerns and experiences of the people whom they support. Health trainers will work with individuals to develop personal health plans as a tool to identify their priorities for health and create tailored advice to make the necessary lifestyle changes. Health trainers will be accredited to provide general advice, and for those who need specialised help, they will help access the relevant NHS services.

I wish to reiterate that the Government's drive to reduce mortality from heart disease is to address all risk factors such as obesity, diet, physical activity, smoking and so on and, more important, raise awareness among people through clear and credible tailored information, helping people to take responsibility for their own health.

As I said at the beginning, I believe, like my hon. Friend, that the Government have done some excellent work on this. However, there is always more that we can do. I shall ensure that the Minister for Public Health studies my hon. Friend's comments to ascertain where we can improve on what we are already doing. However, I hope that I have reassured him that the Government do not take the issue lightly. We are determined to reduce coronary heart disease rates in this country, and we understand that the key to doing that is to reduce people's choiesterol levels and improve their lifestyles generally.

Question put and agreed to.

Adjourned accordingly at seventeen minutes to Seven o'clock.

House of Commons

Wednesday 16 March 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

English Partnerships

1. **Mr. Bill Olner** (Nuneaton) (Lab): If he will make a statement on the work of English Partnerships. [221847]

The Deputy Prime Minister (Mr. John Prescott): English Partnerships is the national regeneration agency. It is responsible for the national brownfield strategy and has played a key role in increasing the percentage of new homes built on brownfield land from 56 per cent. in 1997 to 67 per cent. in 2003. English Partnerships is also responsible for the development of the growth areas, the millennium communities, coalfield regeneration and the housing pathfinder programme. During the current spending round, EP will invest £2.2 billion to create sustainable communities, including £1 billion from receipts. On top of that, EP aims to lever in a further £2.5 billion of private sector investment. Finally, it is also running our competition to build high-quality homes for £60,000, so that more people on low incomes can get a foot on the housing ladder.

Mr. Olner: I commend the fact that my right hon. Friend is continuing to fund English Partnerships well. EP is doing a wonderful job in Pride in Camp Hill, in my constituency, in seeking the regeneration of both housing and industry. I have issued him an invitation before, but I really would like him to come and see what that money is doing in real terms, and what English Partnerships is doing to regenerate the communities that need that investment.

The Deputy Prime Minister: I thank my hon. Friend for his kind remarks about the important role of English Partnerships, and I note his invitation to visit his constituency. I suppose I shall be visiting many places in the next few weeks, and I shall take the opportunity to pass on his praise about the excellent work of English Partnerships in increasing the investment of public and private money in regeneration. The Opposition are proposing to cut £1 billion off that programme, which would mean cutting back on social housing, housing for first-time buyers, and pathfinder programmes—but what's new? That is what they always do.

Mr. Andrew Mackay (Bracknell) (Con): What would the Deputy Prime Minister say to my constituents who find that this unelected quango is foisting a huge number of extra homes on the RAF staff college site in Bracknell against the wishes of the local residents and their elected representatives?

The Deputy Prime Minister: My first advice would be to tell them to vote Labour. Apart from that, I would point out that English Partnerships was set up by the previous Conservative Administration. It is an excellent body, and we have made it into more of an intervention tool than it was under the previous Administration. We are trying to build new housing in Bracknell, a move that the local authority very much supports. There is some difficulty about the infrastructure, but people there desperately want more housing. We have tried to buy more public land, which will give us the opportunity to provide more housing, which is desperately needed, particularly in the right hon. Gentleman's area.

Geraldine Smith (Morecambe and Lunesdale) (Lab): Is my right hon. Friend aware that English Partnerships has been extremely helpful in my constituency, in assisting Lancaster city council with the west end masterplan in Morecambe, which deals with housing regeneration in seaside towns? Does he also agree that, when we are dealing with private sector housing and compulsory purchase, we must be very sensitive to the residents who are directly affected and ensure that the city council takes their views into consideration? I welcome the support from English Partnerships, however.

The Deputy Prime Minister: I am grateful to my hon. Friend for her kind remarks. She is absolutely right: English Partnerships has shown great sensitivity in consulting local authorities, communities and other stakeholders on the changes that have had to be brought about. The pathfinder programmes are an area of great sensitivity, but they are providing homes that people want, and it is important that they go through the proper consultation.

Mr. Edward Davey (Kingston and Surbiton) (LD): Given the abysmal record in many parts of the public sector of managing publicly owned land, is it not time that Ministers asked English Partnerships to develop a more coherent strategy for using that valuable land? Since the senior management at English Partnerships has improved recently, why does not the Deputy Prime Minister ask EP and the local authorities together to compile and publish a full register of all publicly owned land, not least so that that land can be made available to tackle the crisis in affordable housing?

The Deputy Prime Minister: That is precisely what we have been doing. English Partnerships has been recording all the available brownfield sites, and I want it to ensure that all the land that is known in the public sector should be available. In that regard, the Government have made a bid for land used by the

Department of Health and the Ministry of Defence. The land in Bracknell mentioned by the right hon. Member for Bracknell (Mr. Mackay) is also a classic example. We want to use public land to provide affordable homes. The idea that we have developed is that the Government can hold on to the land while charging only for the price of the construction on it. It is an idea that has caught on, despite the industry telling me that homes for £60,000 could not be built. It now admits that that can happen, and I notice that French Ministers adopted the idea last week.

Paddy Tipping (Sherwood) (Lab): Will the Deputy Prime Minister visit the Gedling borough area again in the next couple of months, to look at the excellent work that English Partnerships is doing at the former Gedling colliery site? It has made £2 million available for regeneration there. On his visit, will he also press the Tory-controlled Gedling borough council to get its finger out and grant planning permission there?

The Deputy Prime Minister: I will leave it to my hon. Friend to give such very direct advice, but English Partnerships is certainly playing a major role in the coalfield communities. Many of them have been transformed, and given hope where there was only despair after the massive closure of the pits and the communities by the previous Administration. It is a delight to visit those areas now to see that they are providing, in some cases, more jobs than were involved in the pits themselves. New ideas and innovations, very much led by English Partnerships, have brought the public and private sectors together. The Glasshoughton site is now a ski instruction area, which employs more people than were involved in the mine. The chief ski instructor is an ex-miner, which is good.

Mr. Eric Pickles (Brentwood and Ongar) (Con): English Partnerships has expressed concerns about the Deputy Prime Minister's policy of demolishing perfectly good terraced housing. I was brought up in a Victorian terraced house and I remember with affection the enormous community spirit in the area, and I also remember the heart being torn out of those communities in the 1960s by transportation to soulless tower blocks. Why does he want to cram more people into the south of England and abandon the north of England to the bulldozer?

The Deputy Prime Minister: It always amazes me when hon. Members make criticisms about knocking houses down. The hon. Gentleman should have seen the state of some of the houses that are being knocked down in these pathfinder areas: they have an outside toilet and are being sold for £1,600. It is not possible to make the proper improvements to them. Many of them benefited from the previous Government's regeneration programmes, which tarted up the windows and painted the doors. They call that regeneration. We want a fundamental change, which in some cases means that if we want communities with green spaces some houses might have to be knocked down, but only the ones that really cannot be repaired to good value. This is about lifting up a community spirit and being involved in the area, but I have to tell the hon. Gentleman that he must not rely totally on the press for advice, as he does in his comments about Brentwood when he gets on about the Gypsies. He is the one who cancelled the programme, with the rest of his Administration, for the provision of land for Gypsies.

Mr. Dennis Skinner (Bolsover) (Lab): My right hon. Friend is aware that we got the money to deal with Shirebrook pit tip. We flattened it, and there is now a factory on there that will be employing 1,000 people by the end of this year—more than worked down the pit at the end, when the Tories closed it. That is because of our co-operation with the Labour authorities and English Partnerships. Is he aware that we have another project on the Markham pit site, where we are going to get the junction from the M1 straight on to the site? There will be 5,000 jobs—English Partnerships again. We are turning the whole thing round. Eight great Budgets, and still the show goes on.

The Deputy Prime Minister: I am very grateful for the kind remarks of my hon. Friend, who, living in the coalfield communities, knows exactly what has been done by English Partnerships. He came to see me early in 1997, asking what we could do for the coalfield communities, as did my hon. Friend the Member for Mansfield (Mr. Meale). I put together a £450 million programme. It is a great delight to go to coalfield communities now to see that they have hope, jobs and a future. How different that is from the previous Administration's destruction of the coalfield areas.

Housing (North-East)

2. **Mr. A. J. Beith** (Berwick-upon-Tweed) (LD): What recent discussions he has had with the North East assembly about the housing proposals in the regional spatial strategy. [221848]

The Minister for Housing and Planning (Keith Hill): The Government office for the north-east, on behalf of the Secretary of State, my right hon. Friend the Deputy Prime Minister, recently submitted comments in response to a public consultation by the North East assembly on the draft regional spatial strategy for the north-east. That response is a public document and can be made available to the right hon. Gentleman and hon. Members.

Mr. Beith: Will the Minister include it in his advice to the unelected regional assembly that establishing a restriction of only 60 or 70 houses a year to be built in the Berwick and Alnwick areas would be a disaster for those who need social housing and first-time buyers in a part of the country where houses prices are still increasing quite rapidly? Does he recognise that preventing small builders and housing associations from building half a dozen houses in a village or 10 in a small country town will make no difference either way to the policy objectives of the strategy so far as the major urban areas are concerned?

Keith Hill: The right hon. Gentleman has made his argument, which he is perfectly entitled to do, and I am sure that it will be listened to. We now await the submission of the regional spatial strategy, which will then be subject to further public consultation and an examination in public before it comes to the Deputy

Prime Minister to consider. The right hon. Gentleman will understand, however, that the proprieties of the planning system prevent my engaging in further detailed discussion at this stage.

Mr. Derek Foster (Bishop Auckland) (Lab): Will my right hon. Friend take note of the widespread discontent in the county of Durham because this regional spatial strategy is imposing on it managed decline, which cannot be right?

Keith Hill: I hear my right hon. Friend. At the same time, however, I am sure that he will agree that there is enormous investment through the housing market renewal project, which is already well under way in Newcastle, and through the decent homes programme in his area. We await further announcements in connection with housing market renewal in the Tees valley, which I am confident will be welcomed locally.

Mr. Bernard Jenkin (North Essex) (Con): But the people of County Durham and the north-east might well ask the Government why on earth such a thing as a north-east assembly exists at all? Does he remember that there was a vote last autumn, and that 78 per cent of people who voted, on a substantial turnout, voted no to a north-east regional assembly? Does not that demonstrate that there is a moment in the lifetime of every Government when Ministers demonstrate that they are completely out of touch with the real wishes and aspirations of the British people? They do not want regional government.

Keith Hill: I always find the hon. Gentleman a slightly implausible voice on behalf of the people of the north-east.

Mr. Jenkin: We won.

Keith Hill: Of course we accept the judgment of the people of the north-east on the elected regional assembly. Nevertheless, I believe that a broad consensus remains in the north-east about the value of a north-east regional assembly, particularly in its housing and planning functions.

Fire and Rescue

3. **Ann Winterton** (Congleton) (Con): What his policy is on the location of Fire and Rescue Service command and control centres. [221849]

The Minister for Local and Regional Government (Mr. Nick Raynsford): The Government's policy is to establish a resilient network of fire and rescue service control centres throughout England. Draft location criteria for those new regional centres were included in the consultation on the Government's response to the Mott MacDonald report, issued on 11 December 2003, and subsequently amended in response to that consultation. The Office of the Deputy Prime Minister is currently in the process of procuring sites in eight regions.

Ann Winterton: Will the Minister recognise that technology can never replace local knowledge at both command and control centres and fire stations? Will he stop pitting county fire brigades against their neighbours, leave local command and fire centres alone and give an undertaking to the House that there will be no further regionalisation through replacing county fire brigades with regional ones, a move which will be as fiercely resisted as regional government?

Mr. Raynsford: I am afraid that the hon. Lady is confusing two separate issues. There are no plans to regionalise fire and rescue authorities, and I have made that clear on many occasions. What we are doing is procuring a resilient network of regional control centres, which will employ the best technology to ensure a quick and effective response to whatever risk applies in an area. That is recognised as delivering a better service, improving public safety, saving lives and saving money, which can then be used to improve community fire safety. The hon. Lady may shake her head, but that is the truth, and when she has examined the facts in more detail she will realise that local knowledge has played only a limited role in fire response since the 1980s when computerised gazetteers were introduced. We now need to ensure that we are using the best possible technology to deliver the best service and save more lives.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): My right hon. Friend will be aware that in Cheshire all three parties on the fire authority have signed up to the agreement that brings about the restructuring of the fire brigade. He knows that concerns have been expressed in my constituency about safety in relation to some of the major hazard sites. Will he assure my constituents that none of the changes that have been introduced will have any detrimental impact whatever on their safety?

Mr. Raynsford: My hon. Friend makes an extremely good point. Safety is paramount. The thrust of the Government's policy on reform of the fire service is about saving lives, and we will achieve that by more focus on prevention, more community fire safety work, and rapid responses to incidents wherever they occur—ensuring the most effective possible response by the most appropriately placed appliance.

Mrs. Caroline Spelman (Meriden) (Con): We have now heard of deep-seated concern on both sides of the House about the Government's plan to cut the number of fire control rooms from 49 to just nine. Does the Minister accept that voters now have a clear choice between the Conservatives, who will abort the Government's plan to scrap our fire control rooms, and a Labour Government who will pursue their discredited and unwanted regionalism regardless?

Mr. Raynsford: I do wish the hon. Lady would do her research more thoroughly. First, there are currently 47 separate control centres, not 49. Secondly, the cost of responding to emergencies varies enormously, because many centres are very small and require a disproportionate number of staff in relation to calls.

The hon. Lady would do well to consider the example of the Isle of Wight, where the average control room operator deals with one call every seven hours. That is not a cost-effective response. In London, where there is already a regional response, the average control operator deals with one call every 30 minutes. It is to achieve that greater efficiency, to use resources more effectively, and to use the consequent savings to save lives that we are proceeding with what all who have examined the issues closely recognise to be a real improvement in the standard of safety delivered through control centres. I am sorry that she cannot recognise that as well.

Building Standards

4. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent assessment he has made of standards in building control. [221850]

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Phil Hope): Following work with national representatives of several building control bodies, the Office of the Deputy Prime Minister is considering a revision of the building control performance standards handbook and the introduction of seven key performance indicators.

David Taylor: The introduction of competition in building control has been an outrider for wider outsourcing of local council services. Does the Minister share my concern about mounting evidence that the profit motive is driving down standards? When will he introduce a rigorous regulatory regime for private firms that is at least comparable with the one that has applied to local authorities for years?

Phil Hope: I understand my hon. Friend's concern, and I will examine any evidence that quality is suffering, but we want the building regulations to be applied effectively through proper compliance and checking by both local authority building control officers and approved inspectors. There are 12 performance standards, providing a framework for the delivery of high-quality services by building control bodies in the public and private sectors.

Michael Fabricant (Lichfield) (Con): Is the Minister aware that the introduction of part P to the building regulations is driving many good electricians out of business? Obtaining part P certification costs them around £2,000, which is too much. I can tell him, as a member—indeed, a fellow—of the Institute of Electrical Engineers, that part P is not necessary and that houses would not burn down if it were repealed tomorrow.

Phil Hope: I am sorry that the hon. Gentleman seems to be unaware that as a result of part P lives will be saved and there will be fewer injuries throughout the country. He may shake his head, but that is the reality. Part P ensures that when fixed electrical installation takes place in a house it is done safely. An unqualified person can still do the work, but must ensure that it is checked to be certain that it has been done safely, so that lives are not lost in the future.

Housing (Stockton)

5. **Ms Dari Taylor** (Stockton, South) (Lab): If he will make a statement on housing investment in Stockton. [221851]

The Minister for Housing and Planning (Keith Hill): Stockton has been allocated £63 million for 2002–06 for decent homes in the social rented sector; further funds will be made available in future years. Stockton has already received some funding for housing market renewal, and the Office of the Deputy Prime Minister has announced that additional housing market renewal funds will be made available from 2006.

Ms Taylor: I thank my right hon. Friend for that response and for making time to visit my constituency. *[Interruption.]* I am sure that that visit will have convinced him that Labour is delivering decent homes and environments for all. What is his Department doing—*[Interruption.]*

Mr. Speaker: Order. This noise is unfair to the hon. Lady. [HON. MEMBERS: "Hear, hear."] Perhaps those who are cheering me will observe the rule, then.

Ms Taylor: Thank you, Mr. Speaker. What is my right hon. Friend doing to encourage ordinary people to be part of shared ownership and to have a share in the equity of their homes, accepting that this is a serious link to achieving sustainable communities?

Keith Hill: As my hon. Friend knows, our recent statement on our five-year plan, entitled "Homes for All", included a new announcement on low-cost home ownership that was very well received. During my recent visit to Thornaby, I was delighted to turn the first sod at the Mandale redevelopment and to meet the excellent local residents who were involved in the project. My hon. Friend played a leading part in persuading Ministers to invest in the Mandale regeneration; indeed, I know for a fact that she made the case to them for the south Stockton link road, which is about to be officially opened. Stockton, South is lucky to have her as its Member of Parliament.

Mobile Phone Masts

6. **Dr. Vincent Cable** (Twickenham) (LD): In how many planning appeals inspectors have rejected applications for mobile phone masts on the ground of the public perception of health risk. [221852]

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): We do not keep that information centrally.

Dr. Cable: Does the Minister not acknowledge the uncertainty created by Government planning guidance that allows the public perception of health risks, but not the health risks themselves, to be an objection to the siting of telecom masts? Will she allow councils greater discretion over the siting of masts in sensitive locations such as near schools, in order to reduce this problem?

Yvette Cooper: The hon. Gentleman will be aware of the recent Harrogate court case, in which the court found against the Government. We have always maintained that health can be a material consideration in planning cases. The Stewart report concludes that health risks should be considered at national level, but we are certainly reviewing the position in the light of the court judgment.

Street Crime Wardens

7. **Mr. Mark Hendrick** (Preston) (Lab/Co-op): How much is being allocated to street crime wardens for the financial year 2005–06. [221854]

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): Some £8.1 million has been allocated to street crime warden schemes in 2005–06.

Mr. Hendrick: Crime is down by a third in Lancashire and we have 303 more police than in 1997. May I thank my right hon. Friend the Deputy Prime Minister for making available to Preston city council an extra £123,838, which, along with the existing £55,000, will pay for the street crime wardens who have done—and will doubtless continue to do—an excellent job in Preston?

Yvette Cooper: I congratulate Preston on getting the extra money for the wardens. During the first wave, crime has come down in the warden areas by 28 per cent. It is shocking to think of the many warden schemes that would be at risk if the Tories were allowed to cut £1 billion from our budget.

Mr. Andrew Robathan (Blaby) (Con): Has the Minister tried road-testing this policy with a few local communities and parish councils? If she did, she might be told, as I was, "We used to provide a service to our community. With this Government, all we do is provide paperwork."

Yvette Cooper: I am certainly sorry if there are parish councils that do not want to join in the warden schemes—funded by this Government—that have been so successful in cutting crime. Such councils would also suffer from the huge cuts that the hon. Gentleman's party would impose. Perhaps he should discuss that issue with his Front Benchers.

High Hedges

8. **Mr. John Grogan** (Selby) (Lab): If he will make a statement on the implementation of part 8 of the Anti-social Behaviour Act 2003. [221855]

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Phil Hope): Part 8 of the Anti-social Behaviour Act 2003, which deals with high hedges, will be implemented in the coming months. When regulations governing certain procedural details are laid before Parliament by the Office of the Deputy Prime Minister, I will be able to give a firm commencement date quite shortly.

Mr. Grogan: I thank my hon. Friend for that reply, which will be warmly welcomed by all those who have campaigned long and hard for improved legislation on high hedges, including Mr. Ted Batty, who is one of my constituents. Will my hon. Friend urge councils to apply that legislation assiduously, once it takes effect?

Phil Hope: Unlike Conservative Members, who talked out such a measure when it was in the form of a private Member's Bill promoted by my hon. Friend the Member for Ealing, North (Mr. Pound), my hon. Friend and many other Government Members are very keen to introduce the legislation early, so that we can deal with high hedges. It will give us all sheer delight to bring this measure out of the shade as soon as possible, so that we all keep in trim for any possible future election.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [221832] **Mr. Mark Hendrick** (Preston) (Lab/Co-op): If he will list his official engagements for Wednesday 16 March.

The Prime Minister (Mr. Tony Blair): This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Mr. Hendrick: My right hon. Friend may be aware that unemployment is down in Preston by 52 per cent. Since 1997, it has gone down from 5,300 people claiming jobseeker's allowance to 1,900 people. Does he accept that much of that is down to the Government's proactive job market measures and the efforts of his right hon. Friend the Chancellor in excellent Budgets, another of which we expect to see today?

The Prime Minister: I am happy to tell my hon. Friend that what is the case in Preston is actually the case in virtually every part of the country. Figures out today show record employment levels—over 2 million more jobs in Britain since 1997. Long-term youth unemployment is virtually eradicated, and the reduction in unemployment over the past few years has saved us something like £21 billion. When we came to office, 75 per cent. of extra public spending went on debt interest repayments and unemployment. Today, 75 per cent. goes on investment in our future.

Mr. Michael Howard (Folkestone and Hythe) (Con): The police Minister says that, overall, the crime picture in Nottingham is pretty good. Does the Prime Minister agree?

The Prime Minister: There have been falls in crime in Nottingham, I am pleased to say. There are also record numbers of police officers in Nottingham. I think that

there are about 300,000—I am sorry, 300—extra police officers in Nottingham, and overall in the country there are not 300,000, but 3 million fewer crimes since 1997.

Mr. Howard: I asked the Prime Minister whether he agreed with his police Minister, and as usual, he did not answer. I will tell him someone who does not agree with his police Minister—the chief constable of Nottinghamshire. He said:

"We are reeling with murders. We are in a long-standing crisis situation with major crime".

Is he not rather better placed to judge the crime situation in Nottingham than the police Minister?

The Prime Minister: Why do not we use the police officers' statistics in Nottinghamshire, compiled by the police? In the past 12 months, all crime is down by 8 per cent., domestic burglary is down by 17 per cent. and robbery is down by 24 per cent. As a result of the Government's extra investment, there are record numbers of police officers in Nottingham. They are now backed up by community support officers. How will that be helped by the right hon. and learned Gentleman's proposal to cut £35 billion-worth of public spending and freeze the Home Office budget?

Mr. Howard: Labour has given Nottinghamshire 200 extra police officers in the past eight years, but a Conservative Government would give Nottinghamshire 740 extra police officers in the next eight years. The Prime Minister gave the figures for Nottinghamshire for the past 12 months; let me give him the figures since 1999. Since 1999, overall recorded crime in Nottinghamshire has gone up by almost a fifth and violent crime has gone up by more than a half. The chief constable says:

"We are reeling with the murders"—

and the response from the Government is that the overall situation in Nottinghamshire is pretty good. Is it any surprise that people think that the Prime Minister and his Home Office team are not living in the real world?

The Prime Minister: Let me just tell him—*[Interruption.]* If the right hon. and learned Gentleman wants to quote police officers, let us quote the president of the Association of Chief Police Officers, who said:

"Continuous falls in the numbers of burglaries, robberies and vehicle crimes demonstrate the value of the many targeted police initiatives around the country . . . The fall in violent crime shown by the British Crime Survey is particularly encouraging."

Now let us go back to the right hon. and learned Gentleman's claim that he will put more police officers into Nottinghamshire. How is that consistent with freezing the Home Office budget and with £35 billion-worth of cuts? *[Interruption.]* The Conservatives deny the £35 billion-worth of cuts. Let me quote from the shadow Chancellor, who said a few days ago that, by the end of the sixth year, the Conservatives would be spending

"about £35 billion less per year"

than the Government. I should have thought that that was very clear, so how will the right hon. and learned Gentleman increase the number of police officers while freezing their budget? *[Interruption.]*

Mr. Speaker: Order.

Linda Perham (Ilford, North) (Lab): What action—

Hon. Members: Tory gain.

Mr. Speaker: Order. That was a rather unworthy thing to shout across the Chamber, from any part of the House.

Linda Perham: What action can the Government take against the Tory-controlled London borough of Redbridge, which last year short-changed its primary school pupils by £4.1 million, or £186 per pupil, by underspending the school formula spending share? What action would he recommend to my constituents over the next few months?

The Prime Minister: I am pleased to say that, as a result of the extra investment—it was, of course, opposed by the Conservative party and would be cut by their £35 billion-worth of cuts—the actual amount of education spending per pupil has gone up by about £900 in real terms since we came to power. If that is not being sent out to the front line by a Conservative-controlled council, there is a very simple remedy: vote Labour.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): I am not sure that that is the remedy to all our problems.

The Prime Minister of Italy has just announced the withdrawal of the 3,000 Italian troops from Iraq. He has also said that he discussed this matter with the Prime Minister. When Mr. Berlusconi discussed this matter with him, did the Prime Minister seek to dissuade him from or persuade him into such a course of action? What implications does this have for a phased timetable for the withdrawal of British troops from Iraq?

The Prime Minister: It does not have implications. The right hon. Gentleman is a bit behind what the Italian Government have said in the last few hours, which is that their position is exactly the same as ours—that there should be a build-up of the Iraqi forces so that security is increasingly taken over by them. We have always said that we should leave as soon as possible, once the Iraqi forces are capable of dealing with their own security. Neither the Italian Government nor ourselves have set some deadline for withdrawal.

Mr. Kennedy: Many of us remain of the view that we should set a deadline for withdrawal, which should be in line with the expiry of the United Nations mandate. Still on Iraq, will the Prime Minister take this opportunity to confirm to the House that when the Cabinet gave final approval for the war in Iraq, the Cabinet at that time had before it a full written legal opinion from the Attorney-General concluding that the war was legal—yes or no?

The Prime Minister: The Cabinet had before it the Attorney-General, who was there precisely to answer questions and to say that the war was lawful. As I have said to the right hon. Gentleman on many occasions, we can debate whether the conflict was right or wrong but, frankly, it is absurd to keep on suggesting that some secret opinion of the Attorney-General said that the war was unlawful. The Attorney-General has made his position absolutely clear—the war was lawful because of the breach of UN resolutions and the evidence that Saddam was in breach of the UN resolutions.

To go back to the point about withdrawal, I have to say that I profoundly disagree with the right hon. Gentleman. The most important thing at the moment is that we have democracy taking root in Iraq, and that is a fantastic development. It is having consequences right across the middle-east. If he talked to people in Iraq, they would say to him that, of course, they want the multinational force to leave as soon as is possible, but we have got to make sure that the Iraqis are capable of looking after their own security before that happens. That is why we are building up the Iraqi security forces.

The date of September is simply a reference to the fact that, by September, we hope that the Iraqi security forces will be in a much better position. However, it does not mean that we should set an arbitrary timetable for withdrawal. We should withdraw when the job is done, not before.

Mr. David Clelland (Tyne Bridge) (Lab): The Prime Minister may be aware that the National Institute for Clinical Excellence is proposing that certain drugs for the treatment of Alzheimer's disease and dementia should no longer be available on the NHS. However, is he aware of the massive impact that this would have on the quality of life of sufferers and carers throughout the country? Will he intervene to ensure that these drugs remain available on the national health service?

The Prime Minister: The situation is now under review. Obviously, it is important that we keep closely to what the institute advises. Under this Government, we have set up for the first time in this country an independent body that advises us on these things, and I think that it is now taken virtually as a model around the rest of world as to how these things should be done. Occasionally, it will make proposals that are highly controversial. For that very reason, we have said that we would look at these issues again with the national institute, but I do not think that that should be taken as any reflection on the institute's general work, which is very good.

Mr. Howard: Will the Prime Minister join me in paying tribute to the extraordinary courage and tenacity of the family of Robert McCartney, who have exposed the evil of IRA thuggery? In paying tribute to their courage, will the Prime Minister make it clear that there can be no place in the Government of Northern Ireland for any party linked to terror and organised crime and that refuses to co-operate with the police?

The Prime Minister: Of course, we all pay tribute to the courage of the McCartney family. No one has made their case better than them. Also, it has been the position since October 2002 that we cannot have an inclusive Executive or Government in Northern Ireland unless there is a complete end to all forms of paramilitary and criminal activity. That is the position of the Government, and that is why we are still in the impasse that we are in.

Mr. Howard: Given that, how does the Prime Minister respond to the remarks today of the hon. Member for Newry and Armagh (Mr. Mallon), who says that the present situation in Northern Ireland has been brought about by the Prime Minister who, he says, has acted in bad faith and pandered to the demands of Sinn Fein-IRA?

The Prime Minister: Let me answer that in two parts. First, I pay tribute to the hon. Member for Newry and Armagh (Mr. Mallon) and the work that he has done to bring about a settlement in Northern Ireland. I obviously disagree with the remarks that he has made for a very simple reason. I think that the SDLP conference passed a resolution a short time ago saying that the party would not go into government exclusive of Sinn Fein. That, therefore, is the issue. That is why it is important to try to make progress that includes everybody, but that has to be on the very clear basis that there is a commitment to peaceful and democratic means by everyone.

This process has been very difficult over the past eight years, but I think that we have made an immense amount of progress. What is happening today with the IRA and with the way that the McCartney family are behaving, what they are saying, the fact that the British, Irish and American Governments are all on the same side, and the fact that every major political party is on the same side, are an indication of how much has changed. For the rest to change, it is necessary for those people inside the republican community finally to stand up and say, "We will pursue our perfectly legitimate aspirations for a united Ireland peacefully, and we want nothing to do with criminal gangs, criminal activity or, indeed, paramilitarism."

Mr. Howard: But the hon. Member for Newry and Armagh, whose courage and integrity are admired in every part of the House, made himself very clear. He said:

"If you look at all the side deals, the lesson Sinn Fein got from Blair and Bertie Ahern was the more often you ask, the more often you get."

He said that Sinn Fein

"damn well near lived in Downing Street"

giving the message that

"these are the people we should support because they are people doing the deals."

Is it not now obvious to everyone that Sinn Fein-IRA are up to their necks in criminal activity, so will the Prime Minister now send out a clear message that Sinn Fein will no longer enjoy a veto over political progress in Northern Ireland?

The Prime Minister: First, it is absolutely correct to say that we have worked very closely indeed with Sinn Fein over the past few years. I make no apologies for that—it has been a necessary part of securing the progress that we have secured. Secondly, the reason why

we have not got an inclusive Executive—or, indeed, any Executive—or devolved institutions in Northern Ireland is precisely because we have made it clear that the price of going into government is giving up criminal activity and paramilitarism completely.

Thirdly, as I said—I ask the right hon. and learned Gentleman to reflect on this—the most important thing in Northern Ireland is that a big debate is going on inside the republican community. What I want to reflect on is the best way to allow that debate to happen constructively. It is not going to happen because of what he says, and it is not actually going to happen because of what I say, but it may just happen if people look at the progress made over the past few years and realise that the Unionist community is sincere in its wish to go forward on an inclusive basis, provided that violence is given up completely. If that becomes clear in the whole of the island of Ireland, we have a chance of making progress. The types of remarks that he makes may get him a cheer, but they are not much help.

Mr. Frank Roy (Motherwell and Wishaw) (Lab): During the last 16 minutes of Prime Minister's Question Time, more than 300 children in Africa have met an untimely death as a result of either preventable disease or armed conflict. May I congratulate the Prime Minister on the lead that he has taken on African issues and ask for the assurance that during the next few months, when the political debate will focus on the home front, he will continue to stand up for Africa and to highlight the needs of African children?

The Prime Minister: The widespread support given to the Commission for Africa report last week is a good and optimistic sign. There is a real sense, both on the continent of Africa and, I hope, in the developed world, that we have a moment of opportunity in which to make progress and to deal with issues such as debt relief, aid, trade, conflict resolution and governance. I will obviously do everything that I can to make progress over the next few months because, as my hon. Friend rightly points out, thousands of people die—preventably—every day in Africa. It is a scandal that the world must act on.

Q2. [221833] **Dr. Vincent Cable** (Twickenham) (LD): Last week, the Prime Minister told me that the Government have created 10 times more doctors and nurses in my constituency than actually exist. I wonder whether he could do a little better this week with a question on mental health.

How is it possible that the South West London and St. George's mental health authority, catering for 1 million people, can announce deep cuts in clinical services and care in the community because of a lack of Government funding, while simultaneously advertising nine senior management non-clinical posts at salaries of £70,000? When will the Government stop that grotesque bureaucratic empire building at the expense of front-line services?

The Prime Minister: In fairness, the hon. Gentleman might have pointed out that there are over 2,600 more nurses and 300 more doctors in the South West London strategic health authority since 1997, and waiting lists and waiting times are down. There is also a massive investment in the health service in his area. That point is important for balance.

I agree that there is a particular problem in relation to mental health in the hon. Gentleman's area. I can do no more than to quote the chief executive of the mental health trust, who said:

"We have started a crisis and home treatment team, are building a new ward at Queen Mary's and have no plans to close the Maddison Clinic or Barnes Hospital. We will continue to provide specialist services to local people."

It is true that he also said that there are financial pressures, and I suppose that there always will be financial pressures in virtually every part of the health service. However, it is only as a result of the record investment going into the health service—the vast bulk of which has gone not on bureaucrats or managers, but on new buildings, new nurses and new doctors—that we have made the progress that we have. I would have hoped that he would recognise it.

Jonathan Shaw (Chatham and Aylesford) (Lab): In evidence to the Select Committee, the head of the Prison Service told it that prison escapes had been virtually eliminated. He contrasted that with the mid-1990s, when up to five went over the wall every week at a time when we were being told that prison works. Will my right hon. Friend assure the House that the Government will never implement such an early-release scheme or do as the Liberal Democrats suggest and give killers the vote?

The Prime Minister: I can assure my hon. Friend on both points. There is big investment going into extra numbers of police in my hon. Friend's constituency and elsewhere, and that is one of the reasons why the British crime survey shows that crime is down. We will also make sure that, rather than freezing the Home Office budget, we continue the investment in our prison services.

Q3. [221834] **Simon Hughes** (Southwark, North and Bermondsey) (LD): Does the Prime Minister accept that whatever pre-election goodies the Chancellor may have in his Budget, they will be too late for people such as Ted Maxwell from Bermondsey, a disabled pensioner, whose local post office closed two weeks ago? Is not it right that as a direct result of the Government's policy, more than 2,000 post offices have closed, and that if Labour is returned to office thousands of people will never have a local post office again?

The Prime Minister: I do not accept that. The reason for the closures, as the hon. Gentleman knows, is the reduced amount of business because increasing numbers of people have the money paid into their bank accounts. However, we do try to make provision for those who do not want that to happen. I am sorry about the particular circumstances of the hon. Gentleman's constituent; on the other hand, I am sure that he would realise, and so would other pensioners in the country, that there has been an enormous amount of money put into pensioner support over the past few years: the winter fuel allowance, the TV licences for the over-75s, the above-inflation increases in the basic state pension and the pension credit. Indeed, I may say to the hon. Gentleman

that we are putting far more money into support for pensioners than was ever asked for by the Liberal Democrats in either 1997 or 2001.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): My right hon. Friend has referred to the cuts in unemployment, which have been absolutely fantastic recently. Does he realise that the remaining small number of people who are unemployed in constituencies such as mine need special measures, such as building on the new deal and programmes like that? Will my right hon. Friend give a commitment to ensure that such programmes are sustained so that the remaining very difficult cases can be dealt with and we can get people into employment?

The Prime Minister: I can assure my hon. Friend that we will indeed keep the new deal going. It is an important programme that has helped many young people, many of those who are long-term unemployed, lone parents and disabled people into work. It has done a fantastic job. It is never, ever, as the previous Government's programmes used to be called, a skivvy scheme—we all remember both that and the high levels of unemployment in the 1980s. That is genuinely a thing of the past, but to keep it a thing of the past we need a strong economy backed up by measures like the new deal that have a proven track record of working.

Q4. [221835] **Mr. Patrick McLoughlin** (West Derbyshire) (Con): When the Prime Minister said in the manifesto at the last election:

"We will not introduce 'top-up' fees and have legislated to prevent them"

what did he mean?

The Prime Minister: What we are doing is introducing—*[Interruption.]* I am happy to have this debate. What we are doing is getting rid of up-front fees altogether, so no student or their family will have to pay money, top-up or otherwise, as they go through university. Afterwards, they will make a repayment based on their ability to pay. If, for example, a woman raises children or someone is off work for any reason, they will not have to pay. That is in contrast to the proposals, which we emphatically reject, to charge a real rate of interest on all student loans, and which would have a devastating effect on students' incomes.

Mr. Michael Jabez Foster (Hastings and Rye) (Lab): Will my right hon. Friend congratulate the staff at the Conquest hospital in Hastings who, because of investment, have been doing such sterling work, but are under pressure at the moment due to 97 per cent. occupancy? That is down to a Tory county council refusing to unblock beds. Will my right hon. Friend give authority to the health authorities to place those patients in proper places so that they can fill the beds with people who need the services?

The Prime Minister: That is why is it so important to keep the additional investment going into the national health service. The one policy that we will not countenance is a voucher system that will take £1.5 billion out of the health service, put it in the private sector, and so leave NHS patients with a worse service. That we will not do.

Q5. [221836] **Mr. Nigel Evans** (Ribble Valley) (Con): I have given the Prime Minister notice of my question. At the weekend, the grandparent and parents of a 19-month-old boy who was killed by his registered child minder came to see me. They said that if they had had the knowledge that Ofsted had about the child minder, they would not have let her anywhere near their child. I spoke to Ofsted yesterday, and it is to conduct an internal inquiry. None the less, does the Prime Minister agree that the matter is so serious that an independent inquiry should be held and a report published so that the procedures to determine who can become a registered child minder can be tightened? The key point is that such a case must never be allowed to happen again. No child should ever be put into such a vulnerable position, and their families, parents and grandparents should not have to grieve for them.

The Prime Minister: I thank the hon. Gentleman for giving me notice of his question. I extend my sympathy and, I am sure, that of the whole House to the family of his constituent.

We have a system of child care regulation. As the hon. Gentleman knows, Ofsted is the registration authority for child minders and is responsible for determining whether a person is suitable to be registered as a child minder. New regulations that came into force last December clarified the circumstances in which Ofsted may share information with parents. I would like to study the case to see whether more needs to be done. As the hon. Gentleman said, Ofsted is conducting an internal inquiry, but I want to know whether the new regulations, had they been in force at the time, would have made a difference. We always have to keep a balance between ensuring that the system is not over-bureaucratic and ensuring that the proper checks are in place. I am very sorry that in the case the hon. Gentleman raises, those checks were not sufficient to prevent a tragedy.

Dr. Nick Palmer (Broxtowe) (Lab): As one of the MPs for the Greater Nottingham area, I should like to return to the issue raised by the Leader of the Opposition. There is considerable local annoyance about the fact that the right hon. and learned Gentleman is seeking to make political capital—

Mr. Speaker: Order. The hon. Gentleman is out of order.

Q6. [221837] **Mr. Nigel Dodds** (Belfast, North) (DUP): As Sinn Fein-IRA sink ever deeper—if that is possible—into the mire of criminality, gangsterism, murder and threats, will the Prime Minister accept, as many thousands of their supporters in Northern Ireland do, that the provisional movement has failed the democratic test? Will he now focus on the only option that remains open for a political way forward in Northern Ireland: devolution without the corruption of Sinn Fein-IRA in government? That is the only way forward now.

The Prime Minister: With respect, it is the only way forward provided there is sufficient support on both sides of the community for it. I know that the hon. Gentleman understands that it cannot be done by Unionist politicians alone, or, indeed, by the British Government alone.

I might be criticised by the hon. Gentleman and the Opposition for it, but I continue to think that the way in which the debate is going on within republicanism offers the best hope of getting the right resolution. The McCartney family have taken forward the debate in an extraordinarily courageous way, but, to be frank, the last thing that they need is people trying to come in on the back of what they are saying, whether those people are from the Unionist community or the Government.

What is important is to make sure that everyone understands that there can be no way forward in Northern Ireland except by people being completely committed to exclusively peaceful means. How the individual parties—the Social Democratic and Labour party, the Democratic Unionist party, the other Unionist parties and so on—work out the way forward between themselves is a matter for them, but if people want an inclusive way forward, it can only be done on the clear terms that we have set out.

Q7. [221838] **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): Has my right hon. Friend had a chance to read today's *Daily Record*, which contains an exposé of loan sharks, who prey on the most vulnerable in our society by lending at extortionate rates of interest, in Edinburgh, Dundee, Glasgow and elsewhere? Will he do what he can to ensure that the Consumer Credit Bill, which is stuck in the House of Lords, becomes law as soon as possible?

The Prime Minister: The Consumer Credit Bill completed its Commons proceedings very swiftly, and I am pleased to say that it received support from both sides of the House. It has been introduced into the other place, where I hope that that consensus can be continued because it is an important measure to protect vulnerable people. I congratulate the *Daily Record* on exposing that story today.

Orders of the Day

WAYS AND MEANS

Financial Statement

Mr. Deputy Speaker (Sir Alan Haselhurst): Before I call the Chancellor of the Exchequer, it may be for the convenience of hon. Members if I remind them that, at the end of the Chancellor's speech, copies of the Budget resolutions will be available to hon. Members in the Vote Office.

INTRODUCTION

12.30 pm

The Chancellor of the Exchequer (Mr. Gordon Brown): Britain is today experiencing the longest period of sustained economic growth since records began in 1701. And the foundation of this Budget is our determination to maintain British stability and growth.

Facing a future of intense global competition, Britain must be prepared and be equipped: long-term prosperity secured only if we make the right decisions to be world leaders in science, enterprise and education; family prosperity secured only if we also match a strong economy with investments to help parents balance work and family life, to give every child the best possible start in life, and to deliver a fair deal for pensioners.

So my Budget choice is to lock in stability and never to put it at risk, and to strike the right balance between tax cuts that are affordable, investments that are essential and stability that is paramount—at all times putting Britain's hard-working families first.

I start with the economic forecasts. In any other period, a 100 per cent. rise in oil prices and a 50 per cent. rise in industrial materials and metals prices would have led to a surge of British inflation. But inflation, which went as high as 20 per cent. in the 1980s, and was 10 per cent. at the beginning of the 1990s, has every year in the past eight years been 3 per cent. or less. It is the least volatile and most stable of all the major industrialised economies. And with Bank of England independence and continued wage discipline, I can report that inflation is today just 1.6 per cent. We expect it to be just 1¾ per cent this year, 2 per cent. in 2006 and beyond, and we will continue to meet our 2 per cent. inflation target.

I can also report that overall domestic demand is now forecast to continue to grow this year by 3¼ to 3½ per cent., and by 2¾ to 3 per cent. in 2006. The key to a sustained improvement in manufacturing is the rising level of business investment, which grew by 5¼ per cent. last year, and it is forecast to grow by 4¼ to 4¾ per cent. this year. And as trade and industry strengthen, we expect overall domestic investment to grow this year by 6 to 6¼ per cent., and we expect exports to rise at more than 6 per cent.

Before each Budget time, we have heard predictions of a recession—predictions which were wrong in 1997, in 1998 and in 1999, and which were wrong again in the years from 2000 to now. Most recently, the Budget forecast for 2004 of growth at or above 3 per cent. was said to be a deliberate misrepresentation of Britain's economic position. Not to meet it, said the Leader of the Opposition, would destroy credibility. I can report that growth for 2004 is, as forecast, 3.1 per cent.

Last year, one of our famous premier league football teams registered a record consecutive 49 matches unbeaten, but failed to record a 50th. In December, I reported 49 quarters of continued growth; today I can report economic growth for the 50th consecutive quarter. The Budget forecast is continued growth in quarters 51, 52, 53 and 54. This year and next year, the euro area is forecast to grow at 1½ per cent. and then at just over 2 per cent. Japan will grow even more slowly at less than 1 per cent. Again, north America and Britain will see the fastest growth in the G7. Our forecast for British growth this year is 3 to 3½ per cent. and for next year 2¾ to 3 per cent.

So it is Britain and north America that over the last eight years have grown at twice the rate of most of our G7 competitors. And our living standards have been rising twice as fast. And unlike the United States, Australia, Canada and New Zealand, there is no quarter in which the British economy has not registered growth.

In each Budget I consider the uncertainties and risks to Britain from the world economy. Vulnerabilities come today not just from high oil prices, exchange rate volatility and current account imbalances, but also from long-term differential growth rates between our major continents. Always vigilant to these risks, the key to British stability and growth is that we sustain for the long term low inflation and low interest rates.

In the 18 years from 1979 to 1997 inflation averaged 6 per cent. In the last eight years inflation has been 2.4 per cent.—half as much. In the 18 years from 1979 to 1997 interest rates averaged 10.4 per cent. In the last eight years interest rates have averaged 5.3 per cent.—half as much. And one fact tells the story of progress since the days of negative equity and mortgage repossessions: in the 18 years to 1997, mortgage rates averaged 11¼ per cent., in the last eight years just 6 per cent.—half as much.

Inflation has been the lowest for 30 years, interest rates the lowest for 35 years and employment is at the highest ever. And with living standards since 1997 rising on average by 3 per cent. a year, Britain has today the best combination of low inflation, high employment and rising living standards in a generation. Since 1997, there are 150,000 more self-employed, 300,000 more small businesses, one and a half million more homeowners, a 50 per cent. increase in personal wealth, a doubling in the numbers of those earning over £30,000 and over £50,000, and a doubling in the numbers of those earning over £100,000 a year, while at the same time 2 million children and almost 2 million pensioners are no longer trapped in absolute poverty.

Not that long ago Britain seemed locked in a debate not just about inflation and stop/go, but also about intractable levels of unemployment. Indeed, in other countries high unemployment remains the dominant economic issue today. If Britain had today German or French levels of unemployment, we would have 2 million fewer jobs, and if we had America's higher level of unemployment, there would be one third of a million fewer jobs in Britain.

The official figure published today show that since 1997 we have now created 2,100,000 jobs. This week, and every working week, another 125,000 men and

[Mr. Gordon Brown]

women are finding new jobs, an additional 50,000 new vacancies are being advertised and almost 4,000 new businesses are starting up in our country. And with a total of 650,000 vacant jobs today needing people with skills to take them on, the answer is not to abolish the new deal, which has helped 1.2 million people into work, but to extend it to become a new deal for jobs and skills.

So my right hon. Friend the Secretary of State for Work and Pensions is today announcing new rules to encourage incapacity benefit claimants into work and reforms in housing benefit to help job creation. Building on the 40 per cent. increase in lone parent employment since 1997, we will next month extend to new areas a £2,000 return-to-work bonus for lone parents. We are today announcing for areas of high ethnic minority unemployment new centres for men and women to gain vocational qualifications and for entrepreneurship. And alongside a new union learning academy, my right hon. Friend the Secretary of State for Education and Skills and I are allocating £65 million for the coming year to employers for our successful employer training pilots, training thousands of men and women in our labour force. And the Home Secretary is today announcing targeted early intervention for young people at risk of offending in their school years—mentoring or tuition, to help prevent them becoming both long-term unemployed and persistent offenders later in life.

The foundation of fiscal strength and soundness is our decision in 1997 to radically reduce the national debt. In one year alone, Britain paid off more debt than all the debt cumulatively repaid in all of the previous 50 years. And with the national debt reduced from 44 per cent. of national income to 34 per cent. today, Britain now has the lowest debt burden of all our major competitors. Lower debt and lower interest rates mean debt interest payments now consume a lower share of our national income than at any time since 1915. And our bill for debt interest payments is now £4 billion less than it was in 1997.

These lowest debt interest payments for a century are matched by the lowest unemployment costs for a generation. So social security bills for unemployment have halved since 1997, and that is saving another £5 billions a year. As recently as 1994, 75 per cent. of all new public spending went to debt interest and social security, effectively paying the bills of economic failure.

Today, 75 per cent. of new money goes to investment in hospitals, schools and in the public services.

It is to build upon that fiscal discipline that I can report that following the Lyons report on public sector assets, £14 billions of asset disposals have already been identified, and £4 billions will be sold this year.

I can also report the first 7,800 civil service jobs to be relocated out of London—to Yorkshire, the south-west, the north-east and west, the midlands, east England, and Scotland and Wales.

I can report—ahead of target—the first £2 billion of value-for-money Gershon savings, on top of £2 billion savings in procurement. I can also report—on target—the reduction of the first 12,500 civil service posts. And having examined, in detail, representations put to me, I hold to Sir Peter's recommendation that to go beyond his proposal of £21 billion in savings, which we will deliver, would, in Sir Peter's words, put the delivery of front-line services at risk.

I turn to the fiscal figures. After all my announcements today, borrowing, which in the early '90s reached the equivalent of £90 billion a year, will be £34 billion this year, falling to £32 billion next year, then falling again to £29 billion, £27 billion, £24 billion and then £22 billion.

The deficit for this year is now forecast to be 3.1 per cent. of national income in France, 3.5 per cent. in Germany, 4 per cent. in America and 6.4 per cent. in Japan. In Britain, the figure is 2.6 per cent, and it will fall in successive years to 2.2, 2, 1.6 and 1.5 per cent. of national income.

And for those who take an interest in these matters, I can inform the House that in every year our figures meet the Maastricht criteria. In this Budget, the Treasury does not propose to initiate a further euro assessment.

Our first fiscal rule is to balance the current Budget over the economic cycle. For the years to 2009–10, the current balance is minus £16 billion, minus £6 billion, and then plus £1 billion, plus £4 billion, plus £9 billion and plus £12 billion.

So we meet our first fiscal rule—the golden rule—in this economic cycle with a margin of £6 billions. And our second rule—to keep debt below 40 per cent. of national income—is met with a margin of £57 billion.

And while debt is now forecast to rise to nearly 50 per cent. in America and France, nearly 60 per cent. in Germany and 90 per cent. in Japan, in Britain this year debt is forecast to be just 34.4 per cent. of our national income. In future years, it will be 35.5, 36.2, 36.8, 37.1 and 37.1 per cent.—at all times, debt below 40 per cent of national income and meeting our fiscal rule.

So with our deficits lower than our competitors, much lower than a decade ago, with debt lower than our competitors as well and lower than a decade ago, we are meeting both our fiscal rules both in this economic cycle and the next. And it is because our public finances are strong that in this Parliament we have also been able to meet the extra and unanticipated costs of Iraq, Afghanistan and the fight against terrorism—in total £4.9 billion—and today I also am able to set aside additional defence expenditure for the year ahead of an extra £400 million.

Those in this House who have forecast recession and those who have called our public spending plans unaffordable have been consistently wrong. With the most recent figures published today for both economic growth and receipts, they are wrong again. Indeed those who call our spending plans unaffordable must explain why last year, this year, next year and the year after the British deficit is lower than projected deficits in Germany, Japan and the USA, and last year, this year and in each and every year ahead the level of British debt is also lower than debt levels in Germany, Japan and the USA. Today Britain is strong among our main competitors when in the early 1990s we were weak and it is because we have entrenched stability for the long term that I can announce that, from May, we will now issue long-term bonds with maturities for the first time in a generation of up to 50 years—only possible because of our long-term stability—locking in low borrowing costs and simultaneously benefiting taxpayers and investors.

Mr Deputy Speaker, I turn now to our measures for enterprise. Faced with the accelerating pace of technological change, the rapid expansion of global competition, as I found in China, and developing countries now on course to produce half the world's manufactured exports, Britain's economic destiny cannot be founded on a low-skilled, low-tech economy. It depends on establishing British leadership in science, in skills and in the knowledge economy. For decades the neglect of investment damaged growth and prosperity. And like every advanced industrial nation today, Britain faces a stark economic choice: we could repeat the mistakes of the past, once again failing to invest long term in science, infrastructure or skills, or, just as together we have forged a British way to stability in the global economy, together we can forge a British way to success in the new economy.

After listening to business and industry, to management and work forces, I firmly believe that a shared national British purpose can be built across our country to meet the great economic challenges of our future: that we never again take risks with stability; that through greater flexibility we remove unnecessary barriers to profitable enterprise; and that we move ahead with public investments that are vital to business success in education and in our infrastructure.

This Budget sets out a British way to long-term stability. I will set out the right choices for Britain for investment. But first I turn to how Britain can lead the way in removing barriers to enterprise.

Britain now has one of the most open competition policies in the world. We are the most active advocate of free trade. Today the enterprise challenge is to enhance the flexibility needed for a successful economy and to tackle the regulatory concerns that all industrial economies face while securing the standards required for a successful society. Some say the only way to cut burdens facing business is to cut standards for consumers and for employees. Today the report published by Sir Philip Hampton rejects this course.

When now China has, and Hong Kong plans, a minimum wage, it is right not to diminish or destroy minimum wage protections in Britain; it is right to uphold them. But it is also right to lessen the burden of regulation and to enhance our flexibility while still ensuring high standards.So instead of the old approach, which could mean that unnecessary inspections are carried out while necessary ones are not carried out, the best practice risk-based regulation now means more inspection only when there is more risk and a light and limited touch where there is less risk. Adopting in full—and legislating for—the Hampton review recommendations for this risk-based approach, for consumer and trading standards a single body will now take over the responsibilities of the four bodies we inherited in 1997. The Secretary of State for Environment, Food and Rural Affairs is announcing that there will now be five inspection bodies for food safety, the countryside, agriculture, animal health and environmental protection, compared with 22 separate bodies in 1997. Five existing agencies will be merged into the Health and Safety Executive. The Insolvency Service agency will take over the responsibilities of the DTI's companies investigation branch. In total, Mr. Deputy Speaker, we will reduce 35 agencies to just nine—a reduction of 26.

For companies meeting high standards the Hampton report estimates a major reduction in the number of inspections—a million fewer inspections every year or a reduction in inspections of one third. But for companies persistently breaking the rules there will be tougher penalties.

Our next aim is that companies trading throughout the country and meeting the rules should no longer be subject to scores of different local inspections.

To reduce the burdens on business by cutting back on the flow of regulation the Government are accepting the recommendations of Mr. David Arculus, which were published today, and we will set requirements for every Department for year by year reductions in the burden on business.

In addition to reducing inspection bodies from 35 to just nine, I can announce a further reduction. We are today bringing forward proposals for a reduction in public sector inspectorates from 11 to four, with single inspectorates for criminal justice, for education and children's services, for social care and health, and for local services. The Inland Revenue and Customs will also now consult on a single tax account for small business where information need be provided only once; there will be a single point of contact for both VAT and corporation tax, and flexible payment options. Seventy thousand firms no longer have to provide forms under our simplified VAT system to account for every VAT transaction. They make just one calculation and pay one flat rate. Working with the chambers of commerce we will encourage take-up among the other 600,000 companies now eligible to benefit from this VAT simplification.

Because half the major new regulations are from the European Union, we will propose the same risk-based approach for Europe, and to avoid what is called gold-plating the Foreign Secretary is today publishing new guidelines for the implementation of EU law in the UK.

But meeting the global challenge demands that we match reforms improving the competitive environment with the sustained investments business is calling for in infrastructure, science and education—investments that our competitors are now making and investments which, if not made, would put the future prosperity and stability of our economy at risk.

Mr. Deputy Speaker, our aim must be that Britain becomes the world's leading location for research-based, science-based and knowledge-based industries.

Stem cell research holds the key to tackling some of the world's most intractable diseases, from diabetes to Parkinson's. I firmly believe that Britain can become a world leader.

Building on the £40 million investment through the research councils, £20 million committed by the Wellcome Trust, and supported by the new UK stem cell foundation, Britain will, with a 10-year development plan, create a new national network for stem cell research.

The NHS is potentially the richest source of medical knowledge in the world. With the Health Secretary, we are setting the goal that Britain become the world's premier location for tracking diseases and developing drugs to treat them.

[Mr. Gordon Brown]

Because British businesses can also be world leaders in environmentally friendly technologies such as carbon capture and storage, we propose, at the request of business, to bring public and private sectors together in a new national energy research network.

I also want Britain to be a world-leading location for the next wave of research and development.

So, with Bristol, Nottingham and Birmingham today joining Newcastle, Manchester and York as "science cities", I intend, after consultation, to enhance the R and D tax credit for mid-sized research companies; stimulate small technology-intensive companies with a guaranteed £100 million share of public sector research contracts; and offer funding incentives for universities opening their research facilities to business. With regional development agencies today announcing more support for growing businesses, I intend to offer help for manufacturers on design, including establishing a new design centre in Newcastle. In 2,000 enterprise areas, the time-limited incentive for commercial property purchases will now end and will be followed by a new incentive—over three years I will make available a total of £300 million to drive forward local business-led regeneration.

Having rejected representations to reduce help for small businesses, I am not cutting small business support. I am enhancing it, so that it serves all communities in our country. In every area of our creative industries, which now account for 8 per cent. of national income, Britain needs to support the talents of our young people and promote excellence.

To promote young British entrepreneurial talent in business, we will expand our entrepreneur scholarships. I have set aside funds to ensure that by 2006 we meet our target that every school pupil has enterprise education. To ensure direct help for British film makers, we will replace existing reliefs with new tax reliefs for both low budget and larger budget films.

To promote excellence in management and leadership within the arts with training for the new generation of leaders, the Secretary of State for Culture, Media and Sport is providing over two years an extra £12 million for the Arts Council and other bodies.

Winning the Olympics for Britain in 2012 would be a major boost to British sports and the British economy.

To encourage young sports talent, the Secretary of State for Culture is announcing a £27 million initial investment to bring private and public sectors together to create for our country a new national sports foundation.

Having doubled transport investment since 1997, and with the railways carrying more than 1 billion passengers last year, it is right to examine Britain's long-term transport needs and priorities. The Transport Secretary is announcing today that Mr. Rod Eddington, the outgoing chief executive of British Airways, will work with his Department and the Treasury in this task.

So, having announced decisions on investment I come to my decisions on taxation.

I have examined rates of corporation tax and capital gains tax. I have no need to raise them, so I propose to freeze rates.

On air passenger duty, I will freeze rates. On insurance premium tax, I propose to freeze rates. On the climate change levy and the aggregates levy, I will freeze rates. On company car taxation, I will freeze rates.

I will implement from midnight on Sunday the normal annual inflation rise of 1p on a pint of beer, and 4p on a bottle of wine, but I will freeze duty on spirits, cider and sparkling wine.

My decision on cigarettes, for public health reasons, is to go ahead with the annual inflation rise of 7p a packet from 6 o'clock this evening.

I have today written to the European Commission proposing that the tax-free limit on goods brought into the UK from outside the European Union should rise from £145 to £1,000.

I will maintain the duty differential for rebated oils as we continue to tackle oils fraud and tax evasion but, because of the sustained volatility in the oil market, for the third successive Budget, I will this year defer that and the usual inflation increase for fuel duty until September 1.

For environmental reasons, I will continue for three years the lower duties planned for natural gas, bioethanol, biodiesel and liquefied petroleum gas.

While implementing the normal inflation rise for vehicle excise duty, there will be no increase this year for the more environmentally efficient medium-sized and small cars, which account for almost half our cars.

I am aligning the timing of oil companies' corporation tax payments more closely with petroleum revenue tax.

Anti-avoidance measures published in detail today include action against avoidance of capital gains tax and VAT, and against schemes using financial products, double taxation relief and international arbitrage.

Churches and sacred places are at the centre of our religious life and the history and the fabric of our country. I propose to extend for a further three years until 2008 the 100 per cent. VAT refund for the renovation of church buildings, and I propose to give the same refund to the construction and repair of memorials.

The whole House will wish to thank the armed forces for the services that they give in peace and war. From next month, servicemen and women injured in the line of duty will be entitled to new compensation payments. Currently, such compensation payments would be taxed when recipients stay on in the forces, but not taxed if they leave. The Secretary of State for Defence will announce that, in future, no serviceman or woman will be penalised when they continue to stay in the service of our country.

It is also right to honour the life and service of the Queen Mother with a permanent memorial to her. After approval from Her Majesty the Queen, I can announce that the Treasury will allocate the proceeds from a new coin celebrating the Queen's 80th birthday to a memorial to the Queen Mother to be situated on the Mall.

In the past year, under the chairmanship of Ian Russell, a commission has examined how we can encourage young people into community service, including for gap years. I can now announce that the Heritage Lottery Fund, Sport England, the Government and the private sector are joining together to create Britain's first ever national community service for young people. Private finance will match public finance—up to £150 million—with the aim of recruiting 1 million young volunteers, matching their idealism and willingness to serve with the needs of communities across our country and internationally.

Having accepted the recommendations of the Commission for Africa, we will work throughout our G8 presidency to secure their implementation. The International Development Secretary is announcing today that, by July, he plans to sign new debt reduction agreements with 19 of the world's poorest countries, with Britain unilaterally providing our share of 100 per cent. relief on multilateral debts, and the money used to fund urgently needed health and education in the poorest countries.

With both our economy and public finances strong, I can afford tax cuts for hard-working families. For home buyers, I propose to set a new threshold for stamp duty from midnight tonight. I will raise the residential stamp duty starting threshold, doubling it to £120,000.

I will exempt more estates from inheritance tax. I will raise the starting point for tax from just over £260,000 this year to—from 6 April—£275,000 and, in successive years, £285,000 and then £300,000. Ninety-four per cent. of estates will pay no inheritance tax.

A record 18 million people now own their own homes in the United Kingdom. But we want to do more to help young people buy their homes. So the Government propose to match the stamp duty cut with two important public investments to encourage more home owners.

First, we propose, in a new partnership with the Council for Mortgage Lenders—together typically financing 25 per cent. of the purchase price—a shared equity scheme that will raise the numbers eligible for low-cost home ownership schemes to 100,000 new home buyers.

Starting with nine pilots across the country, we will build new private homes in council estates. Where once all were tenants there, we will offer new opportunities to own your own home.

The household savings ratio is now 5.6 per cent.—four times that of the USA and Canada—and 16 million people now have individual savings accounts. The decision that I have to make is whether to extend the tax-free advantages for the first £7,000 of savings in ISAs. I propose to extend that exemption for the whole of the next five years to 2010, thus raising by 2010 the cumulative total that could be saved tax free since 1997 to over £100,000.

Our child trust fund is designed to build savings and wealth for every child in the country. In addition to the £250 and £500 payments that families are already receiving, we will now consult on extending the child trust fund so that there are payments not just in primary school years but in secondary school years, too.

I can announce that, under the figures for the next three years published today, pension credit will—from now to 2008—rise by 13 per cent., in line with earnings. In 1997, the poorest pensioner received just £69 a week. By 2007, that will be £119 a week. All couples with incomes of less than £212 are now eligible for the pension credit. In total, the pension credit, which will continue to rise in line with earnings, will benefit 3.2 million pensioner households and, in all, 3.7 million pensioners.

In April, we will raise the personal income tax allowance in line with inflation from £4,745 to £4,895. I could use resources available to me to raise the personal allowance by even more than inflation. But having examined representations made to me, I have found that using £1 billion to raise the personal allowance would give a family in work on median earnings—£23,400 a year—with two children just 80p a week or £40 a year. However, using the same resources to raise the child tax credit will give that same family £5 a week or £260 a year.

The best way to do most to help low and middle-income families is not through a further rise in personal tax allowances but through tax credits, which offer the best family tax cut. So today I can announce that payments for children under the child tax credit will rise each year in line with earnings and over the coming three years by a total of 13 per cent. Including child benefit, rising in this period from the £28 a week we inherited to a maximum of £63 a week for the first child and £111 a week for two children.

With our new system of tax credits offsetting income tax liabilities, the effective point at which a family with two children starts paying income tax, which was £15,000 in 1997, is now £21,200, and from April 2007, will be over £22,000—tax credits effectively wiping out liabilities on income tax until earnings of £430 a week.

Because of rising child tax credits, a total of 3 million of Britain's 7 million families with children will now receive more in tax credits and child benefit than they pay in income tax—and have their income tax liability effectively wiped out.

After the rise in tax credits each year to 2007, the effective income tax rate for a family with two children earning £25,000 a year will be just 6 per cent., and at £30,000, just 10 per cent. That is a family tax cut that does most to help low and middle-income Britain. With child benefit up from £11 a week in 1997 to £17 a week this April for the first child, every family in Britain is better off.

I turn now to the overall fiscal impact of the Budget. Some people have suggested that this year is the right year for a fiscal loosening. But to repeat the pattern of past Governments at this stage of the Parliament would, in my view, risk a return to the high inflation, high interest rates and short-termism of the past and put long-term stability at risk. It is right to choose the prudent course for Britain.

So my Budget proposals involve a modest fiscal tightening this year. It is stability, sustained economic growth and the reduction of unemployment, debt interest payments and tax avoidance that have enabled us to keep interest rates low and maintain our fiscal discipline while able to invest more in public services—an approach that will be sustained in the coming Parliament.

[Mr. Gordon Brown]

For policing and law and order, I can confirm that expenditure in 2007–08, will, as stated in our spending plans, not be cut but be £3.5 billion higher than this year. Expenditure on transport will be £2.4 billion higher than this year. On defence, it will be £3.7 billion higher. On education, it will be £12 billion higher and on health, £23 billion more in 2007–08 than in 2004–05.

In striking the right balance in this Budget between tax and spending, my Budget judgment is that, alongside affordable tax cuts, we make the essential long-term investments the nation needs and reject representations for unacceptable spending cuts in education, health and the public services.

It is because education is the 21st century road to prosperity that Britain must become the best educated, best trained, best skilled country in the world. Since 1997, we have doubled investment per pupil from £2,500 to £5,000 a year. But still we invest less in pupils than our major competitors. By next year, for the under-fives, there will be 1,000 Sure Start children's centres, and by 2010, 3,500—an average of five in each constituency. From 2007, there will be free nursery education of 15 hours. During the coming Parliament, there will be 1 million new child care places, increased child care tax credits and, as announced by the Secretary of State for Trade and Industry, paid maternity leave rising to one year.

Like every parent, I know how important the first months and years are for determining the life chances of a child, and I want for every child the best possible start in life in our country. So I can announce that from next year we will offer help with early learning in every area for all children who need it. Through increased funding for Sure Start and the national parenting fund, we will provide new help for parents so that they can help their children to grow and learn. Our aim is to ensure that every young child is ready to benefit from school. I can also announce that, to support children's centres and children's services, we will end a long-standing grievance and refund the VAT incurred by local councils on these children's services.

Our aim is education from the age of three that is nationwide, of high quality and available to all. But we also want what every parent wants: that British primary and secondary schools should be the best equipped in the world for 21st century learning. Having established Building Schools for the Future to renovate and rebuild secondary schools, we will now establish a building programme for primary schools, too. In each of the next three years, for primary schools alone, the Secretary of State for Education and Skills will invest more, rising from £1.6 billion this coming year to £1.8 billion in 2007.

It is right also to put this primary school programme on a long-term footing, so the Secretary of State for Education and Skills and I now plan to invest even more: a total of £2 billion in 2008–09 and £2.3 billion in 2009–10—a total investment over the next five years in primary schools alone of £9.4 billion. As we move this new programme forward, more than 8,900 primary schools will be rebuilt or refurbished—an average of 15 for each constituency.

Because the teaching and educational revolution is no longer about blackboard and chalk but about computers and electronic whiteboards, I can also announce that our three-year programme of spending on information technology capital will now be raised to £1.67 billion. Capital investment in buildings, technology and computers for both primary and secondary schools, which was just £100 per year per pupil when we came into Government in 1997 and last year was £650 per pupil, will rise by 2010 to at least £1,000 per pupil per year—10 times the investment of 1997. And because senior pupils also need access to the most modern computer hardware and software, not only in the classroom but at home, they will be offered the opportunity at low cost to lease computers for home use.

I can also announce a new teach for Britain programme that will extend the teach first programme, which offers outstanding graduates incentives to teach in the most challenging schools. From London now and Manchester next year, teach first will be extended to four more cities, starting with Liverpool and Birmingham. With China and India producing 4 million graduates a year, I am convinced that Britain cannot afford to waste the ability of any young person, discard the future of any teenager, or leave untapped the talents of any adult. Unleashing the potential of every individual in the country is key to the economic success of the future of our country.

Universal education from five to 11 was achieved in 1893; from five to 14 in 1918; from five to 15 in 1947; and from five to 16 in 1972. But for 30 years, as the world has moved on, the span and reach of education in Britain have remained the same. With global competition, it is essential—and with the financial support we are now prepared to offer, our goal should now be—that children not only start education at three, but continue in education or training, part-time or full-time, until 18. Not 11 years of learning as in the past, but 15 years.

So, to advance our objective that nine out of every 10 17-year-olds stay on at school or join a vocational course, we will now offer those in full-time education or unwaged training up to £75 a week in education maintenance allowance and children's benefits. For teenagers who are both out of work and out of education, we will pilot special transitional help if they agree to return to training.

Every year, 150,000 16 and 17-year-olds are in work but not in training. So, building on the successful adult training programme and starting in eight areas, every young employee will be offered an apprenticeship or college-based training, with time off for employees in return for our financial help to employers.

To help ensure that all further education colleges are centres of excellence serving both teenagers and adults, I can also announce a five-year £1.5 billion programme for their renovation and renewal. In 1997, there were just 75,000 apprenticeships; by 2008, 300,000 will be in apprentice training. Our goal is to make available for the first time universal education or training until the age of 18.

No direct payments to school head teachers existed at all in 1997. Today, the typical primary school receives £30,000, and the typical secondary school £96,000—money direct to the school and to the head teacher to spend on the school's priorities. I can announce that payments will rise each year to 2008 in England, and that separate announcements of allocations will be

made for Scotland, Wales and Northern Ireland. Head teachers of a typical primary school will receive £31,000 this year, rising to £34,000 and then £36,000, a guarantee over the next three years for the typical primary school of a total of more than £100,000. Head teachers of the typical secondary school will receive £98,500 this coming year, rising to £109,000, rising then to £115,000—a guarantee over the next three years of a total of almost one third of a million pounds.

So I have been able to cut stamp duty, to help savers and to bring about a family tax cut, and at the same time to invest in the best start in life for every child and the best opportunities for every young person. We have made our choice: affordable tax cuts and essential spending improvements. Investments that would not be possible if we were to accept representations for £35 billion of spending cuts.

Mr. Deputy Speaker, you also judge a society by how it treats its most vulnerable. Thousands of pensioners and other patients in hospital are effectively charged a payment, with, for many, cash deducted from their weekly pension and benefits to pay for their stay. It is because this Government believe in a high-quality NHS free at the point of use and reject charges that I am, from today, permanently abolishing these hospital charges in the NHS. The British national health service is, and will remain, safe in this Government's hands.

In 1997, there was no winter fuel allowance. This autumn, we will again pay a £200 winter fuel allowance for pensioners—£300 for the over-80s. In the pre-Budget report, I announced a £50 council tax refund. Today, with the resources now available, I can announce that we will pay to every pensioner household, 65 and over, paying council tax, a refund not of £50 but a council tax refund of £200—a measure that is fairer and worth more to more pensioners than all other proposed schemes.

Since 1997, free TV licences for the over-75s, free eye tests for all pensioners, free hospital charges, a £200 winter allowance free of tax and a £200 council tax refund. And I can do more.

It is now time with the resources available to legislate so that in every community of the United Kingdom there is, from next year, free local bus travel for every pensioner and every disabled person too.

Stability the foundation; investment not cuts; every child the best start in life; and a Budget for Britain's hard-working families and pensioners. I commend this Budget to the House.

PROVISIONAL COLLECTION OF TAXES

Motion made, and Question,

That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions: —

(a) Rates of tobacco products duty (motion No. 2);

(b) Rate of duty on beer (motion No. 3);

(c) Rates of duty on wine and made-wine (motion No. 4);

(d) Vehicle excise duty (rates) (motion No. 6);

(e) Value added tax (gas and electricity supplied by persons outside UK) (motion No. 10).—*[Mr. Gordon Brown.]*

put forthwith, pursuant to Standing Order No. 51 (Ways and means motions), and agreed to.

Budget Resolutions

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide —

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that —

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—*[Mr. Gordon Brown.]*

1.22 pm

Mr. Michael Howard (Folkestone and Hythe) (Con): May I begin by welcoming the return of the Chancellor to the general election campaign, not that I am entirely sure that it was worth waiting for?

Earlier this week, the Prime Minister's official spokesman was asked whether the Prime Minister and the Chancellor had discussed the Budget. The spokesman said that

"as you would expect, normal communications exist".

So that has confirmed it: the Prime Minister, like the rest of us, has just heard what is in the Budget for the very first time.

This is a vote now, pay later Budget. The simple fact is that if Labour gets in again, taxes go up again. This Budget is not about what is good for our country; it is all about the interests of the Labour party. But I can agree with the Prime Minister on one thing: this Budget is the last Budget this Chancellor will ever deliver.

When the Chancellor promised to increase the stamp duty threshold to help first-time buyers, why did he not admit that he is the Chancellor who raised stamp duty in his first four Budgets and froze the stamp duty thresholds in his first eight Budgets, making the property ladder a step too far for so many first-time buyers? When he announced the raising of the thresholds for inheritance tax, why did he not admit that he is the one who has dragged millions of people into the net of death duties? When he talked about helping savers, why did he not admit that he is the one who hit savers with his £5 billion a year raid on pension funds?

When the Chancellor offered help to pensioners to pay their council tax bills, why did he not admit that while he offers them £200 off their council tax bills, we offer a discount of up to £500? When he reannounced more spending on business support, why did he not admit that his extra spending never achieves value for money and always leads to more bureaucracy and more waste? What this Chancellor gives with one hand he takes with the other.

There is one item of Whitehall expenditure that the Chancellor and I agree is a total waste of money: the £130,347 a year the taxpayer spends paying for the Chancellor of the Duchy of Lancaster to run the Labour

[Mr. Michael Howard]

party's election campaign. But, unlike the Chancellor of the Exchequer, I appreciate the efforts of the Chancellor of the Duchy of Lancaster. From my point of view, he could not be doing better, so I say, "Carry on, Alan, carry on!"

Labour's faltering campaign will not be helped by this vote now, pay later Budget. We can all see the sweeteners, but let me tell the House what they hide. They hide the crippling tax rises for hard-working families that are inevitable if Labour wins. They hide the massive waste of taxpayers' money that defines this Government. They hide the huge burden of regulation that under this Government has increased, is increasing and will continue to increase.

This Government and this Chancellor have run out of solutions to the problems Britain faces. Their only answer is to tax, to spend and to waste—to get people to vote now and to pay later.

This Chancellor has got form: 2001 was vote now; 2002 was pay later. The Chancellor is a fan of all things American. The famous American baseball coach Yogi Berra must have been thinking of the Chancellor when he remarked:

"It's déjà vu all over again".

In the 2001 pre-election Budget, the Chancellor cut taxes by £1 billion. In his 2002 post-election Budget, he raised taxes by £8 billion—his biggest ever tax-raising Budget. He gives with one hand and then he takes with the other.

This dodgy Government, who brought us the dodgy dossier, are now publishing a dodgy Budget based on dodgy numbers. The Chancellor likes to rattle off a whole series of numbers—magical balances conjured out of thin air, intended to convince people that there is no black hole and that he will not have to raise taxes after the election. These figures are like mirages in the desert: we get closer and closer, and then discover they do not exist.

We have heard it all before. Look what happened with the pre-election budget of 2001. Gripping the Dispatch Box as though it were the windpipe of the Chancellor of the Duchy of Lancaster and barking out numbers like a bingo caller, the Chancellor of the Exchequer said that

"in successive years the current surpluses are projected to be 17, 15, 8, 9 and 9."—[*Official Report*, 7 March 2001; Vol. 364, c. 297.]

But now we know what actually happened in those years. Instead of all those surpluses, we had deficits—a deficit of 14, a deficit of 21, a deficit of 13 and a deficit of 7. The £58 billion surplus turned into a £45 billion deficit. Today, the Chancellor has confirmed a current deficit £6 billion higher than the one he forecast at the last Budget just a year ago. He now proposes to borrow over the next six years no less than £168 billion. So much for prudence.

The Chancellor proposes to borrow more in every one of the next five years than he forecast he would have to borrow in the last Budget just a year ago. His forecasts of surpluses are no better than the Prime Minister's forecasts of weapons of mass destruction. The fact is that the Chancellor's pre-election numbers today are about one thing and one thing only—votes.

Something was missing from the Chancellor's Budget statement today. I listened in vain for the endorsement from his old friends, the International Monetary Fund. I listened hard but there was none. Could that be because it is thinking what we are thinking? It said last week that Britain's national accounts have

"deteriorated sharply over the last five years".

Today, the Chancellor confirmed that the IMF is absolutely right. Indeed, it is not the only one thinking what we are thinking. The IMF's damning judgment is reinforced by a chorus of disapproval from almost every independent economist and international organisation that has examined his figures. The Institute for Fiscal Studies says that

"the Chancellor would need . . . fresh tax increases worth at least £11 billion to pay for his spending plans and to get the public finances back on . . . track".

The most astonishing reaction of all to the Chancellor's stewardship of the nation's finances, however, came from the Chief Secretary to the Treasury—he is resigning and is planning to leave the country. The question for the future is not whether taxes would go up under Labour, or when, but which taxes would go up? Will it be capital gains tax on homes, a devastating tax on home ownership, or council tax, now the stealthiest tax of all, or national insurance, Labour's tax of choice? To fill the Chancellor's black hole, he would have to tax people's income by an extra 3p in the pound—3 per cent. on national insurance. That is £1,000 a year more for a typical working couple. That is on top of the 66 tax rises that we have already had from this Chancellor. That is the scale of the tax rises that we will face if Labour wins the election.

We all know what would happen to the extra money raised from the tax bills of hard-working families and pensioners. It would be wasted, just as Labour has wasted most of the extra money that it has raised in the past eight years—

"people will say 'we've paid a lot of taxes but what has really been achieved with all that money?' . . . Too often a lot of money has been spent but very little seems to have been achieved".

Those are not my words, but the words of the Financial Secretary. At last, someone at the Treasury is telling the truth, but he will not last long. The Chief Secretary wants to go to South Africa; the Financial Secretary is more likely to be sent to Mongolia.

What happened to the Prime Minister's promise, made three years ago, that if the national health service is not

"basically fixed by the next election, then I am quite happy to suffer the consequences"?

Let us look at the facts. Average waiting times are up. Cancelled operations are up. Super-bug deaths have more than doubled since 1997. The Chancellor used to praise the wisdom of Derek Wanless and his report on the NHS. We now know that what he actually told the Chancellor was, "Your policies" since 1997 "have made" the NHS "worse". What did the Chancellor reply? According to reports, there was

"an uncomfortable silence . . . Brown was no longer interested in the conversation."

Poor Sir Derek, he committed one of new Labour's cardinal sins—he told the truth—so he never became Lord Wanless after all. Nothing in today's Budget will give people the cleaner hospitals and 21st-century health service that they deserve.

What about education? Labour promised to cut truancy by a third, but it is up by a third. Nothing in today's Budget will give parents and teachers the school discipline and higher standards that they want.

Labour promised to be, "Tough on crime, tough on the causes of crime". The Chancellor must remember that phrase—he dreamt it up only to see it nicked by the Prime Minister. For the first time ever, more than a million violent crimes were committed in our country last year. The chief constable of Nottinghamshire said this week that the police cannot cope any more. Nothing in today's Budget will get extra police on to our streets or deal with the growing lawlessness in our society.

The Prime Minister claimed:

"We will do our . . . best by"

pensioners. Now his Turner report says that millions more will retire without adequate pensions. The right hon. Member for Birkenhead (Mr. Field), the Prime Minister's first Pensions Minister, said that

"when Labour came to office we had one of the strongest pension provisions in Europe and now probably we have some of the weakest".

Labour Members really ought to listen to him. The current Secretary of State for Work and Pensions said only yesterday:

"We would be absolutely foolish if we didn't listen to people with the wisdom and experience of Frank Field".

But nothing in this Budget will restore confidence in pensions and savings.

So where has all the money gone? It has gone on bureaucracy and red tape. Today, the Chancellor tells us that he will curb bureaucracy and red tape, but we have heard it all before. In 1998, he launched a "Better Regulation Guide", and in 1999, a Regulatory Reform Bill. By 2002, it had turned into a red tape checklist. All the while he was piling £40 billion-worth of regulation on British business. Asking the Chancellor of the Exchequer to cut red tape is like asking the Chancellor of the Duchy of Lancaster to run a decent election campaign. It is just not going to happen.

Has not the Chancellor learned anything from his recent study trips abroad? This country faces major economic challenges in the years ahead from emerging economic powerhouses such as China and India. As a result of this Government's policies, however, we are much less well placed to meet those challenges today. The Chancellor repeats his claims about the economy—claims that *The Economist* recently described as

"all . . . in varying degrees, dodgy".

Now we know what happened when he took office. We know what Treasury officials told him:

"'These are fantastically good figures . . . The state of the economy is much better than predicted'. Eyes swivelled to Brown. 'What am I supposed to do with this?' he snarled. 'Write a thank-you letter?'"

Since then, we have fallen from 4th to 11th in the world competitiveness league. Our trade has gone from a surplus to a record deficit, as confirmed by page 234 of the Red Book. We have lost a million manufacturing jobs, and our productivity growth rate is down by a third. While other European countries are cutting taxes to improve their competitiveness, Britain's tax burden under Labour is set to be the highest for 25 years.

The Chancellor should listen to the Prime Minister's former chief economic adviser, who says:

"Britain's economic arteries are slowly being furred up by a higher and more complicated tax system, excessive regulation and endless micro-management".

Only in this dysfunctional Government would the Chancellor not talk to the Prime Minister and the Prime Minister not listen to his chief adviser on the economy. Britain needs a Government who will get a grip on spending, not a Labour party that has let spending get out of control. Britain needs a Government who will deliver value for money, not a Labour party that wastes taxpayers' money. Britain needs a Government who will invest in front-line services, not a Labour party that hires more bureaucrats and sets up more quangos.

People will face a clear choice at the election: more waste and higher taxes under Labour or lower taxes and value for money with the Conservatives. That is the battleground at this election. That is what this election is going to be all about. And I say, "Bring it on."

Hon. Members: More!

Mr. Deputy Speaker (Sir Alan Haselhurst): Order.

1.38 pm

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): The words may be "Bring it on," but after examining the detail of Conservative policy, I will be amazed if the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) can pull it off, as far as the British public are concerned, over coming weeks.

I want to acknowledge that the Chancellor's Budget statement is taking place against a fortunate backdrop for our country. Ours is one of the largest and most successful economies in the world. We are generally doing well. Of course part of the reason for that, on which I know the Chancellor now agrees, is that when he first came to his high office, he implemented Liberal Democrat policy on giving operational independence to the Bank of England. The difference between the Chancellor and ourselves, of course, was that he did not say it and he did it, whereas we said it and would have done it had we been given the opportunity to do so.

The Chancellor rightly speaks about the need for social justice in our country and for our tax and expenditure policies to reflect that ambition. This is his ninth Budget. Given all the responsibility and, along with that, all the opportunity that his task involves—buttressed by a fairly stable economy and by a three-figure majority, which means a stable Government as well—how can it be right, in terms of social justice, that nine Budgets on, the poorest 20 per cent. in society are still paying a higher proportion of their income in tax than the richest 20 per cent? It cannot be right—and this from a Chancellor who, rightly, trumpets the cause of social justice.

I shall deal with the Chancellor's specific announcements shortly, but why are so many pensioners still receiving what are officially classed as poverty-level pensions? The Prime Minister—I mean the Chancellor, perhaps to become Prime Minister; who knows?—has referred to international experience of late. He has said that 4 million graduates are emerging

[Mr. Charles Kennedy]

from China and India each year, and that our country must be alert to that competitive challenge. How, then, can it make sense to burden would-be graduates and students in our countries with massive student debts, tuition fees and top-up fees? And then there is the council tax.

The council tax is patently unfair. It is worth asking ourselves about it, because there will be a real choice at the general election—between two parties that accept the status quo, and another that says "Scrap the council tax: it is regressive, unfair and discriminatory." What has the Chancellor been able to announce today? What, indeed, has the leader of the Conservative party been able to announce? There has been something of a Dutch auction between them on council tax. The Chancellor talks of a £200 refund for all pensioner households, for one year; the Conservatives talk of £500. Neither has addressed the ticking bomb that is coming down the track, in the form of council tax revaluation. If recent experience in Wales is anything to go by, 7 million households in England alone will bear a significantly heavier council tax burden.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Will the right hon. Gentleman give way?

Mr. Kennedy: I will not, if the hon. Gentleman does not mind.

We have that looming revaluation, we have the sticking plaster that the Chancellor is applying, and we have the slightly larger amount of sticking plaster of which the leader of the Conservative party speaks. Surely to goodness, the sensible course is to adopt a principle of local taxation based on ability to pay. That means a local income tax. It works well in other countries, it is fair—much fairer than what we currently have—and it would free us from the ridiculous Dutch auction that is taking place between the other parties.

Mr. Andrew Turner (Isle of Wight) (Con): Will the right hon. Gentleman give way?

Mr. Kennedy: No, I will not.

The Chancellor mentioned the Institute for Fiscal Studies. The IFS has examined our proposals for a local income tax. It says that half those affected would pay less, the contributions of a quarter would be unaffected, and, yes, the remaining quarter would contribute that bit more, but that bit more would be based on the domestic household income of those people. It is a good principle. It is a principle of fairness, and we shall be very proud indeed to present it at the forthcoming general election.

According to the IFS, a typical family would be £450 a year better off, 50 per cent. of pensioners would pay no local tax, and more than 3 million pensioners would be better off by more than £500 a year—every year, year on year. We are not talking about a one-year quick fix for the purposes of a general election, like the one of which we have heard this afternoon.

As for the position of pensioners generally, we are being very straightforward and up front. According to all the indications and studies, because of greater longevity the oldest pensioners tend to be the poorest. That is why we argue that the over-75s should be a priority, and that they should receive £100 more per month in basic state pension. That will inevitably benefit women in particular, as they live longer than men.

That brings me to another important issue, which returns us to the theme of social justice. It is an absolute scandal that, in this day and age, women are still so discriminated against by the operation of the basic state pension. Why are they discriminated against? Because they take time out to start a family or bring up children, or perhaps take time out from their careers and working patterns to care for elderly relatives. In those circumstances, they do not maintain their national insurance contributions. When they reach pensionable age, they find that because their contributions are not complete they are not eligible for the same level of direct return from the state as men. That is iniquitous, which is why we argue—again, in line with international experience—that instead of basing women's entitlement to a pension on national insurance contributions, we should base it on residency. The system works well elsewhere, and there is no reason why it should not work well in Britain. Where there is a will, there is a way. We believe that such a system would end, at a stroke, the fundamental inequity in the present arrangements for women, and it is another proposal that we will put at the forefront of the coming debate at the general election.

There will be a third and, I think, very telling debate at the election on the back of this Budget. The Conservatives have their views, to which they are thoroughly entitled, and the Chancellor has his policies, which he has recommended to us today. We have a different take on things. If we want to tackle injustice and inequality—if we want to define priorities, and make the tough choices that go with deciding those priorities—we must be straight with people. We must say what our proposals will cost, and where the money will come from.

I am not interested in a general election debate that is predicated on nonsense that people do not believe in the light of their daily experience: "Vote for us and your taxes can go down, the national debt can be reduced, spending can go up, and the sun will shine for 24 hours a day." People are not stupid about this sort of thing. What they do want to know is what our priorities are. I have mentioned one of them: getting rid of the council tax and replacing it with a local income tax. I have mentioned another: alleviating the burden of student debt that currently afflicts far too many of our young people. A third is, of course, the introduction of free long-term personal care for the elderly. But all that bears a price tag. Where will the money come from?

According to Government figures, if every pound paid by those earning more than £100,000 a year and paying the top rate of income tax—the 1 per cent. top earners in the country—was taxed at 50p rather than 40p above that £100,000 level, enough money would be generated to enable a Government to get rid of the council tax and introduce a fairer local tax, to end the imposition of student debt that results from top-up and tuition fees, and to legislate for the introduction of free

long-term personal care for the elderly. We have done that successfully in Scotland, where, ironically, we have been working with the Labour party—

John Barrett (Edinburgh, West) (LD): Dragging the Labour party along.

Mr. Kennedy: I prefer to be more generous. I am in a generous spirit this afternoon.

That is who will pay, that is what it will cost and that is what people will get—and that is the direct, straightforward, honest approach that the Liberal Democrats will present at the general election. I believe that we will find, as we have indeed found in recent years, a very positive and supportive echo in favour of that argument.

We have identified those areas in which we would pursue a different agenda, on a different financial basis, from the Government of the day. But I should point out that the entire agenda that the Chancellor has just set out is influenced by the fact that, at the last general election, he was very careful to say that, if re-elected, a Labour Government would not raise income tax. They did not, but what did they do? They raised national insurance contributions, and for most individuals, families and households, that adds up to exactly the same thing. This Labour Government wonder why people get cynical about politicians, yet they give one impression before an election and do exactly the opposite afterwards. Well, we are not in that business.

In light of what the Chancellor has said today, and particularly given the imminence of the election, he should be prepared to open his books to the National Audit Office, so that it can examine the assumptions underpinning his forecasts. He made some allusion to that, but interestingly, no such thing is going to happen until the end of this calendar year. I wonder why. The Chancellor talks about the savings that can be achieved in central Government—we agree that such savings should be achieved—but how can we properly identify them if the NAO does not have such access, along with the right to publish the findings of its inquiry into the Government's behaviour as a whole?

I turn to my second point about the overall context of the Chancellor's speech. There was a very revealing sin of omission, save for one passing reference, in that it is now perfectly clear that the environment does not loom large in this Government's overall economic thinking. We will argue at the coming election that the environment should be factored into each and every one of the Government's public policy decisions. That process has to begin with the Treasury itself, but it is clear that that is not happening.

There will be clear choices and competing priorities before the country at the forthcoming general election. I want to, and we will, go into that election arguing for the principle of social justice, with which the Chancellor would agree, but based on a transparent tax system and fairness in terms of the priorities to which such proceeds should be devoted. That is a good story to tell, and I am looking forward with enthusiasm to telling it. As for the Chancellor and the leader of the Conservatives, they can carry on being two ships that pass in the night; the Liberal Democrats will address the agenda that matters most to people.

1.53 pm

Mr. John McFall (Dumbarton) (Lab/Co-op): It is a pleasure to be called in this fevered election atmosphere, but we must take a cool analytical look at what this Budget means. I certainly welcome the Chancellor's statement, because it shows an economy that is growing strongly. The Government are also meeting their fiscal rules for public finances; that is a very important issue for the Select Committee on the Treasury, which I chair.

I am also delighted to see that there is a long-term investment programme to deliver 21st-century facilities in primary schools, to increase support for information and communications technology, and to provide help for young people. Mention has been made of China, to which I shall return. It is important that we upskill in order to compete with the markets and developing economies in China and elsewhere in Asia, which are increasingly high-tech. From the Treasury Committee's point of view, the reduction in the regulatory burden is also extremely important. When the Chancellor comes before the Committee next Tuesday, we will doubtless ask him how he intends to reduce that burden.

I welcome the modest fiscal tightening in the Budget, particularly given the backdrop of potential global instability. I cite two major issues: first, the growing US current account deficit, which is now 6 per cent. of the entire US economy and is reaching $700 billion; and secondly, the oil price hikes of the past few months. Oil prices have recently exceeded $50 a barrel, and we must bear it in mind that every jump of $10 takes half a percentage point off the annual global growth rate for several years. So events in the wider international community impact on our own economy.

In the past few years, the Treasury Committee has been concerned with issues such as the labour market. Our report states that the evidence that we received suggests

"that migration into the UK has played a useful role in relieving skill shortages in the labour market and boosting non-inflationary growth."

Indeed, although factory-gate prices are increasing, prices in the shops are not, and much of the reason why is the impact of such migration on our economy. In considering this issue, it is important to look at the experience of countries such as the United States, which has a generally young population, an immigrant community and economic growth. I hope that we look at this issue in a sensible, rather than emotive, way during the election campaign, because increased migration can provide an economic generator.

As the Chancellor said, we need to increase the UK's skills base to meet this competitive challenge. The Treasury Committee has devoted time to considering this issue; indeed, as recently as two weeks ago we visited China, in the wake of the Chancellor's own visit. We have also been examining the operation of the golden rule and the fiscal cycle. As our report points out—it is important for the Chief Secretary to the Treasury to hear this again—

"we believe the Treasury should clearly inform Parliament in a timely fashion of its preliminary analysis that the cycle has ended. To delay making an announcement, potentially for several months, to the next Budget or pre-Budget report, would not be in the interests of informed public debate."

I hope that the Chief Secretary will take that observation back to the Chancellor.

[Mr. John McFall]

The Treasury Committee has also looked at spending in general and end-year flexibility. As a Back Bencher, I welcome increased spending on education, health and public services, but the Committee has found

"that some departments, local authorities and public corporations are still failing to deliver capital spending at the planned level . . . We recommend that the Treasury take further action to improve the management and delivery of public sector investment and to monitor its effectiveness closely."

That way, we can counter the argument that such spending increases achieve nothing. We want to ensure that such spending leads to solid outcomes. However, the Treasury has work to do on that issue.

In the past year or two, the Treasury Committee has also focused on the issue of tax avoidance. Our report states:

"The Paymaster General's announcement that future legislation to outlaw future income/NIC avoidance schemes . . . will be backdated to 2 December 2004 raises significant issues . . . It would be helpful if, at this stage, and without jeopardising their position, the Inland Revenue were to publish a paper setting out their thinking on the principles which will guide future decisions as to whether a scheme is reckoned to be within or outside the terms of the announcement."

The publishing of such a paper could preclude further recourse by individuals and companies to the European Court of Justice.

The Government need to focus a great deal more on excise duty avoidance. We published a report on this issue as recently as yesterday, and we found that losses from excise duty fraud total some £4 billion. The revenue loss from tobacco smuggling alone is estimated at £1,900 million a year. The Treasury and the Government still have a long way to go to in clamping down on such fraud.

I mentioned that the Select Committee visited China, and while there we took the opportunity to talk to its Customs authorities. They told us that in the past year or so, they had closed down 2,000 illicit cigarette manufacturing factories. There is a huge trade in that area, but we were a little dismayed to find that the Customs officers were based not in China but in Hong Kong. Given the burgeoning market in China, it is important that we have a Customs and Inland Revenue presence in China. I ask my right hon. Friend the Chief Secretary to consider that point.

In fact, duty is paid on only three out of every 10 packets of hand-rolling tobacco consumed in the United Kingdom. That is a matter of very serious concern. The illicit market share for hand-rolling tobacco has been above 30 per cent. for each year since estimates have been available—and the figure is rising, thus indicating, in the view of the Treasury Committee, that the level of tobacco smuggling is, to put it mildly, extraordinarily high.

We also considered alcohol fraud. The latest estimate of fraud involving spirits—£250 million a year—is obviously of a different magnitude from what we see in tobacco smuggling. However, as we noted in our report, given the compliance costs of introducing tax stamps—£7 million a year in start-up costs and £5 million a year thereafter—such proposals should not be considered as a disproportionate response to the problem. I look forward to an increase in the very positive engagement that has taken place between the Scotch whisky industry, other alcohol producers and the Government to ensure that we clamp down even further on such tax avoidance and the smuggling of alcohol.

One of the various groups that the Chancellor considered in his Budget speech was pensioners. What we regularly hear in such debates is the pejorative term "means-testing". I am a Member of Parliament with a constituency that includes a high percentage of pensioners who have benefited from the proposals that the Government have introduced since 1997, and hon. Members should not talk to me about means-testing. My constituents welcome the extra money that they have received. They welcome the winter fuel allowance. It is very important to realise when we talk about means-testing that everything in life is means-tested—income tax is means-tested—so individuals are rightly entitled to those benefits and moneys.

In 1997, single pensioners had an income of £67, but they now have a minimum income of £105. That 40 per cent. increase is hugely welcome to pensioners, and I want the Government to pursue the strategy of pension credit for the time being. As the Turner commission report says, that is not the solution for the long term, but it is certainly the solution for the short and medium term.

John Barrett: Does the right hon. Gentleman agree that there is a very serious problem with those who are entitled to those very benefits but are not yet getting them? The poorest of the poor are not just those who are entitled, but those who are entitled but not receiving.

Mr. McFall: Just over 3 million people are entitled to pension credit and well over 2.5 people get it at the moment. Yes, some people have still to get the credit, which is why it is important for all hon. Members, not just Government Members, to run road shows in their constituencies, along with the pension credit personnel, to ensure that people apply for those credits and get their entitlement. If the hon. Gentleman is asking whether we have a way to go, the answer is yes, so it is important that we all work together in our constituencies to get that message across to pensioners and community groups.

It is worth considering whether pensions should be allied to earnings. I have worked out that between 1997 and now the net pensioner income has increased by 19 per cent., and net earnings have increased by 12 per cent. In other words, pensioners have had a seven percentage point increase above the inflation rate as calculated using the retail prices index, so the link to earnings virtually exists. If we went back to a flat rate for all pensioners, we would find that 30 per cent. of pensioners at the bottom end of the scale would be hugely deprived as a result. The need to pursue the Government's policy is extremely important.

Rob Marris (Wolverhampton, South-West) (Lab): Is my right hon. Friend aware that research by the Department for Work and Pensions shows that a single female pensioner aged 75, who has too much income to be eligible for any pension credit whatever, is still better

off than she would have been if the Government had not introduced the myriad measures to which he refers but had simply restored the earnings link?

Mr. McFall: I agree entirely, and I shall deal with that point with an anecdotal comment. Just a few months ago, there was a council by-election in my constituency—there is one tomorrow, in which I shall vote—and I met an old lady. As my right hon. Friend the Member for Airdrie and Shotts (Mrs. Liddell) would agree, we might call her an old dear in Scotland. She said, "I was brought up on a farm and I've been a Tory all my life. You're the Labour MP for this area, aren't you, Mr. McFall? I want you to go back and thank that fellow, Gordon Brown, because over the past few years my income has increased and I've never been better off." That was said by an old Tory farmer, so our prospects in the next general election are pretty good.

On behalf of the pensioners in my constituency, I welcome the pension credit guarantee and the savings credit. I have been a Member of Parliament for 18 years, and for well over a decade of my time here, I was used to pensioners coming into my constituency surgery and saying, "Look, I've got just a little bit of extra savings, and there's a 100 per cent. withdrawal rate as a result." The pension credit is helping to alleviate that situation, but we still have some withdrawal tax rates of 50 or 60 per cent. I suggest to my right hon. Friend the Chief Secretary that we should work on improving that situation to ensure that we do not have such penal rates. However, when we consider that in 1997 the withdrawal tax rate was 100 per cent., we see that have come a long way.

I want to mention China. The need for investment in manufacturing and the need to upskill our population are extremely important. As I have said, the Treasury Committee went to China the other week. Three things struck us about our visit to China that we should take note of: first, the sheer size of the country; secondly, the pace of change there; and, thirdly, the need to pay close attention to China. When we put together the first two—the size and the pace of change—the result is an emerging economic superpower with an increasingly important impact on the global economy.

First, China is supporting the American current account deficit. Secondly, it is supporting many countries in Asia. Thirdly, it has bilateral arrangements with countries as far apart as Africa and south America. Australia is flourishing because of the commodities market. Half the cement in the world is imported by China. China is looking to Africa, especially Nigeria, for oil. A fascinating example comes from one of my former colleagues with whom I worked, the former Secretary-General of NATO, who visited Venezuela about six weeks ago. He told me that the second biggest user of the Panama canal is China. So China's stamp is all over the world—it is a global superpower—and that is a very important issue for us to take on board.

China's population is 1.4 billion, but it is sometimes very hard to get an understanding of that when we bandy such figures about. It may help to consider the fact that more people are learning English in China today than the population of Britain. There are 60 million people in Britain, but more than 100 million people in China are learning English. That gives us an idea of what is happening there.

Let us go down to a very low level—sport. English football attracts 500,000 fans to games and another 8 million people watch it on television. English sport is a very big issue in China: 400 million people watch English football in China. An example that was cited to us is Stockport County. I do not know whether any hon. Member present represents Stockport, but certainly, coming from Scotland, I would not consider that as one of the biggest teams, or as a team in the premier league. Am I correct?

Rob Marris: Correct.

Mr. McFall: I think that I am correct. That team plays to gates of about perhaps 4,000 or 5,000 every week—but it has an arrangement in China, and when it goes to China it plays to crowds of 25,000 to 30,000. No wonder the English Football Association has set up a website as the result of such initiatives.

On a per capita basis, China remains a relatively poor country with per capita income of approximately $1,000 per annum, but it is a £1.4 trillion economy and is in the process of overtaking the United Kingdom to become the fourth largest economy in the world. In 20 years' time—who knows?—it could be up there with America.

The Chancellor mentioned that China is now producing 2 million graduates and is spending three to four times what we spend on research and development. It has accounted for a bigger share of world growth over the past few years than the whole of the G8 combined. Given that China exports more than France, Italy and Britain combined and is the world's No. 1 destination for foreign direct fixed investment, we have a challenge on our hands in this country.

There are two ways of looking at that. We can consider it a threat or we can consider it an opportunity—and it is important that we consider it as an opportunity. Chinese politicians and officials have indicated to us that they are heavily engaged in a search for new technologies to improve energy efficiency. China has huge scope to make efficient use of energy and to make its energy production—currently heavily reliant on coal—less environmentally harmful. There are opportunities for clean technology in China—an area in which we should encourage British firms to get involved.

The present level of car ownership in China is 10 per 1,000 people. The average in the EU is 500 per 1,000 people. What will be the environmental damage if China gets up to the EU average? There are opportunities for us in China, but there are also responsibilities to ensure that, in a global sense, we have a measured environmental policy and that we help our economy while engaging with the Chinese.

The need for positive engagement is extremely important. The processes, such as the entry of China to the World Trade Organisation, mean that China has begun constructive dialogue with the rest of the world. We need to build on that and broaden it out into other economic co-operative bodies, but that may require a change in the international economic bodies as well as on the part of China. When the Governor of the Bank of England, Mervyn King, came before the Treasury Committee a number of months ago, he mentioned that very point, as did the Chancellor.

[Mr. McFall]

It is striking that many of the international bodies that are currently used as platforms for dialogue between the world's major economic powers evolved long before China's emergence as a significant economic force. These bodies have shown themselves to be capable of change. To accommodate Russia, the G7 became the G8, but as the pace of change in the global economy has accelerated in recent years, our international economic organisations have still to adapt to the changing environment.

Economic experts have indicated to the Select Committee that a lot of what the G8 currently talks about—oil prices, currency evaluation and world trade negotiations and imbalances—are subjects increasingly beyond the control of the G8. We should be considering the role of China in such bodies.

John Barrett: I agree with much of what the right hon. Gentleman says, but does he agree that much of what he says about China is also applicable to India, which in future will have a massive impact on the world economy?

Mr. McFall: I agree entirely. I have mentioned that China is producing 2 million graduates a year. India also produces 2 million graduates a year, so we have two superpowers, in economic terms, producing 4 million graduates a year with a heavy emphasis on research and development. When we take account of India, it makes it more urgent that we develop.

The Chancellor has pointed out that as the world economy develops and major new economies such as China and India emerge, there is a strong case for reassessing what international bodies such as the International Monetary Fund and the World Bank do. The calls on those organisations now are very different from those that existed when they were set up in 1945.

Lest anyone think that this will just be a case of inviting China into the G8 to become the G9, China—in my humble opinion—has moved on from that. China is developing links with developing countries, and is more interested in the G20. We should approach China not in an arrogant way—saying that we are making way for it in the G8—but in a more humble way, recognising its importance to the global economy and working along with China for its benefit, but particularly for our benefit.

As we emerge into the 21st century, we have a stable economy, but if we are not alert to the challenges that face us in a global context, we could find ourselves behind the curve in 10 or 20 years. I certainly do not want that, and I urge the Government to look at the economy in a wide fashion, as they have done to date.

2.15 pm

Sir Brian Mawhinney (North-West Cambridgeshire) (Con): It is one of the traditions of the House to congratulate the Chancellor on his Budget statement, though that does not necessarily mean an endorsement of every detailed part of what he said in policy terms. I have heard eight of the Chancellor's nine Budget statements and they have all been formidable affairs. I pay tribute to him, as I do to my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard). It is quite obvious why the national press is reflecting the increased nervousness and sense of rattle on the Government Benches as we approach a general election.

I expect this to be my last speech in this House. I made my first 26 years ago. As is appropriate and traditional, I said nice things about my predecessor, Michael Ward, and spoke lovingly and appreciatively of Peterborough before making some comments about Northern Ireland. I have nothing new to add on Michael Ward and I still appreciate Peterborough and North-West Cambridgeshire. I thank the people there for the confidence that they have had in me for 26 years and for their support and encouragement. I can look them in the eye and say that I have responded, to the best of my ability, on their behalf. I shall come back to the subject of Northern Ireland.

I, too, spotted the comment in Tom Bower's book "Gordon Brown" in which the Chancellor was told by an official what a fantastic economy he was inheriting and snarled, "What am I supposed to do? Write a letter of thanks?" The answer to that question was yes; he should have symbolically written a letter of thanks. There is no debate—other than among Treasury Ministers, who have a different agenda—about the fact that the Government inherited what has been called a golden legacy. They have built on it, as one recognises and appreciates. My constituents, in general terms, are better off today than they were when I became a Member of Parliament 26 years ago.

Yet one of the problems that the Chancellor has when making Budget speeches is that he is so partial in what he tells the House. The distinction between what he tells the House and what turns out to be the reality is so considerable, and appears to get bigger every year, that it is not surprising that what he tells us is taken with a large pinch of salt. To put a little balance into his statement, he might, for example, have reflected on the fact that, when he came to power, the current account of the balance of payments was virtually in balance. Last year, it was in deficit to £57 billion, which is the largest in our history. The previous record was the previous year when the deficit was £47 billion. If he had considered that, we might have had a slightly more balanced appreciation of the state of the economy.

Mr. Liam Byrne (Birmingham, Hodge Hill) (Lab): The right hon. Gentleman must surely be aware that the current deficit is only about 1.5 per cent. of gross domestic product. That is in sharp contrast to the 4 or 5 per cent. of GDP that we saw in the 1980s.

Sir Brian Mawhinney: When one is old and grey, the temptation is to offer advice to young men. The Chancellor made much about figures in billions that were considerably less than the £57 billion of deficit last year. One therefore needs to be a little careful in being quite so dismissive of the growing—and record—balance of payments difficulty.

As those of us who listen—occasionally through gritted teeth—to the "Today" programme know, four years ago and at this point in the previous Parliament, the Chancellor told us that his plans for this Parliament

were to borrow a total of £16 billion. He has actually borrowed £95 billion. If he had reflected on that fact, it would have given his statement slightly more substance.

Right hon. and hon. Friends will recall what I was doing in 1995. I remember that when the Prime Minister was in opposition, he said that he had no plans to increase tax. That statement is engraved on my heart. However, the British people discovered that it would not take long for this Government to make their plans, and 66 stealth taxes were introduced. Sixty-six is a big number, but I will give the House a bigger one—the £5,000 per household that represents the increase in taxation imposed on our people by this Government.

The Government bridle at the fact—if I were a Labour Member, perhaps I would bridle too—that many people do not now trust what Ministers say. That problem has been accentuated by Iraq and various other events in the past few years, but it can be traced back to the misleading and disingenuous statement that was made about taxation. It turned out to be spectacularly wrong.

Mr. Purchase: I share the right hon. Gentleman's recollection of the importance of the balance of payments, and I take the other points that he has made about debt. However, is not the point that one takes on debt based on one's ability to pay it back? Is it not a fact that the dynamism of our economy and the growth figures that the Chancellor presented to us today show that households and the nation are far more able to meet that debt? It is probably a smaller proportion of households' total income.

Sir Brian Mawhinney: That is an interesting thought, and I do not have the statistics at my fingertips. However, the Chancellor reminded us today that the figure for average earnings was £23,400. If one takes £5,000 from that, average earnings look a lot less attractive than would have been the case if the Government had stuck to their pledge not to increase taxes.

My right hon. and learned Friend the Member for Folkestone and Hythe was absolutely right to point out that this is a vote now, pay later Budget. The Chancellor would not have even recognised the position of council tax payers had an election not been planned for a few weeks time. However, it is worth recalling that council tax has gone up by 70 per cent. under this Government, and a third of the increase in the basic state pension has been eaten up by council taxes. It is no wonder that the so-called grey vote is on the march. We respond to it out of instinct; the Government respond purely on the basis of trying to get themselves through 5 May.

Rob Marris: May I clarify two statistics for the right hon. Gentleman? In my city of Wolverhampton, the council tax has gone up quite a lot under this Government. In eight years, it has gone up by 16 per cent. in real terms, and we must consider real-terms increases rather than the gross increases to which, I suspect, he referred when he mentioned the figure of 70 per cent. On the money for the poorest pensioners, in 1997, a single pensioner was expected to live on £69 a week. However, from April, the figure will be, in round terms, £115 a week. In real terms, that is a 40 per cent. increase.

Sir Brian Mawhinney: I am tempted to engage in this argument, but I will not except to say that it seems to me that the hon. Gentleman is using two different sets of inflation statistics to enhance his position. I heard the figures for an increase from £69 to £115, and I am perfectly happy to accept that such a £45 increase has occurred. However, that has taken place over eight years, which equates to 5.75 per cent. a year. Had the Chancellor said to us that he was happy to be able to tell us that he could increase pensions by an average of 5.75 per cent. per year, we would have had a better opportunity to assess the comprehensiveness of the statement that he made to the House.

I wish to mention something else that the Chancellor forgot to say, but that would have given substance and balance to his statement. He forgot to say that for every job in the private sector that was lost last year, two jobs were created in the public sector. We are all in favour of employment, and we do not enjoy seeing our constituents out of work. Two jobs for one seems, on the face of it, a good exchange. However, the Government are seeking to persuade us that they have changed their attitude to wealth creation and substituting two public sector jobs for one private sector job in one year is not a recipe for wealth creation in the medium term.

I was extremely interested in what the right hon. Member for Dumbarton (Mr. McFall), the distinguished Chairman of the Treasury Committee, said about China. He has no means of knowing this, but one of my sons is completing a PhD in Chinese history at Harvard and has taught for some time in China. My wife and I have been out to visit on a couple of occasions, and one cannot help being impressed by the level of activity and economic growth there.

I want to add a further point to those that the right hon. Gentleman made and with which I agree without reservation. China is so big that we must not fall into the mindset that it is homogeneous. It is taking our jobs at the moment because it pays less. However, when costs rise in one part of China, another part will come along that is even poorer than Beijing, Shanghai and Hong Kong. That part of China will start the process all over again and, after that, a third part will come along to start the process again.The right hon. Gentleman knows that I do not indulge in criticisms of what he says in the House, but if I have a criticism of him, it is that he almost understated the threat. Last year, my son taught in one of Beijing's universities for a year. He taught not just English, but how to write job applications for the west so that the students could be trained abroad and bring back their skills to inject into the local community.

I have just stood down after six years as a trustee of Boston university in the United States. I tried—I have to say, I failed, but that is Boston's disadvantage, not mine—to persuade it to be involved in a university link-up with China to develop the technology, the potential and the investment for years to come. Had the Chancellor been so minded, he could have said that he was going to give some of the pockets of money to British universities on the understanding that they would go to China and India, which I agree is also important, to look for new opportunities to develop the knowledge economy in new ways. He told us that that is fundamental to the country's future, and no doubt all hon. Members would agree, but it is one thing to say

[Sir Brian Mawhinney]

that and another to produce the resources to drive that forward. When the right hon. Member for Dumbarton has the Chancellor in front of him next Tuesday, he will have the opportunity to raise that with him.

Brian Cotter (Weston-super-Mare) (LD): I, too, welcome the comments on China. There are many ways to link with it and to go forward. That is certainly the case for students, with either them coming here or our students going there. It will also be important to exchange technology. China is interested in inward investing in this country, and we should encourage that.

Sir Brian Mawhinney: I agree.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Is the right hon. Gentleman aware that my Select Committee on Education and Skills has just taken evidence on the UK e-university, which, sadly, did not progress? In the course of that, we found many universities with strong partnerships in China, which they are developing with the help of the British Council. A lot is going on that is sometimes below the surface.

Sir Brian Mawhinney: That is a helpful contribution. However, that development is probably one, if not two, orders of magnitude inadequate for the challenge that this country faces over the next 10 to 15 years. I am not going to stray on to the topic of universities, except to say that we all know that they do not have the resources to drive the level of commitment and entrepreneurial activity from which they would benefit out of the new shared technology. They will need help, and that means from the Government, but unfortunately we heard nothing about that.

The Chancellor could have said something to make his comments more balanced and to give us the ability to test the truth and scope of his remarks. He could have reminded us that in his first Budget he took £5 billion out of pension funds, and he has taken £5 billion each time ever since. It is a matter of record that I chair a pension fund in the City, so I remind the House of my declared interest. He has taken £40 billion or £45 billion, which has helped to turn the extremely robust pension arrangements that he inherited in 1997 into a major crisis. He takes no responsibility for that and simply tries to sell us a bill of goods.

The Chancellor mentioned three things en passant on which he should have focused much more. The first is inheritance tax. The papers of one Government are not made available to their successors. I am happy to tell the House, however, that I was one of the voices in the last Conservative Government that argued for a much more generous inheritance tax regime than we put in place. If I believed that 10 years ago, how strongly does the House think I believe it now, after eight more years of house price inflation and after dragging more and more people into the net?

One reason for that belief was that instinctively the British people do not believe that the tax is fair. They use their after-tax income, and there is a sense of bitterness that they are taxed again, arising out of the initial income stream. My hon. Friends on the Front Bench have to fight an election in a few weeks. I do not. Now that we have heard where the Government have positioned themselves, my guess is that there are considerable votes to be won in middle England, Scotland, Wales and Northern Ireland by the party that says, "We will allow you to take your primary residence out of the inheritance tax calculation." I even offer my hon. Friends the election slogan, in case they are too busy to work it out. I would be very happy to go to North-West Cambridgeshire and say, "Vote for me and give your children your home, not the tax man." I was deeply disappointed that the Chancellor did not rise to the occasion on inheritance tax.

The second thing that the Chancellor talked about was his tax credit proposals. There is an element of truth in what he said. Let me make it clear that I am not trying to make a particularly partisan speech. However, as a Back-Bench Member of Parliament, one thing that irritates me more and makes me more angry on behalf of my constituents than virtually anything else is the sheer incompetence of the pension tax service, the working tax credit and, above all, the Child Support Agency.

The Government have lost the plot. They seem to think that if they stand there and unveil a policy, that is it. Well, it may be "it" in Labour constituencies, but it is not "it" in my constituency. I receive a higher proportion of letters on the tax credit arrangements and the Child Support Agency and their inability to work than I do on any other issue. It makes me angry. I always said that when I was no longer able to be righteously angry on behalf of my constituents, it was time to quit. I am quitting, but I am still righteously angry. We heard nothing about investment or holding to account those who screw up the lives of my constituents who, by definition, are among some of the most needy. That washes off Ministers like water off a duck's back.

We heard some time ago that the man who leads the Child Support Agency was going. We interpreted that as meaning that he was resigning. We were told, "Oh no, he's not resigning. He's retiring." He is still in the job. I will not believe that the Chancellor and Treasury Ministers are serious about helping the most needy until they deliver a service in an efficient and humane way. Let me offer a suggestion: fire the chief executive and deputy chief executive of the CSA "pour encourager les autres". I do not care who is put in their place. It cannot be any worse than the existing system. I was disappointed that the Chancellor said nothing about that.

The right hon. Member for Dumbarton pointed out that there was a passing reference to red tape. Come on. Hon. Members must forgive me, but after 26 years I know how this place works. I have heard the Chancellor lay red tape upon red tape upon red tape upon red tape upon red tape, yet five weeks before a general election he thinks that perhaps it is a good idea to say, "Maybe I am not totally in favour of it." The Treasury Committee has been telling the Chancellor for eight years, "Keep red tape to a minimum; reduce red tape, and then cut red tape." The Chancellor will go to that Committee on Tuesday and say nice things, yet the country's economy is being strangled. If the Chairman of the Committee looks before next Tuesday at the business surveys, he will see that all of them say that business is now more worried about regulation and red tape than anything else. I was disappointed that the Chancellor did not say anything more convincing.

I want to return for a moment to whether the Chancellor should have said thank you for the legacy of the economy. There are two other things for which he should have said thank you in 1997. He should have said thank you to the previous Government because, for the first time in our history, we set about trying to reduce third world debt. I am proud that I was a member of the Government who did that. I pay tribute to the Chancellor because he built on those foundations; in a sense, it has been a seamless operation, as it should be. Overseas aid and trying to reduce the debt burden on the poorest of the poorest in the world ought not to be a partisan point, so it would have been nice if the right hon. Gentleman had said thank you. I say thank you to him, even though he has not said thank you to us, because he has built on that foundation. I hope that that can continue.

The other thing about which he could have said thank you—but I will say thank you to him—is that we changed the fundamental socio-economic basis of Northern Ireland, about which I do know something. That enabled the peace process to start, because as a matter of Government policy we addressed some of the road blocks in the thinking and the experience. I give just one example; when I became a Northern Ireland Minister in 1986, people were two-and-a-half times more likely to be unemployed if they were Catholics than if they were Protestants. There was a range of issues that needed to be addressed, and we addressed them. We laid down the beginning of the improvement of the Northern Ireland economy, so I say thank you to the Government for building on that.

The House will not recall—it is obviously more in my memory than in that of the House—that I was the first Minister who started the peace process, and I have a vested interest in its success. Today, Northern Ireland is much better than it was; tomorrow it will be better still, and although we continue to run into troubles for the peace process in the short term, the Government should not take their eye off the economy, which needs to be strengthened further and in the strengthening will make political progress even more possible.

I have spoken for longer than I intended and certainly longer than in my maiden speech, but I have one more thing to say and then I will sit down. I have had the privilege of being in this House for four Parliaments in government and two in opposition. In that time, irrespective of which side of the House I was on, in my constituency I have spoken minimally about politics and party politics, and maximally about the issues that people tell me are important to them and about moral values. I discovered something very interesting: when I make a speech about what interests my constituents, or about moral values, there is a long queue of people who want to talk to me afterwards, but when I make a speech about politics, they say, "That was a great speech, Brian," and get off to the bar as quickly as possible. I am not as stupid as I may look to some people. I have learned through that process.

The House will not be surprised that I noted with particular interest the opinion poll conducted after the United States presidential election, when people were asked what was the single most important issue in determining their vote. We were brought up on "Keep it simple, stupid" and "It's the economy, stupid", so we might have guessed that the answer would be Iraq, security, 9/11, jobs or public services. But the issue that came top of that poll was moral values.

Let me be the first to say that the moral and religious framework of this country is very different from that of the United States—my wife is an American, I have lived in both countries and I know whereof I speak—yet I have to tell the House that I suspect that underneath those differences are some significant similarities. We have similar instincts. My final words to the House are these: politicians who want to be held in higher regard by the public need to hear and respond to the beliefs and values of their constituents, as well as to their needs and aspirations. For 26 years, that is what I have sought to do. That is what I believe and I commend it to the House.

2.46 pm

Mr. David Marshall (Glasgow, Shettleston) (Lab): It is my great privilege to follow the right hon. Member for North-West Cambridgeshire (Sir Brian Mawhinney), who came into the House 26 years ago at the same time as me. I am sure that the whole House will join me in wishing him a long, happy and healthy retirement.

Mr. Mark Francois (Rayleigh) (Con): Will the hon. Gentleman give way?

Mr. Marshall: Certainly.

Mr. Francois: I thank the hon. Gentleman for giving way and I will not detain the House for long. By convention there are no winding-up speeches on the first day of debate on the Budget, so having heard the valedictory speech of my right hon. Friend the Member for North-West Cambridgeshire (Sir Brian Mawhinney), who spoke for half an hour and held the House for that entire time, I hope that the hon. Gentleman will allow me to say humbly from the Opposition Front Bench that the whole House will miss my right hon. Friend in future. After hearing in detail what he said, I think that we on the Conservative Benches will miss him particularly and I take this opportunity to place those comments on record and thank the hon. Gentleman for his courtesy in giving way.

Hon. Members: Hear, hear.

Mr. Marshall: I am glad that I allowed the hon. Gentleman to intervene and I am grateful to him for that contribution. I concur with his remarks about the right hon. Gentleman.

Just where can I begin after such an excellent Budget speech from our Chancellor? I can only give his ninth Budget speech a warm welcome and say how much I look forward to hearing his tenth. My right hon. Friend has rightly earned his place in history as our greatest modern Chancellor and perhaps as our greatest Chancellor ever.

This may be my last contribution as the MP for Shettleston, not for the reasons that some of my hon. Friends have been teasing me about recently, but because of the massive boundary shake-up and renaming of many constituencies in Scotland that will

[Mr. Marshall]

take place at the forthcoming general election. As the House is no doubt aware, we are reduced from 72 to 59 constituencies. The name of my constituency will disappear and as the constituency has existed for 87 years, I would like to say a few words about it.

Believe it or not, the first MP for Shettleston, when it became a constituency in 1918, was a Conservative. He was the first and also the last Conservative to represent the constituency. Rear-Admiral Adair was elected in 1918 and did not seek re-election in 1922.

Rob Marris: Blue Adair.

Mr. Marshall: He was certainly not Red Adair.

The legendary John Wheatley won the 1922 election for the Independent Labour party and became Minister of Health in the 1924 Labour Government. His Housing (Building Facilities) Act 1924 may have been one of the best and most important measures ever to go through the House of Commons. It led to the construction of hundreds of thousands of houses, mostly by councils at affordable rents for people who needed decent homes. Some of my very elderly constituents still say that they live in a Wheatley house and are proud to do so.

John Wheatley had the talent and ability required to become the leader of the Labour party, but sadly it was not to be: he died in early 1930. He was followed by John McGovern, Independent Labour party and later Labour, who held the seat until 1959, when my predecessor, Sir Myer Galpern, then Lord Provost of Glasgow, became the Member of Parliament for Glasgow, Shettleston. Just prior his retirement in 1979, he occupied the Chair in which you now sit, Mr. Deputy Speaker; he was a popular and distinguished Deputy Speaker until he moved to the other place on becoming Lord Galpern. I was fortunate enough to succeed him.

It is a matter of regret that the traditional names of constituencies in cities such as Glasgow—Shettleston, Govan, Springburn, Maryhill and so on—are disappearing, to be replaced by almost meaningless geographical indicators, such as north, south, east and west. Glasgow, Shettleston is to be divided in two: one half is to become part of the new central constituency; the other half, including Shettleston itself, the area in which I have had the pleasure and privilege of living for the past 35 years, will merge with the Glasgow, Baillieston constituency to form the new Glasgow, East constituency, which I hope to represent after the election.

I had to sit on the Opposition Benches for 18 years, listening to one wretched Conservative Budget after another—Budgets that destroyed working-class families and communities throughout the United Kingdom, but especially in Scotland and particularly in Glasgow. We experienced closure after closure, job loss after job loss. My constituency has always had more than its fair share of life's trials and tribulations, but it has faced up to them. It was distressing to see the hopes and aspirations of young school leavers being destroyed by the fact that there were no jobs available for them. Once, there were two jobs available to 2,000 young people in the Parkhead area, such was the scale of the problems we faced. I had to watch adults of working age descending into poor health and depression because of unemployment and poverty, and old-age pensioners dying before their time because they had to choose between eating or heating—they could not afford to do both. That happened during Mrs. Thatcher's so-called glorious years. All we were left with was a legacy of misery, despair, huge health and social problems and unemployment running at more than 20 per cent.

I never want to hear another Conservative Budget as long as I live—and I hope that I have a lengthy period left to me, even though I have now exceeded by one month the average adult male life expectancy in my constituency, which is 14 years less than the UK national average and the lowest in the UK. That is the legacy inherited by an area that was once the workshop of the empire, turning out tradesmen, engineers and skilled workers by the barrowload. The area was reduced to an industrial desert and is starting to recover only now.

The eight years that have passed since Labour came to power have witnessed a remarkable turnaround. Unemployment has been slashed to about 8 per cent.—still far too high, but at least it is falling. The new deal, the national minimum wage, the winter fuel allowance, all the tax credits, the increased family allowances, the free television licences for the over-75s and the free eye tests for pensioners have all helped to make life that bit better and easier for my constituents. The Budget will continue that improvement and I am sure that my constituents, like people throughout the UK, will think long and hard before they even give a second thought to allowing the Conservatives back into power.

Since 1997, more than 50,000 jobs have been added to Glasgow's employment base. Sadly, however, 100,000 people—one in three of the available work force—are still classified as economically inactive. In the past 12 months, I have been delighted officially to open two new Jobcentre Plus offices, in Bridgeton and Shettleston, and two new working neighbourhoods pilot schemes, in Gorbals and Parkhead. Although the offices and projects are working hard to tackle problems of long-term unemployment and people who have illness or disability and face barriers to employment, they cannot succeed on their own.

Such are the problems in Glasgow that more help is needed. Glasgow is Scotland's only metropolitan area and should be recognised as such. The city council, Scottish Enterprise Glasgow and the Scottish Executive desperately need Westminster's help if the city's problems are to be overcome. I therefore welcome the Chancellor's announcement today of the new deal for jobs and skills, and his announcement about apprenticeships. That is precisely what my constituency needs. I hope that we can find a way to ensure that apprenticeships are not confined to youngsters but benefit adults who may have lost their job years ago and need to retrain. Such people are often good workers who have been left to rot; all they need is an opportunity to retrain and learn the skills that will enable them to find employment.

I especially welcome all that my right hon. Friend the Chancellor is doing for pensioners throughout the UK. Maintaining the level of the winter fuel allowance will be popular, as will the 13 per cent. increase in their tax credits, free local bus travel—although, to its credit, the Scottish Parliament has already introduced free bus

travel in Scotland—and the new £200 help with council tax bills. All those measures will improve pensioners' quality of life.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): I hesitate to interrupt my hon. Friend, who is proving that he is as eloquent as the right hon. Member for North-West Cambridgeshire (Sir Brian Mawhinney). The Commons' loss is football's gain and we wish the right hon. Gentleman well in the Football League. However, he blamed the present Government for the problems with the CSA, and the Leader of the Opposition blamed us for the council tax. Will my hon. Friend remind the House of when both the CSA and the council tax were instituted, which I believe was under the Conservative Government?

Mr. Marshall: I am more than grateful to my right hon. Friend for his intervention. He is correct. Furthermore, the poll tax—perhaps the worst and certainly the most unpopular tax ever implemented—was introduced by "that lot opposite", as one Conservative Member used to call us.

Sir Brian Mawhinney: The right hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) was right on both counts regarding the introduction of the measures. On the other hand, will the hon. Gentleman compare his constituency mailbag in the first few years of the CSA's existence and in the last few years, and then tell the House—with a straight face—that the service has improved?

Mr. Marshall: Perhaps I have been fortunate, but I have not had many CSA cases. In all the time it has been in existence, I have had fewer than 50 cases involving the CSA. That might say something about the CSA or about the way in which my constituents sort out their problems—I am not sure.

I take the opportunity of his intervention to wish my right hon. Friend the Member for Carrick, Cumnock and Doon Valley a long, hearty and healthy retirement. He, too, entered Parliament in 1979. I never mention it, but he was kind enough to write an article for the Scottish Parliament's *Holyrood Magazine* in which he pointed out that he was a candidate for my seat in 1976, when the selection process took place.

Mr. Foulkes: I was soundly beaten.

Mr. Marshall: I have to admit that my right hon. Friend was the best candidate on the night, but a Glasgow constituency could not possibly select someone from Edinburgh to represent it.

My right hon. Friend has something else in common with the right hon. Member for North-West Cambridgeshire. He is chairman of Heart of Midlothian football club. I do not know whether his ambition is to become chairman of the Scottish Football Association, but he could have picked a better club than Hearts to be the chairman of.

To continue on the Budget, I also warmly welcome the family tax cuts, which will help low-income families. So many of my constituents fall into that category that the measure will be especially welcome to them. My right hon. Friend the Chancellor's decision not to penalise servicemen and women who receive compensation awards will also be particularly welcome. Many of my constituents join the services, some for the wrong reason—not because they want to, but because it is the only option open to them. As the father of a serviceman who recently returned home safely after completing a tour of duty in the Gulf, I know that the matter was of concern to my constituents, as well as a disincentive to good servicemen continuing in the forces. I therefore welcome the announcement.

I also welcome the standstill on excise duty on spirits. Increases in spirit duty are always counterproductive, because they result in falling sales and fewer tax revenues. The standstill will be particularly welcome in the Scotch whisky industry and in Scotland. I have two whisky companies in my constituency—Dewar's bottling plant and Allied's Strathclyde distillery—and it will be welcome news for many of my constituents.

The raising of the stamp duty threshold for first-time buyers from £50,000 to £120,000 will be welcome in the east end of Glasgow, where the majority of properties fall into that price range. If those properties were situated in the west end of Glasgow, Edinburgh or London, they would be worth a great deal, but because they are in the east end of Glasgow, their value is much lower. Young people in particular find it very difficult to get a foot on the property ladder, and every little bit of help is welcome.

There is a definite need for decent, affordable socially rented housing, which local authorities used to provide. No matter what the interest rate or house prices, not everybody can afford a mortgage or take on such a responsibility. Many people who live in rented accommodation are at the mercy of unscrupulous landlords or live in squalor.

In the Govanhill area of my constituency, between 400 and 500 houses are still below a tolerable standard, and successive Governments have been unable to remedy that problem. They do not have proper bathrooms, central heating or hot water facilities. In many cases, they are owned by very poor people or by individual landlords who do not have the finances to do them up. Some of them are let to people who have mental health problems, problems with alcoholism or other problems, and such people are usually poor and require assistance.

A definite need exists for decent quality—for lack of a better expression—council houses or socially rented houses. I hope that my right hon. Friend the Chancellor and his Cabinet colleagues will consider a house-building programme, perhaps along the lines of the scheme to which I referred when I discussed one of my predecessors, John Wheatley. We need more Wheatley houses in this day and age.

Mr. Purchase: Council houses—that is what we need.

Mr. Marshall: My hon. Friend is right. We need such houses for those who cannot afford to look after themselves.

I welcome the recent announcement of the increase to national minimum wage rates, but I do not understand why a person must wait until they are 22 years old before

[Mr. Marshall]

they qualify for the top rate. Why should the limit not be 21? I accept that 18 is perhaps too low, but I cannot see the difference between 21 and 22. I hope that people will soon qualify at 21 for the top rate of the national minimum wage, which has done so much to help to take people out of poverty and to deal with employers who pay miserable wage rates.

Mr. Purchase: With the advent of four-year modern apprenticeships, will my hon. Friend concede that the minimum wage should logically apply when the apprenticeship is complete at the age of 20?

Mr. Marshall: My hon. Friend has made a valid point, which I hope that Ministers will pick up.

When the very rich are getting even richer, why can we not consider some way of taxing the super rich, because it is not as if they cannot afford to pay? That is perhaps my one disappointment.

I welcome the decision to defer fuel duty rises for the third year in a row. In my opinion, the motorist in this country feels that they are the most put-upon member of society today, given harassment from police and cameras and increasing petrol prices because of increases in the world oil price, which is outwith people's control. Motorists will welcome that help, because, whether we like it or not, people will do anything rather than give up their cars. In some areas, people will pay 50 per cent. or more of their disposable income to maintain their cars, and, once again, the poorest people suffer. A car can be a lifeline for someone to get out of an unpleasant environment.

I want to see schools teaching children to drive. If children are going to stay on at school until they are older, driving lessons should form part of the curriculum, which would not only deal with part of the joyriding problem, but give teenagers a skill that could lead to their finding all kinds of employment as bus drivers, lorry drivers or car drivers. Many people in my constituency cannot afford driving lessons and do not have access to a car. If they were given the opportunity to obtain a licence, I am sure that many of them could obtain employment.

Mr. Nigel Evans (Ribble Valley) (Con): The Chancellor will get a windfall because of the VAT element of increasing petrol prices at the pump. No one has got off scot-free, because we are all paying the Chancellor more.

Mr. Marshall: The hon. Gentleman has made a point.

Moving on to the additional billions of pounds that have been pumped into education and the NHS, which is, of course, administered through the Scottish Parliament in Scotland: we are beginning to see substantial dividends, and the additional money announced today for primary school and secondary school head teachers will be welcome and will be used to advantage pupils. That is a good way of seeing that every school gets a share, rather than the previous practice of giving money to local authorities that perhaps have had other priorities, often for valid reasons. Such substantial sums of money going directly to schools will be of great benefit. I contend that the public sector is showing that it can deliver, and I hope that my right hon. Friend the Chancellor will support the public sector delivery of public sector services.

I welcome all that my right hon. Friend the Chancellor has done to tackle child poverty. Some 200,000 Scottish children have been raised out of poverty since he came to office, and I support his campaign eventually to eliminate child poverty in the UK and also to tackle it worldwide, wherever it may occur.

Many of my constituents may be relatively poor in financial terms, but they are indeed rich in spirit and generosity, especially in support of appeals such as the recent tsunami tragedy appeal. Some of the largest numbers of representations that I receive from constituents relate to third world debt and poverty.

On third world debt and poverty, I pay the greatest possible tribute to my right hon. Friends, and, as the right hon. Member for North-West Cambridgeshire has pointed out, I also pay tribute to successive Governments and to successive Ministers. However, I reserve the highest possible tribute for my right hon. Friend the Chancellor, who has become the undisputed world leader in attempting to tackle third world debt and poverty. That is typified by his announcement this afternoon that the UK will unilaterally give 100 per cent. relief to 19 of the world's poorest countries during our presidency of the G8. The other seven countries will hopefully be shamed into doing likewise, and we shall see what happens.

In conclusion, we have the lowest unemployment for more than 30 years and the lowest interest and mortgage rates for 35 years. Instead of the Tory party philosophy of unemployment being a price worth paying, and the boom and bust of Tory Budgets, we have stability, stability and stability. This Budget lays firm foundations for a third-term Labour Government, and I am delighted to support it.

3.8 pm

Mr. Howard Flight (Arundel and South Downs) (Con): May I add my congratulations to the Chancellor on his Budget speech? But I feel that he might be congratulating himself, too.

It is irritating that under this Chancellor's stewardship, the Budget speech, which should be a fair survey of the economy and the outlook for the country, has become increasingly selective. The right hon. Member for Dumbarton (Mr. McFall) correctly upbraided the financial services industry on the subject that what is said to prospective investors and that what is [illegible] prospectus should be fair.

When it comes to businesses and even citizens, the [illegible] for the economy that the Chancellor paints [illegible] a basis for people's decisions whether to save, [illegible] invest. Perhaps we would all agree that the Chancellor is a master at being selective.

I have noticed that in a Britain that has a Labour Government who are a little authoritarian, it has become unacceptable to voice criticisms and point out problems. We are damned with either misrepresentation or as doom-mongers. The hon. Member for Twickenham (Dr. Cable), in honest terms, pointed out the risks for house prices and has been written off as a doom-monger.

I shall focus on some of the things that the Chancellor has not said and on some of the things that I view as bordering on mis-selling. As is the Chancellor's style, we shall no doubt learn subsequently of all the nasties that were not referred to. I shall be 60 in four years' time, and I now know that I will be able to use my free bus pass only during off-peak hours. I am disappointed to learn that the inadequate help with council tax will be for only one year.

I shall move on to a description of the past. My right hon. Friend the Member for North-West Cambridgeshire (Sir Brian Mawhinney) made similar comments. Everyone must welcome the recovery of employment and the fact that since 1992 we have been a successful economy. We have had low inflation, low interest rates and good growth, but it was Lord Lamont, the then Chancellor, who started the policy of inflation targeting, and the success has been carried right the way through under subsequent Chancellors. It is not something that the present Chancellor invented.

The problems in the early 1990s were very much the results of joining the exchange rate mechanism. The Chancellor forgets, rather conveniently, that he was a stronger advocate of joining the ERM than any Conservative Member. It was Bryan Gould, who said rather harshly at the time:

"It has always been a puzzle to me that people who make mistakes of such magnitude and reveal such a total inability to understand the issues of which they are supposed to be masters nevertheless sail serenely on unscathed by any suggestion that they might not be up to the job."

The Chancellor learned a new mantra thereafter. The issues that beset the economy, that caused many people to lose their jobs and did the Conservative party untold damage for a decade resulted from that unwise membership of the ERM at that time.

There are many other things that it would have been more open for the Chancellor to have mentioned. For example, over the Government's four-year term to date, the borrowing outcome has become about £80 billion worse than forecast. In terms of total progress of the economy since 1992, productivity growth has trailed off quite significantly since 1997. We have lost 1 million manufacturing industry jobs—we had difficult times in the 1980s, but manufacturing jobs have continued to be lost and we have become increasingly uncompetitive. Above all, globalisation—the opening up of world economies—has enabled sustained prosperity to continue. In the past, both Labour and Conservative Governments had the problem of stop-go. Excess demand led to inflation, which in turn led to damping-down measures. But since globalisation it has led to a major rise in imports. The compound current account deficit since 1997 is now approaching £150 billion. There is no problem with that so long as there are matching capital inflows to finance it. Were we not in such an open global world, there would have been inflation problems as a result of excess demand.

The Chancellor has refused to enter into a debate on the warnings of the International Monetary Fund and the Institute for Fiscal Studies that taxation needs to be raised. He has not addressed the issue. My right hon. Friend the Leader of the Opposition quoted what the IMF had to say—namely, that the national accounts have deteriorated sharply over the past five years and that the Government are overspending. Indeed, the IMF calls for a reduction of £1½ billion in public expenditure. The point that has not been made is that the deterioration in our public finances has been material in relation to the other economies in Europe.

My fear, in terms of both the proportion of the economy that is consumed by Government and the public finances, is that convergence with Europe will mean convergence with sclerotic economic conditions.

A bit has been said about pensions. The pension tax credit was targeted to help pensioners dependent on the basic state pension who were in need, but there has been a problem, with about 40 per cent. of the population having stopped saving for pensions in the private sector because pension credits are a major disincentive to do so. For those with private sector pensions, there is an unresolved problem. Millions of people will not receive the pensions that they had expected from their employment-related pension schemes. We are talking not only of the £3½ billion cash-flow cost of the £5 billion per annum tax on pensions; there is also the fact that that has caused a fall of about £100 billion in the value of the assets held by pension funds. That sum is approximately equal to their deficits.

Mr. Purchase: On the point about the £5 billion, does the hon. Gentleman recall that at the time that the so-called raid on pensions was made, the tax mountain from unclaimed advance corporation tax stood at £1½ billion? It is through reform and the abandonment of ACT that companies have benefited. I do not say that they have benefited to the tune of £5 billion a year, but they have benefited year on year from the change in ACT.

Mr. Flight: Even if companies have benefited, members of pension schemes have suffered. I discovered only recently—something that I found most disturbing—that when the Treasury was examining the issue in 1997, the argument was made that British equities were over-valued in relation to European equities because of the ACT credit, and that it would be a convenient opportunity to get rid of that because the stock market was buoyant.

A responsible person would have seen that we were in a bubble market that was highly vulnerable, and would have gone on to ask what would be the impact when the situation boiled over and markets fell severely. The impact was that markets fell by 25 per cent. more than they otherwise would have done. They fell to a level where dividend yields exceeded gilt yields, which is normally where stock markets bottom. Had dividend yields been 2½ per cent. higher, with ACT credits, markets would not have fallen to the extent that they did. Having fallen thus far, pension funds and insurance companies all became forced sellers and have never rebuilt their equity holdings. The net result has been about £100 billion of pension fund deficits. That is about equal to the total deficits, which pension funds will be unable to make up.

Mrs. Helen Liddell (Airdrie and Shotts) (Lab): The hon. Gentleman's memory is rather selective. He seems to have forgotten that the beginning of the phase-out of ACT began under the previous Government. When he referred to the disincentives to saving in private sector

[Mrs. Helen Liddell]

pension schemes, he failed to recollect the scandal of personal pensions mis-selling, which adversely affected the public's perception of how such schemes operate.

Mr. Flight: I think that we are all aware of the 2 or 5 per cent. reduction in the ACT credit during the time when Lord Lamont was Chancellor. The right hon. Lady will be aware, however, that that was part of a plan to reduce the level of taxation and to bring the two into line; there was nothing secret about it. But that really misses the point, which is that a modest reduction was nothing in comparison with getting rid of the whole lot and its impact on pension schemes.

The right hon. Lady and I could debate pensions mis-selling for a long time, but if she believes passionately that everything should be correct, clear, transparent and open, she will agree that the Chancellor should, similarly, present a correct, transparent and open picture of the prospects, pluses and minuses for the UK economy, not a selective picture.

Finally, on pensions, while it is excellent that the public debt has been reduced to £401 billion, in the meantime, on Watson Wyatt's measure, there is an actuarial deficit of £695 billion in relation to public sector pension schemes. Mercifully, that deficit will not present itself as a cash liability, but it is a forward contingent liability that will need to be addressed in one way or another. While private sector pension members have had a rough time, the taxpayer subsidy to pay-as-you-go public sector pension schemes, which remain index-linked, has continued to rise. That is an issue about which the Chancellor, conveniently, does not talk.

We have all got used to the phrase "stealth taxes", and everybody is broadly aware of the 65 per cent. increase in taxation in cash terms since 1997 and the famous 66 new taxes, but it is some of the more devious aspects of that increase that I dislike. For example, 7.5 million people have been raised into higher tax bands because tax thresholds were under-indexed over the past eight years. Indeed, if we added up all the clever ways that the Chancellor has found to extract more tax from us and asked what income tax would be if he had used none of those, we would find that it was 39p in the pound.

The Chancellor boasts of attractive corporation tax rates. However, Terry Leahy, the head of Tesco, has pointed out that national insurance charges, corporation tax, property taxes and employment taxes, when taken together, mean that Tesco now pays more than 50 per cent. of its profits in some form of taxation. If we compare UK tax rates with those in other EU countries, we find that the net taxation paid by British businesses is, in the main, now slightly higher; we are no longer the attractive tax base to invest in that we were. That is one reason why inward direct investment, which is needed to finance the current account deficit, has halved. Indeed, when I looked at last year's figures for what matched the substantially rising current account deficit, I was concerned to discover that about half of it was what we used to call hot money in the old days; it was not safe, long-term investment flows.

I shall go on to comment on what I call cooking the books. I remember sitting all through the night in this House when we debated the Government Resources and Accounts Bill. I said at the time that, although it might be deemed a great advance to move from cash accounting, which had been there since Gladstone, to resource accounting, the change offered whoever was in power the opportunity to cook the books; they had only to change the depreciation rates. Even if cash accounting has its shortfalls, I prefer something that is extremely transparent. Such is the complexity of the public accounts that it is hard enough for anyone to understand what is going on anyway. However, I have done a little digging.

Mr. Julian Brazier (Canterbury) (Con): I am most grateful to my hon. Friend for the powerful oration that he is giving us. Does he agree that there is a certain irony in the Government moving in that direction a generation or so after the private sector started to put more emphasis on cash flow?

Mr. Flight: I thank my hon. Friend for his comment; he is precisely right. Members may have looked at the OECD's analysis of the UK economy. Extraordinarily, it says that the public sector now consumes 45 per cent. of GDP, not 40 per cent., and that the deficit is 3.4 per cent. Those figures are very different from those that the Chancellor reports. The main reason is that they are calculated on the same basis as they are calculated in other European countries and without the distortions.

What are some of the little tricks that have been got up to? Significant changes in depreciation have made the figures look better. Members may have noted that the odd £2 billion has come from something strange going on in relation to the Office for National Statistics and the treatment of expenditure by the Highways Agency. I have been in contact with the National Audit Office, which is looking into it but still does not have a full explanation. Some of it seems to be genuine—there was double counting of depreciation—but the NAO told me that most of it resulted from transferring revenue expenditure to capital expenditure. We all know about the business of balancing over the cycle. I always understood that this would take the sensible approach of having a cumulative total of deficits and surpluses, but no—we re-base every year as a percentage and produce some theoretical figure that nobody understands and is no longer a measure of the net deficit over a cycle.

We heard the wonderful news that inflation is down to 1.6 per cent., but that is under the new measure of inflation. In fact, RPI minus X is now 3.5 per cent. and, if anything, rising. There were arguments for having the same measure as Europe—we know of the Chancellor's great fondness for Europe—but people are being misled when they are told that inflation is 1.6 per cent., because the true measure, comparable with the recent past, is 3.5 per cent.

During the past three years, I have found it very interesting going up the learning curve in relation to private finance initiative and public-private partnership deals. The way in which they are accounted for and when they are on balance sheet and when they are not is a mystery rather like the Schleswig-Holstein question. The head of the Accounting Standards Board could not explain it to me. I once succeeded in understanding it for about two days, then I lost it and had to go back again. In truth, a dickens of a lot of public expenditure is off

balance sheet. Whether PFI and PPP projects are on balance sheet or off balance sheet is amazingly arbitrary and random. The Government themselves, having gone to such lengths for a rather bad PPP for London Underground, were surprised that they had to put that on balance sheet. The structuring of Network Rail is completely ludicrous—it is a renationalised rail service provider and the only reason why the £21 billion debt is not on balance sheet is that the situation has been fudged by having a body of 100 council people who are supposed to be consulted. In describing meeting the debt and borrowing ratios, it would be much fairer and more meaningful to have a figure that included all the Government's off-balance-sheet liabilities. I was surprised to learn that for some reason, contributions to the EU are not included in Government expenditure figures.

I want to return to the current account. We have all been lulled into the belief that that no longer matters. Those of us who have been around for a long time remember when Governments won or lost elections on £300 million balance of payments deficits. It is currently running at £57 billion and approximately 2.5 per cent. of gross domestic product. That is nowhere near as bad as America, where it is more than 5 per cent., but America has to run a current account deficit because the dollar is the main reserve currency and it has to put more dollars into foreigners' pockets in order to finance growing trade. If one takes that factor out, the effective levels of current account deficit are fairly similar. That is no problem as long as the direct inflows are there, but they are reducing quite significantly. Indeed, the number of jobs that have resulted from foreign direct investment in this country is down 20 per cent. on the 1997 figure.

The danger in all that is that if sterling yet again came under pressure, as the dollar has in the past year, there would be obvious implications for interest rates. It is all very well to say that it is fine for Governments and citizens to borrow more because everything is stable and lovely and interest rates will be low for ever, but the whole edifice is vulnerable to anything that results in interest rates rising more than modestly.

It is excellent that the Bank of England was given autonomy to manage monetary policy. I argued strongly in the 1980s for privatising the Bank of England. However, the recent monetary growth figures show that, alarmingly, M4 is growing at 10 per cent., which is entirely incompatible with an inflation rate of 3.5 per cent. RPIX or 1.6 per cent. under the new measure. Not surprisingly, Lombard Street Research, the main monetarist economist, has warned that interest rates will soon be 5.5 per cent. if that M4 growth is not addressed.

I believe that it was the leader of the Liberal Democrats who drew attention to the big increase in private credit and borrowing; hon. Members are aware that the amount borrowed by individuals is now well over £1 trillion. An excellent recent study by Edward Chancellor—an acknowledged expert on the history of financial bubbles going back over 300 years—points out, although it overdoes it, that, by any measure, there has been an unsustainable surge in personal borrowing and credit, that the growth rates of personal borrowing are unsustainable at present levels, and that we are acutely vulnerable to any material increase in interest rates.

The big issue, which the general election will be about, is the effectiveness of public spending. The data are produced by the Office for National Statistics and the figures can be slightly different depending on what measure is used, but they show in the round, that in cash terms public spending has risen 70 per cent. since 1997. The ONS measure of what is included to calculate public sector inflation and of what is and is not output was attacked by the Government, but it reveals that only 16 per cent. of that spending has got through to front-line delivery services. According to its calculations, public sector inflation is up from 1.6 per cent. to 10 per cent. and public sector productivity is down by 10 per cent.

What is public sector inflation? It is a mixture of higher bureaucratic costs, higher pay, higher pension costs and more people. How many more people are working in the public sector? The aggregate, including universities, to last autumn is 862,000 people. Since the autumn another 70,000 can probably be added, so the total is of the order of 930,000 people. It is possible to work out that many of those people are doctors, nurses, teachers and policemen—front-line people—which gives us a figure of approximately 144,000. So what is everyone else doing? Are they adding to productivity? I am afraid that the great splurge in public sector spending has not worked, and the complete change from the prudent Chancellor in 2000 to one who has turned on the public spending taps in dramatic fashion since then has not worked because the resources have not got through to front-line delivery.

There were arguments for increasing the pay of nurses and some other public sector workers, but the ONS figures show that pay levels in the public sector are now 20 per cent. higher, layer by layer, than in the private sector. The figures show that median pay in the public sector is £10.50 per hour. It is £8.71 in the private sector. The pensions of people in the private sector are suffering badly from all that has happened, but people in the public sector still have their inflation-proof pensions, although they may have to pay a little more towards them.

When I was an economics student many years ago I asked my schoolmaster why people earned less in the public sector than in the private sector. He told me that it balances out because those in the public sector have greater security of employment and better pension deals. That stuck with me. It may be a generalisation, but much of the public sector spending has simply increased pay levels in the public sector to 20 per cent. above those in the private sector.

A general point—I have just referred to it and hon. Members may be aware of William Keegan's excellent book on the subject—is that, by any measure, we had an extraordinarily prudent Chancellor from 1997-2000, but we have had a very different Chancellor since then. Along with that public sector expenditure, growth in this country has been largely puffed up in reality by higher public borrowing, an unsustainable growth in public sector jobs and unsustainable private sector consumer borrowing. The legacy of that is likely to be five years of sluggish performance.

It is interesting that the Red Book forecasts lower growth beyond next year to the end of the decade. I am deeply concerned that—this is probably the last thing

[Mr. Flight]

the Chancellor wants—convergence with Europe will mean convergence with sclerotic European growth rates.

The Chancellor and others have talked about the challenge from Asia. I spent the 1970s in China and India, and I know something about those countries because of my 25-year involvement with them. In China, the proportion of GDP spent by the Government is between 22 and 24 per cent., depending on which measure is used. Business in China is not shackled with regulations that make it a nightmare to do anything. What is happening in China is, to an extent, unacceptable old capitalism, which we had in this country 100 years ago. That is part of the competitive threat.

Mr. Purchase: The hon. Gentleman is telling us about the Chinese economy. Would he really want to go back to the days in this country when health and safety were never considered and entrepreneurs were free to lose as many men and women in the process of enterprise as they wanted? Would he really want to go back to that?

Mr. Flight: I do not believe that anyone would. *[Interruption.]* I have done some very interesting jobs in my life. However, as the hon. Gentleman will know, it was Conservative Governments in the 19th century who started to introduce health and safety measures to protect people. It miscasts the issue to argue that our party has not supported such measures. However, if he is involved in any business at present, he would agree that many such measures are over the top. Regulation is often needed to change behaviour but once that has been achieved and behaviour is satisfactory that is followed by a mass of excessive inspections and regulations that accomplish little. I was pleased to hear the Chancellor's proposals about consolidating a fair deal on inspection, as that is in line with our recommendations.

I am not, however, advocating that this country should return to raw 19th-century capitalism; I was trying to make a point about what is happening in China. We have to compete with China, so we need the minimum regulation. Another major reason for the dynamism of the Chinese economy is that the tax take or the amount spent by the Government is about half the public sector take in the UK, so in China there is a great deal more to reinvest in industry. Members may have noted the recent study on developments in continental Europe since the second world war, which found that for every 1 per cent. more taken by Governments in public expenditure there was a fall in the growth rate of 0.14 per cent.

It is manifest that advanced economies need a sensible balance. Given the fact of ageing populations and higher expectations, there is an ever greater need for a public sector that can deliver what people want. It is therefore crucial that the public sector is as efficient as possible, because if it continues to consume more and more without improving its output we will end up with economic growth that is insufficient to sustain it.

Mr. Andrew Love (Edmonton) (Lab/Co-op): The hon. Gentleman has talked about a sensible balance. About 38 per cent. of the gross domestic product is spent by the public sector. What does he suggest is a sensible balance? Is it 36 or 34 per cent., and can he tell us how we would achieve that rate?

Mr. Flight: I hope that the hon. Gentleman will not mind my saying that such questions are rather silly. The Organisation for Economic Co-operation and Development puts the current UK figure at 45 per cent., so no one really knows whether we are at 39, 41 or 45 per cent.—it depends on which measure is being used. It is a fact, however, that the higher it is, the lower the growth rate. We therefore need a balance between the two. That balance may be about 40 per cent.—the Conservative spending plans are to return to 40 per cent. in five years' time—but it may change if circumstances change. Welfare will not be delivered if the economy suffers from an ever increasing tax take. Who would have thought that Ireland would have an economy with an income per capita well in excess of the equivalent figure in the UK, or that it would have grown at twice the rate of our economy? The public sector spend in Ireland is 34 per cent. of GDP.

In introducing his Budgets, the Chancellor has always talked about a Budget for enterprise. He has made great play of the wonderful things that he has done for the venture capital industry and implied that he had learned lessons from the USA. The reality is that the venture capital industry is in a poor state. It is in decline, and has experienced major problems in the past three years. None of his initiatives has succeeded in achieving a material improvement. The small and medium-sized enterprise sector is in reasonable shape, but it regards itself as a Cinderella as it does not have any of the fiscal advantages that have been given to the venture capital sector.

The private equity sector—the one area of success—is now threatened with retrospective taxation dating back to 1998. Part of its success is based on the tax deductibility of partnership interest costs, which are now regarded by the Revenue as an incorrect tax privilege. A successful example of enterprise in this country is therefore under tax attack. The UK could do a great deal more to make new enterprise more effective and successful, and there is much that we can learn from America and implement. We should not be under any illusion about the fact that, although we may be doing better than continental Europe in these areas, we are still not doing anything like as well as the US, and nothing like as well as we ought to be doing for the long-term health of the economy.

In conclusion, the Chancellor is a little unwise to treat the electorate as dummies. People know very well that there have been major tax increases. Indeed, they supported the proposition at the last election. Everyone said, "Yes, we're happy to have higher taxation to get better public services." They were better off as mortgage interest rate costs had fallen. However, people do not believe that they have got the delivery for that additional taxation. They are not happy with the way in which public services are being run or provided.

People know that this country could not possibly sustain the rate of growth in public spending that has obtained for the past four years. They know and feel

nervous about the fact that the economic edifice of this country is vulnerable if interest rates rise materially. They know that what they thought would be a relatively secure old age, provided by their occupational pension schemes, will not now be delivered. A little humility on the part of the Chancellor would be politically wise in the circumstances.

Boasting "You've never had it so good" may have won an election for Lord Stockton in 1959, but on canvassing a great deal throughout the country, I have discovered a great deal of economic unease. I repeat my initial comments that the Budget speech gave a selective and incomplete prospectus, and was guilty of some mis-selling.

3.46 pm

Denzil Davies (Llanelli) (Lab): The right hon. Member for North-West Cambridgeshire (Sir Brian Mawhinney), who is no longer in the Chamber, said that he had been a Member of Parliament for 25 years. I can beat him by 10 years. I shall leave at the next election having been a Member of Parliament for 35 years. I suppose that means that I have sat through 35 Budgets, but in the 1970s we sometimes had the luxury of two Budgets a year. I have therefore sat through at least 35 Budgets.

I entered the House in an era of high inflation and consequently high interest rates. I leave in an era of low inflation and consequently low interest rates. The reasons for the high inflation and the low inflation are complex and I shall leave them to the historians and economists. However, I commend again an excellent Budget from my right hon. Friend the Chancellor. He is right to remind the House that we have one of the best growth rates, one of the lowest inflation rates and one of the highest employment rates in the western world. That is some achievement by him and others on the Front Bench.

In a Budget debate a couple of years ago, I drew hon. Members' attention to the problems of competition with countries such as China and some of the other Asian countries. There was not much reaction. Even a few years ago, the fashionable economists said that globalisation was an absolute good, as indeed was free trade. We heard similar comments from the hon. Member for Arundel and South Downs (Mr. Flight) today. The view was that we all make and sell what we are good at and import what we are bad at, so why worry? There was no attempt to tackle the enormous balance deficits, which are now increasing in Europe, Britain and the United States.

I agree with the hon. Gentleman that globalisation has reduced prices and increased wealth. However, if it were to reduce prices to zero, we might have problems. It appears that inflation is 1.6 per cent., although he does not like the European measure of inflation.

Only a few years after the matter was raised in a debate in the House, people are talking about China. Hon. Members have rightly spoken of little else but China today. The Chancellor went to China and announced specific measures about that country. There is now at least an understanding that there is a global competitiveness problem, which increasingly affects most western capitalist countries. The European Union Trade Commissioner, who used to be a Member of this House, called the other day for import controls on specific Chinese textiles, and the sky did not fall on his head. All the fashionable economists kept quiet, and indeed nobody said anything.

There is a very real problem, and it is not simply that China is a very large country that can compete with us. It is also that it is at a totally different stage of development from western capitalist countries. China is still at the 19th-century Victorian stage of development, so we are competing not with a country that has the same social, economic and industrial beliefs and policies as ours, but with a rather ruthless capitalist economy, certainly in terms of its economics. Perhaps I shall return to the subject of its politics a little later. China has an advantage that the Victorians did not have, however, in that it can copy, borrow and perhaps steal the high technology expertise of western countries.

There are some areas in which we cannot, and should not try to, compete. Health and safety has been mentioned in that regard.

Mr. Purchase: In regard to the borrowing of expertise, is it not also the case that many advanced western companies go to China and take that technology with them in order to make even bigger profits than they would make in the west?

Denzil Davies: Yes; technology, like capital, moves freely around the world today, and we cannot do much to stop it.

The reality is that we are now competing with a country that has advantages that we do not necessarily have. I agree that we cannot compete, if that is the right word, on health and safety. We read recently of a terrible mining disaster in China, and no one is suggesting that our health and safety rules should be diluted so that we can compete.

We cannot compete with China on wages either. However, we must recognise that the pressure from countries such as China is having an adverse effect on wages in some sectors of our manufacturing and service economies. The pressure might not be pushing wages down, but it is certainly preventing them from increasing, even though our rate of inflation is low at the moment.

We welcomed the recent announcement that the minimum wage would rise to £5.05 in September. Indeed, the Chancellor also welcomed the fact that there was going to be a minimum wage in Hong Kong, although I do not know what effect that will have on the Chinese economy. But it is certainly welcome that we have pushed up our minimum wage again. We should realise, however, that in some sectors of industry, certainly in some areas of manufacturing, the minimum wage is now being treated almost as an excuse by management under pressure not to increase wages much above that level. In other words, it is becoming not a floor but a ceiling in some manufacturing sectors such as the car component industries.

With global pressure keeping wages down in certain areas, what will happen to the working tax credit? We all welcomed the introduction of the working families tax credit, as it was then called, the child tax credit and the pension tax credit. The Chancellor has talked about the

[Denzil Davies]

child tax credit and the pension tax credit, but he did not mention the working tax credit. If wages are going to be pushed down, however, the increase in wages will be less than the rate of inflation, and the cost of the working tax credit will increase.

The working tax credit is, in effect, a subsidy for those on low wages. It is an implied recognition that we cannot pay the kind of decent wages that should be paid to families to enable them to have a reasonable standard of living. So the Government, quite rightly, decided to subsidise their wages, because private industry cannot afford to compete with the foreign competition. I hope that we will be able to continue to pay the working tax credit at its present level, but the more wages are pushed down, the less likely it is that the Government will be able to fund it, unless we cut the level. That is a danger that we might have to face.

We are told that we must produce added-value goods. I am not quite sure what they are, but I suppose that they are goods of higher quality and greater sophistication that we can sell at a higher price on the world markets to increase the profit margins of our exporting firms. Let us hope that we can do so.

We used to talk about a high-wage, high-tech economy. I notice that the Chancellor said we must not be a low-wage, low-tech economy. I agree with him entirely, but why he put that in the negative I do not know. Whether "not low tech, not low wage" is equal to "high tech, high wage" I am not sure, but perhaps, even if we work hard, we will aspire to "high tech but not necessarily high wage", because these Chinese are clever too, Mr. Deputy Speaker. They can produce those high-tech goods for low wages. I am expressing the obvious, but at least we are beginning to believe that that is a problem we will have to face. That is a good start.

I had better be careful now, because I am going to talk about employment policies. Again, there will be a challenge to our employment policies. Recently, it was announced—we all welcome it—that there will be longer maternity leave. Over the last few years, we have created enlightened policies whereby people can work flexible hours, whether through part-time working or other measures designed to improve the work-life balance.

When such changes are introduced, I am not aware of there being a rigorous analysis of whether they are good for competitiveness and productivity. These are good policies; they are fashionable policies. Therefore, we do not really have to analyse them. It may be that that does not matter if the other countries in western Europe that we compete with—and, indeed, the United States—also have policies of more or less the same kind. There is an odd level playing field, so we do not have to examine these policies.

Again, China is different. If we are serious about competing, although we might not get there in the end, we must try to be more rigorous in our analysis of many of these extremely enlightened policies, which we want to keep, in light of the fact that we are competing with a country that does not have such policies and will not have them for a very long time.

Mr. John Bercow (Buckingham) (Con): The right hon. Gentleman gives us China as an example of a country that does not have such policies. Will he concede that it is at least as valid to invoke the example of the United States, where the Regulatory Flexibility Act 1980 and the Small Business Regulatory Enforcement Fairness Act 1996 have an altogether different tinge from the heavily regulatory policies common in the European social model?

Denzil Davies: I am not dealing with regulations. I am talking about more fundamental policies involving flexible working, which exists in the United States, and part-time working. Those policies help with the work-life balance.

Mr. Bercow: I apologise to the right hon. Gentleman if I did not express myself sufficiently clearly. My point is that in the United States, for example, it is commonplace in a culture of expected entitlements, such as maternity leave, to make a distinction between, on the one hand, relatively small firms, which are the seed-corn of our current and future prosperity, and, on the other, much larger businesses, which can more readily accept and absorb the costs of such policies.

Denzil Davies: I am not as conversant with the position in America as is the hon. Gentleman. I am making a general point: if we are serious about competing, we should at least consider policies in light of this very vicious competition that we face now and are likely to face in future.

The Chancellor also mentioned—we have heard about it from others—the knowledge economy. Perhaps that is the same as high tech or value added. I do not know about these clichés. Clichés are not meant to be very precise, but I think I know what it means and I am not decrying it at all. To have a competitive knowledge economy, however, we need a high-quality education system, which I do not think we have achieved yet. I believe that over the past 20 years we have seen a diminution in the rigour and intellectual discipline required to create such a high-quality education system. We need much more rigour. Nor should we decry excellence—there is a tendency in our education system to do so, or to bracket it with elitism. We will need all the excellence that we can find if we are to compete with these wretchedly clever Chinese and Indians.

Those of us who remember how the Japanese manufacturing industry cut swathes through British and western manufacturing in the 1970s will remember the anecdotes, which I heard from managers and engineers from my constituency who went to Japan, about the attention to detail—which could be pedantic in some cases—self-discipline and rigour that went into the creation of the Japanese engineering and manufacturing miracle. All societies are different, and our society is not like Japan's. To create a knowledge economy, however, we need that rigour and intellectual discipline, which, I am sorry to say, does not seem to be present at the moment in parts of our education system.

Some people believe that we do not have to worry too much about the Chinese system because it will implode as a result of the contradiction between politics, driven by a Chinese version of Marxist-Leninism, and economics, which is a rough and ruthless form of

capitalism. It is a bizarre kind of partnership, if there can be such a thing, between Karl Marx and Adam Smith. Perhaps it will implode—I do not know—but I suspect that if it does, the loser will be poor old Marx, and the winner will probably be Adam Smith.

Mr. Flight: Could I put it to the right hon. Gentleman that, rather than imploding, the next thing to happen will be that China's currency will be forced to appreciate dramatically, making it much less competitive? The alternative is for China to have more and more huge dollar balances.

Denzil Davies: All sorts of things could happen in relation to China—M4 could grow through the roof, public expenditure could be dreadful and currencies could implode. But given the size, force and energy of that country, even if Karl Marx disappears and some version of Confucius comes back, I suspect that Adam Smith, at least for some time, will go marching on in China.

As I have tried to say, the Chinese are clever, and they realise that there is a problem with that contradiction. They have come up with a slogan—I do not speak Chinese and cannot translate it myself—which is translated as, "Make the theory fit the facts." That sounds like something out of Gilbert and Sullivan, does it not? Well, the theory is communism, or some Chinese version of it, and the facts are brutal capitalism and the global capitalism in which they must compete. Up to now, they have done well in making the theory fit the facts.

In one of my last speeches in the House of Commons, may I suggest that we pinch the Chinese slogan and make the theory fit the facts? Let us examine some of the fashionable theories that we have enjoyed, rightly, over the past 20 years, as it is a mark of an advanced, civilised society that we should be able to put those theories into practice. Let us consider those in relation to trade, employment and education and, if we can, try to make them better fit the facts of global capitalism.

A few years ago, we never had to worry about globalisation or global capitalism, because the west owned them. It was our capital; it was our globalisation. But now we have lost control of it, or are losing control of it. There are new kids on the block, and they are growing up very fast. We are losing control of something that we thought we could control and fashion. At least we have made a start in recognising that there is a problem, and I commend the Chancellor for that.

4.5 pm

Mr. Quentin Davies (Grantham and Stamford) (Con): It is a pleasure to follow the right hon. Member for Llanelli (Denzil Davies). I am sorry to infer from his closing remarks that he does not expect to be in the House much longer. I was not aware that he would not be standing again, and he will certainly be a great loss to the House. He is one of the few remaining Members who refer to Karl Marx with some respect. Incidentally, I must correct him slightly: Karl Marx was, in fact, a great admirer of Adam Smith, whose theories he did not see as contradicting his own. Indeed, he saw himself as building on Adam Smith's theories, and produced the absurdities of his own theory of surplus value by extrapolating from the one fallacy in Smith's "Wealth of Nations", his theory of value. However, I did not rise to deliver a lecture on Marxian or, indeed, Smithian economics. I want to talk about something much closer to home, much closer to the feelings—and, for that matter, the pockets—of all our constituents: the Chancellor's Budget.

One thing can be said about the Budget with absolute certainty and conviction. It is not a prudent Budget, and it is not the work of a prudent man. We should not be borrowing more than £30 billion when the economy is growing above trend. That is not balancing the budget through the cycle; that is not being prudent at all.

It was clear from the statistics given by my right hon. and learned Friend the Leader of the Opposition that this is not the first time that the Chancellor has been losing control. His projections for growth of revenues, for spending and therefore for deficits have been consistently wrong. He has been wrong about both revenues and expenditure so far. Members who have the Red Book to hand will note from page 250 that revenues have been considerably more buoyant than he expected. The Chancellor took risks, and to an extent he has got away with them because the revenues have been above his expectations. Had they been in line with his expectations, the borrowings would have been a great deal more serious than the £34 billion or so for which the Red Book provides in the coming financial year. We read on page 250 that the outturn for 2003–04 in terms of current receipts was £418 billion, the estimate for 2004–05 was £449 billion and the projection for 2005–06 is £486 billion.

Mrs. Liddell: The hon. Gentleman is contradicting himself. One reason for the increase in receipts is the improving performance of the economy, which is forecast to continue for some time. I think that he has been rather churlish, and I am surprised that someone with his experience should reach such conclusions.

Mr. Davies: Perhaps the right hon. Lady should have listened rather more carefully. The fact that the country is enjoying more buoyant revenues than the Chancellor originally predicted shows not that he is prudent, but that he is imprudent. He or his officials made—one hopes—the best possible estimate of the likely levels of revenues in the economy. He then set a level of expenditure. What has happened in practice is that we are running a considerable deficit—a much larger deficit than he expected. Last year's projections have been revised by £6 billion this year. The position would have been a great deal worse had his own revenue projection been accurate, which it clearly was not.

Mrs. Liddell: Will the hon. Gentleman give way?

Mr. Davies: I have just given way to the right hon. Lady; I might give way to her again a little later, but perhaps she will allow me to make some progress. I notice that during her intervention she in no way quarrelled with my basic thesis concerning the approach to be taken when the economy is growing at or above trend. The Chancellor used to think that the trend rate

[Mr. Davies]

of economic growth was 2.5 per cent. Last year he increased the estimate to 2.75 per cent., so perhaps he thinks that it is still 2.75 per cent. In the coming financial year, the economy is projected to grow by 3 to 3.5 per cent., according to the Red Book, and next year by the trend rate of 2.5 per cent. So at this point in the cycle, we should not be borrowing at all. Rather, we should be running a surplus, because the economy is growing above the trend rate, and has been for two years. I now give way to the right hon. Lady.

Mrs. Liddell: The hon. Gentleman is being very generous in giving way. I seem to remember that when he was in government and I was in opposition criticising his Administration for their attitude to borrowing, they were borrowing for failure. However, the point that the Chancellor is making is that we are borrowing to invest.

Mr. Davies: I am pleased that I have convinced the right hon. Lady of the arguments that I have been adducing. She has now changed the subject altogether and is talking about the Major Administration of the 1990s, of which I was not a member. Although I did support them most of the time, I carried no particularly convinced brief. So much has she endorsed my arguments that I feel able to move on to my next point.

Emerging from these figures is a great worry about the situation of the nation's finances. We have enjoyed high rates of growth in the past few years, but they have been associated not only with very substantial Government spending, but with greater Government deficits than the Chancellor himself originally anticipated. They have also been accompanied by a complete collapse in private savings. The savings ratio has virtually halved in only eight years, which is a very worrying development. As I recall, when Labour took office the savings ratio was some 9 per cent.; now it is approximately 5 per cent., which is a massive reduction. That dissaving by the household sector has been accompanied by massive dissaving by the public sector, which, as I just explained, has also been borrowing above its own expectations in the past few years.

Of course, those two factors combined contribute to very buoyant demand. It is not surprising that an economy grows fast in those circumstances, but one has to ask oneself where the motor of growth is coming from now. If demand has been fuelled during this period by massive, above-expectation borrowing—I believe it to be excessive—and a collapse in household saving that amounts to substantial dissaving, where will such growth come from during the next period? Do the Government plan to run up even bigger deficits? Are they going to borrow £100 billion a year instead of the current £50 billion—a figure which includes the refinancing of gilts falling to maturity, involving some £35 billion net? Is the household savings ratio going to collapse to zero? I do not think it possible for it to collapse to a minus figure—at least, not for a sustained period.

That is a big and worrying question about the economy, but I do not suppose that it worries the Chancellor. It sounded to me this afternoon as though he simply wanted to win the next election—if he can—and that it does not matter what happens afterwards. "Après moi le déluge" is the motto, according to this Government's current economic policy. I have been waiting to see whether the Paymaster General, or somebody else, is going to answer my question about where growth will come from in the next few years. That is a crucial question to ask about any economy, and the silence of Ministers on it is extremely eloquent.

The Chancellor made much of the economy's stability over the past few years. Of course, that stability is very welcome indeed. The question is whether we should confine ourselves to self-congratulation about it, as the Chancellor did earlier. It is perfectly true that we have had low inflation, high and rising employment and very low unemployment, all of which is very welcome. My constituents are pleased about that, naturally—everyone should be pleased about it—but it would be sensible for hon. Members to ask again what lies behind it, how it has been achieved and whether it is sustainable.

There is no question but that the economy's stability, as shown in a low and pretty stable inflation rate, is largely the result of turning over the management of the monetary side of our economy to an independent Bank of England—or rather, to the Monetary Policy Committee—a policy of which I was always in favour and for which I argued consistently in the 1990s. When the new Government came to power, I refused to join my Front-Bench colleagues in voting against that measure, because I thought it absolutely right.

I am glad that the Government did that. Indeed, I pay tribute to the Chancellor for that treatment—it was a very sensible thing to do—and it would be extremely churlish and dishonest of me to say otherwise, because I have always advocated that move. It is splendid, but there is more to it than that: one must ask oneself how it has been possible to run the economy with high demand, high employment, low unemployment and low inflation.

Ten years ago no one, myself included, would have supposed it possible to run an economy with high demand, getting unemployment below 3 per cent. of the economy, and very low inflation—somewhat under 2 per cent. on the basis of the harmonised index, which we now take as the measure. The right hon. Member for Llanelli was moving in the direction of the same analysis. I do not often agree with him, but I do agree on that.

There is no doubt that the reason is international competition. The manufacturing sector of our economy has been consistently undercut by competition, particularly from the newly developed economies of India and China. There have been enormous, dramatic structural changes in the economy over the past few years. Swathes of manufacturing have disappeared—they are no longer economic—and either the companies have gone broke or, in time, they realised the way the wind was blowing and set up manufacturing capabilities in or entirely contracted out to India, China and, in certain cases, eastern Europe or other places where labour rates are much cheaper.

In fact, we have been destroying employment in a very important sector of the economy—manufacturing—and it has been absorbed largely in the public sector, by all those people who are directors of communication, co-ordination and something else who organise conferences for health service workers and so on. Those

completely new jobs have arisen in the public sector. Hon. Members can read about them in *The Guardian*. *[Interruption.]* I am sure that the hon. Member for Wolverhampton, North-East (Mr. Purchase) regularly reads *The Guardian*. I do not know whether he ever feels tempted to apply for any of those jobs—most of them are very well paid—but he can read about them every Thursday. That is not a cheap point.

In fact, on a quantified basis, twice as many jobs have been created in the public sector as in the private sector over the past eight years. I do not think that that has ever happened before, except under Labour Governments. It has always been a very bad feature of Labour Governments. Of course it is not sustainable, because the role of those people is regulatory—and, some of us would say, parasitical in many cases. They are certainly extremely expensive. They are therefore a burden on the productive sector of the economy. People who are working profitably and productively must pay taxes to support the burgeoning public sector. That reduces the return on investment and the return from effort, work and risk taking and so on in the rest of the economy; it is a major burden.

There is no doubt that in the past few years a combination of those factors has caused the running down of household savings almost to nothing, the borrowing of large sums and, given the impact of international competition, a certain freeing up—although that seems a rather brutal way to describe what is, of course, a traumatic change in the circumstances of an individual and his or her family. If someone is a skilled worker in engineering or another traditional manufacturing industry and finds that there are no more jobs in that field, and no more opportunity to deploy their skills, that is very traumatic.

Nevertheless, on an aggregate basis, it is perfectly true that the unemployment that has been created in one sector of the economy has been counterbalanced by employment created in other sectors, particularly the public sector. That is not sustainable, which is my theme this afternoon. We can have a lovely ride and get away with it for a long time, as the Government have done, but it is not sustainable. How long can one get away with borrowing? One cannot borrow for ever; even Governments—even this Government—cannot do that. We must think about these matters very carefully.

Instead of reflecting, as a sober, responsible and prudent Chancellor would do, on the way in which these favourable outcomes have been achieved, on the risks attached to the policies that have been pursued, on the potential threats to those policies continuing to be successful and on whatever changes might be required—that is the sort of sensible and sophisticated discussion we ought to have in the House on these occasions—the Chancellor went in for an orgy of self-congratulation. I do not believe that people who do that can ever be described as prudent. They may or may not succeed in deceiving other people, but they are clearly running a considerable risk of deceiving themselves. Once someone has deceived himself into a state of complacency about the world, he is not prudent and responsible, and not a person to be entrusted with the management of anybody's finances, let alone the country's finances.

That was an unattractive and frankly problematic attitude adopted by the Chancellor. He is not a Chancellor who has not made any mistakes. One might have thought that, for a second's genuflection in the direction of modesty and humility, he might have referred to an absolutely devastating misjudgment and mistake—the destruction of our pensions system. The right hon. Member for Birkenhead (Mr. Field) and many others have used similar words in different places, including in the media, when speaking about this matter. The words I will use are cautious, sober and not in any way exaggerated.

In 1997 we had a pensions system in this country, including very substantial defined benefit pension funds in the private and public sectors, that was the envy of the world. It was the envy of the whole of the European Union, except for the Netherlands, which had a similar system to ours and has managed to preserve it. In eight short years, the system has been completely destroyed.

The Government try to pretend that factors beyond their control destroyed that system. They say that the stock market collapsed, but we have had far worse stock market collapses before. I remember one very well, because it was in the year that I started work in the City—1974, when the index went down to 100. I wish that I had had some money at the time; I would be a rich man now if I had been able to buy at that stage. We had a bad recession—although not as bad as that of 1974 under the Labour Government—at the beginning of the first Thatcher Administration; Labour Members will surely remind me of that if I do not mention it. There was a stock market collapse—also, I am afraid, under the Conservatives—in 1987. But none of that undermined the steady growth of the defined benefits pensions system in this country.

Mr. Purchase: I find what the hon. Gentleman says fascinating; I know that he is very knowledgeable. At that time, were not pension funds more prudent in investing and were not their investments spread more widely? The old rules of going in quietly, coming out quietly and never causing a ripple were more or less obeyed at the time. We have become very adventurous, and part of the cost of that has been the difficulty that we have experienced recently. Does he agree?

Mr. Davies: I do not. Incidentally—if I may return the compliment—the hon. Gentleman has intervened on almost every speech made from either side of the House and has made very sensible and challenging interventions. That is how parliamentary debates should proceed, and I pay tribute to the hon. Gentleman; that is why I was delighted to give way to him.

If the hon. Gentleman cares to spare a little time looking at the history of pension funds, he will find that when they started in the 1930s, and during their big growth in the 1950s, a typical portfolio was more conservative, or, as he would say, more prudent. There was a larger amount of fixed interest, particularly gilts, in the portfolio, and in those days we had debentures, which were a form of fixed interest that does not exist now—it was destroyed by a Labour Government in the 1970s, but that is a long story. Funds therefore had rather fewer equities.

[Mr. Davies]

The position changed in the 1960s, which were an interesting time not only for the growth in the economy but for the growth of economic theory. As the hon. Gentleman may recall, great strides were made in modern portfolio theory. It became generally accepted at that time that one could not achieve a reasonable return from a long-term pension fund except through equities. Fixed-interest gilts or other forms of fixed interest were a bad investment in theory, and should be the minority of the funds in a pension fund. I think that the hon. Gentleman will find that from the 1960s through to the 1990s, the commitment to equities has been very much a constant. Of course it varies across the cycle, but there has been no conceptual change in fund managers' views over that time.

Over the past few years, in the light of the series of crises and new regulatory requirements, a number of funds have reduced—wrongly so—the share of equities in them. That is unfortunate, but it is a consequence of the crises, and has been a feature of the past two or three years, but not all of the past 10 years. If the hon. Gentleman cares to spend half an hour on his computer looking at the information that he can gather on this subject, he will, on reflection, not disagree with my analysis.

Rob Marris: Will the hon. Gentleman give way?

Mr. Davies: I enjoy the hon. Gentleman's interventions, so I shall give way in a moment. However, perhaps I can at least deliver the first two sentences of what I was about to say.

Mr. Bercow: Marvellous.

Mr. Davies: I am grateful for approval from my own side for once. It is always a pleasure.

The real thunderbolt from the blue, or deus ex machina, which was very unpleasant and had not been predicted—it hit the ship below the waterline—was the Chancellor's pensions tax in the summer of 1997.

Rob Marris: The hon. Gentleman rather patronisingly suggested that my hon. Friend and neighbour the Member for Wolverhampton, North-East (Mr. Purchase) spend half an hour on his computer looking into these issues. I have spent four years on the Select Committee on Work and Pensions looking into them, and I disagree profoundly with the hon. Gentleman's analysis. It may well be true that the £5 billion tax did not help pensions but, to use his phraseology, two things holed them below the waterline. The first was the revelation brought about by FRS 17 of the terrible state of some pension funds that the Government inherited from the previous Government, which had been hidden for years. The other thing that definitely holed them below the waterline was the appalling oversight by actuaries concerning rising longevity. Although the hon. Gentleman's Government and this Government are perhaps partly responsible for that oversight, the actuarial profession should bear the major part of the responsibility, and it is still making mistakes today.

Mr. Davies: We are now getting deeper into this subject, and the hon. Gentleman is not going to get away with what he has said. I respect his knowledge of the subject, and I dare say that I was optimistic in suggesting that half an hour was enough to consider the changing structures of pension portfolios over 30 or 40 years. Perhaps he and I should form a club, so that we can spend many hours on the subject. I am sure that that would be very revealing.

The hon. Gentleman is not right on a number of points, and although he may not realise that he was doing so, he has opened up another field for major criticism of the Government. They were completely crazy to implement FRS 17 when they knew that the new international directive under the international financial reporting standard was coming in two or three years later—indeed, it is coming in this year. Its implementation caused quite unnecessary consternation in boardrooms around the country and quite unnecessary panic about the liabilities of pension funds. That was very foolish and a great mistake.

I am glad that two Treasury Ministers are listening to what I have said about the implementation of FRS 17. The Government should have gone to the Accounting Standards Board and said, "Look. We're getting these new international accounting standards, IFRS, in 2005. There's no point in implementing this in 2003." It was a gratuitous additional blow to the pensions industry, but it did not compare with the death blow dealt in the Chancellor's first Budget in 1997.

Again, if the hon. Gentleman looks at some historic series—I know that he enjoys looking at historic series—he will see the rate of creation of new pension schemes. Right until 1997, virtually no defined benefit pension schemes were closed down, except in exceptional circumstances when companies went out of business, and new defined benefit schemes were created every year. From that Budget on—from the very moment when the pensions tax was announced—not one new defined benefit scheme has been launched, and that has been the case for eight years. That tells us something. If the line on a graph suddenly goes down as though it is falling off a cliff, that should tell the hon. Gentleman something. He accused me of patronising him, but I know that he is intelligent and spends a lot of time on these matters. He does his best to defend the indefensible, but it is an impossible task.

We have not had a word of apology from the Chancellor. We have had attempts by his supporters gallantly to defend him, but despite their gallantry, they cannot achieve the impossible. I do not know whether the Economic Secretary would like to intervene to express a brief apology to those whose lives and prospects in retirement have been devastated by the collapse of defined benefit schemes—and, indeed, to future generations.

I declare an interest. Like many hon. Members and members of the public in the Gallery, my children will no longer be able to look forward to—let alone take for granted, as my generation did—a pension system that assures them that after a lifetime of hard work, they can look forward to a reasonable amount of security in retirement. That has been destroyed by a devastating mistake. I do not suppose that the Chancellor wanted to destroy that. He was just incredibly imprudent. He thought that the rise in the stock market would go on for ever. He said at the time that he would get away with it because the stock market kept on rising. After about

two weeks, he said that that rise had compensated for the damage that he had done by reducing the return to pension funds over that period.

What an extraordinarily incompetent thing to say. What an extraordinarily naïve thing to think. What a desperately complacent attitude towards something that is fundamental to the sense of security and well-being of millions of families. The Chancellor needs to be on the Front Bench when someone talks about pensions and to tell the country himself what he really thinks about that now. Was it really so clever to introduce that pensions tax eight years ago? If not, I look forward to hearing an apology in the House. Nothing less will do.

The rest of the Budget was pure electioneering. Some of it, frankly, sank to a level that insulted the public's intelligence. The Opposition propose to reduce council tax for people over 65 by 50 per cent. or £500 a year, whichever be the less. The Chancellor thought he would match that and came up with £200 for just one year, and it happens to be in a year when we think we will have an election. Does he really think people are that stupid? Does he really think he is dealing with an electorate who are about five and a half years old, whose teddy bear has been taken away and who think it a good deal to be offered a sweetie in exchange?

As a result of that self-congratulation and complacency, the Chancellor is becoming so cut off that he is beginning to underestimate the intelligence of the electorate. When politicians underestimate the intelligence of the electorate in a democracy worthy of the name, something nasty happens to them. I trust and believe that something nasty will happen to the Chancellor in electoral terms before too long. He will have no one but himself to blame.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Perhaps it would be helpful if I offered a little guidance to the House. If the average Back-Bench speech length of 26 minutes is maintained, not everyone will be able to catch my eye. I leave it to hon. Members to use their judgment accordingly.

4.35 pm

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): I will take that message to heart, Mr. Deputy Speaker, and promise not to speak for quite so long.

After the speeches from the hon. Members for Grantham and Stamford (Mr. Davies) and for Arundel and South Downs (Mr. Flight), if we were genuinely looking for a dividing line for the general election, we would easily know where it was—between the toffs on the Conservative side of the House, who visit boardrooms in the City of London on a daily basis, and people with a bit of dirt under their fingernails on the Labour side. There is an unreality about what life consists of for ordinary people in our towns and cities and our constituencies.

Mr. Bercow: I do not lightly take offence at the gratuitous observations of the hon. Gentleman, but I cannot resist the temptation to put it on the record at the outset of his speech, first, that I am not a toff; secondly, so far as I can recall I have never visited a City boardroom during the time that I have been a Member of Parliament; and, thirdly, I and many of my colleagues have been preoccupied with identifying ways in which to reduce the tax burden on the poorest people in the country, because we think we ought to help most those who have least.

Mr. Purchase: There is always an exception that proves the rule.

The Office for National Statistics tries its best, given the magnitude of the figures that it now deals with—economies of £1,000 billion a year, North America, Britain, Europe—and obviously does not get it right; it never has and it never will. We have had to listen today to a tirade of figures from the hon. Member for Arundel and South Downs, which he appears to have plucked from nowhere. I do not know if he reads Keith Waterhouse—one of the funniest men still writing in tabloid newspapers today—in the *Daily Mail*. He has a name for the Office for National Statistics: he re-christened it the national guesswork authority, and if he had heard the hon. Gentleman today, he would have found a chairman for it. The hon. Gentleman was spraying figures about with gay abandon, wholly ignoring anything said by the Office for National Statistics, which tries to guide the Chancellor in how he might see the future and, indeed, recent history.

Mr. Quentin Davies: Does the hon. Gentleman agree that it is a matter of considerable national importance that the Office for National Statistics is made independent of the Government and reports directly to Parliament, because it is unreasonable that an agency of the Government that is subject to the Government should itself be judge and jury in the Government's own case?

Mr. Purchase: I find that a very serious point. It is a separate point, but it again seeks to undermine what the Chancellor has said today. It pretends that the people employed by the ONS are corruptible. That is exactly what the hon. Gentleman suggested. I reject those arguments, which now almost tend to say, "Let us see the workings, let us see the arithmetic. Can I see this paper, can I see that paper?" The fact is that the overwhelming number of people in public services—in the ONS and elsewhere—do their very best, every day of their working lives, to produce information and services which, generally speaking, the people of this country value. Attempts to undermine them by saying, "Make them independent" as though they are corruptible is unfair, and not worthy of a comment in the House.

Mr. John Horam (Orpington) (Con): The hon. Gentleman is missing the point made by my hon. Friend. The problem is not that civil servants are corruptible—they do their job very well—but the use that is made of their work and the spin that is put on it by politicians. The Audit Commission's comments on the use made by the present Government of NHS statistics provide perfect chapter and verse for that assertion.

Mr. Purchase: The hon. Member for Grantham and Stamford should thank his hon. Friend for trying to dig

[Mr. Purchase]

him out of a hole. Rather than pursue the point, however, I shall move on, given that you, Mr. Deputy Speaker, have rightly reminded us to be brief.

The hon. Member for Grantham and Stamford asked where future growth will come from. He referred, rightly, to manufacturing and the loss of jobs in the sector. Between 1980 and 1990, when the Conservatives were in control, we lost about 350,000 jobs; during the same period, output fell and in 1990 it was still slightly less than it had been in 1980. Under the Labour Government, however, although a similar number of jobs have been lost, which is regrettable, especially in areas such as mine in the west midlands, productivity has increased massively, outstripping productivity gains in the economy as a whole, and present output is broadly similar to what it was in 1997. Although we have been overtaken in many respects, our engineering and manufacturing companies have created something of an economic miracle.

Mr. Quentin Davies: I am sure that the hon. Gentleman does not want to confuse productivity and production. Manufacturing production may not have increased in the 1980s, but productivity increased quite substantially; that often happens when employment is falling.

Mr. Purchase: That is true. I certainly understand the distinction. My point is that output was falling in the period between 1980 and 1990; it is not doing so now. With the other two factors held constant, the Labour record and the Tory record stand in distinction from each other. I am actually complimenting the people who work in engineering and manufacturing, who have brought about a minor economic miracle.

If we are looking for engines of growth, we must look at what my right hon. Friend the Chancellor has done in respect of lifelong learning. Although in the 1980s, during the period of Conservative rule, supply-side measures were at the top of the agenda, no real attention was given to upskilling, new-skilling and retraining for the people who would eventually produce the goods and services we need. Now, the great amount of funding that has gone into further education in particular is helping to bring about the kind of changes that I have been describing. A couple of weeks ago, my right hon. Friend the Chancellor visited Wolverhampton to open a new city learning quarter, called Metro One. Millions of pounds have been spent to the great advantage of adults who are returning to learning and now finding jobs in our economy. That cannot be thought of as a waste of public funds.

Earlier today, the Leader of the Opposition declared that millions had been poured into a black hole and had made no difference to services, but that is not the everyday experience of ordinary people. They do better in terms of waiting lists and speed of treatment; they do better in terms of emergency ward provision and social services; they do better with their children in school. By no means is the money being wasted.

Let me pick up a couple of points from the economic data that the Chancellor mentioned. I am particularly interested in the export figures. Our island economy is not amazingly well blessed with natural resources, so we have to export in order to buy the other things that we want. Exports have increased by 6 per cent., which is largely due to the way in which we have been working on the supply-side factors such as education, which has brought about smarter, better working and higher productivity, which have enabled us to remain competitive in world markets. You do not get that kind of increase in your exports without acting to ensure that people can do the work and add value to our output. The Chancellor gave us that extremely important statistic today.

I also want to mention that borrowing will fall in the longer term, that investment in science will increase and that the enterprise economy will be supported. Given all the evidence that the Chancellor has presented to the House today, it seems that we will meet both the golden rule and the sustainable investment rule in both the current cycle and the next cycle. This masterful Chancellor has presented us with a golden scenario.

Some hon. Members have discussed the Chancellor's letting things get out of control, but this Chancellor stands out more than any other I can recall because of his iron grip on all the factors in the economy. Despite the enormous help that this economy has had from the worldwide pressure on inflation, which occurred for all kinds of reasons that hon. Members enunciated earlier, our Chancellor has managed our economy to provide a golden scenario.

Today's Budget is an election Budget. Why not? What is different about that?

Mr. Michael Jack (Fylde) (Con): I have listened to the hon. Gentleman with care. If the Chancellor has such an iron grip, will he explain why he required the services of Sir Peter Gershon to rein in an accumulation of overspending in the public sector of some £20 billion?

Mr. Purchase: I have never worked for a company in which savings could not be made. Whether those savings entailed mere stock control, better and smarter working or something else, I have never worked for a company that could not make savings in its day-to-day operations. I would be amazed if a Government of whatever stripe examined what they were doing and how they were doing it and could not make savings. The Gershon savings amount to about 5 per cent. of total expenditure and will be gained over a period of years, which is not surprising. The right hon. Gentleman is right to draw attention to the fact that those savings should have been made some little time ago, but I do not regard such expenditure as wasteful. The expenditure should have been managed better, but savings are available and we will make them as we go.

Mr. Bercow: The hon. Gentleman's loyalty is valiant, but his argument in response to my right hon. Friend is implausible. Either way, he is in checkmate: if the sudden accumulation of waste is just that—sudden—it logically follows that the Chancellor has recently lost control; if, on the other hand, the waste has accumulated over a long period rather than being the result of a sudden lapse, the Chancellor is guilty of a

long-standing failure. Either way, the Chancellor cannot be defended on this occasion, and the hon. Gentleman should give up the unequal struggle.

Mr. Purchase: Once again, you try to proceed from a false premise. I do not accept that what you are describing as waste is necessarily—

Mr. Deputy Speaker: Order. The hon. Gentleman is experienced enough to know that he should not be referring to me.

Mr. Purchase: I apologise, Mr. Deputy Speaker.

I do not accept the hon. Gentleman's checkmate. I think that he is wrong—he is not often right, and he is wrong again.

The competitive labour market appears to be in the best equilibrium that I can recall in my lifetime. We still have more vacancies than the number of people who are unemployed, and that would normally lead to wage inflation. However, that is not happening. That is partly due to the international situation. There is no question about that. The way in which my right hon. Friend the Chancellor has worked with all the flows of the economy has meant that we have reached a point where it is possible—the fact that there is to be an election does not escape me—to make life better for those who are at the bottom of the heap.

The hon. Member for Buckingham (Mr. Bercow) will recall that in his article of a few weeks ago, I think for *The Independent*, he called for tax to be lowered for the lowest paid. In large measure that call has been met today. I noticed that there was an interesting look on his face when my right hon. Friend the Chancellor was talking about joint incomes and an average of about £24,000 for people with two children, who would be virtually tax free up to that amount. I hope that the hon. Gentleman feels vindicated by writing his article in *The Independent* and perhaps not being entirely popular within his party. In that instance, however, I support him.

It is right to welcome the raft of improvements for people who are the worst off in our society, those who do not have the advantages that we would like to see them enjoy. I welcome what my right hon. Friend the Chancellor has had to say. It is an excellent Budget and one in which the dividing lines will be clearer as we move into the general election.

4.52 pm

Mr. Michael Jack (Fylde) (Con): It is a pleasure to follow the hon. Member for Wolverhampton, North-East (Mr. Purchase), who always makes thoughtful speeches. He engaged in a proper debate on matters connected with the Budget. I was asked by my local newspaper what I thought about the Budget. I described it as rather like standing outside the church watching the celebrations while being covered in confetti. The Budget is just like the confetti, with lots of little bits and pieces. When they are swept up at the end of the ceremony, it does not amount to very much, and should be quickly consigned to the waste paper bin.

The Government are attempting to be all things to all men and women. There is a statute here and an initiative there. There is the chopping up of a bit of red tape, most of it made by the Government. That is the sum total of the Budget.

There are some points that we need to consider in detail. Much has been made of the fact that the Chancellor subcontracted to the Monetary Policy Committee the setting of the monetary framework, which is the other side of the Budget. By and large, the Budget report and financial statement deals with the fiscal dimension of the Budget while the Monetary Policy Committee deals with monetary matters. The fact that we have interest rates at about 5 per cent. raises the issue of the structural nature of our economy. If, to achieve an inflation rate, projected by the Chancellor, of about 2 per cent., we need to have effectively internationally uncompetitive interest rates of 5 per cent., that says something about the structure of the economy. That in part reflects the substantial growth in public sector employment. Without doubt, it has tightened the labour market considerably.

I would not disagree with the taking on by the public sector of more and better trained people such as doctors, nurses and teachers. However, that has not been the entire hallmark or characteristic of changes in public sector spending by the Government. Since they came into office, the Government have recruited about 583,000 extra people into the public sector. Not all of them are nurses, doctors and teachers, and others of a vital nature. The growth of the quangocracy, the new organisations and so on requires to be teased out so that we can ascertain where the money has gone.

One of the interesting points that the Chancellor has made great virtue of in his golden rules is borrowing for investment. I want to spend a moment looking at the term "investment". Within a few years of the Chancellor's taking office, the term "public spending" had been transmuted into "investment" as a way of clothing with respectability what was actually old-fashioned public spending. In the health sector, most of the bricks and mortar activity that I would regard as investment is now being carried out under the terms of the private finance initiative. Likewise, in the transport sector one can see that road building, what little of it goes on, is done by the private sector. In the railway sector, the entire expenditure of Network Rail has been taken off the public balance sheet. I am led to the inexorable conclusion that most of the "investment" has been in borrowing to deal with the variable costs of employing additional labour, not bricks and mortar in the public sector.

David Taylor (North-West Leicestershire) (Lab/Co-op): The right hon. Gentleman, who is Chairman of my Select Committee—the Environment, Food and Rural Affairs Committee—seems to be heading down a road that would lead him to criticise the private finance initiative in the sense that it is prohibitive in cost, flawed in concept and intolerable in consequence for taxpayers, patients and NHS staff. Can he confirm that that is what he is doing, because if so, I agree with him?

Mr. Jack: No, I am not going to criticise the private finance initiative. I had responsibility for it when I was in the Treasury, and I do not for one moment resile from it as an effective vehicle for the proper transfer of risk and the creation of public sector projects without the cost overruns that used to typify old-fashioned public procurement. My point is that when one takes out of the public sector expenditure equation projects that are

[Mr. Jack]

being paid for by the private finance initiative, one is led to the inexorable conclusion that the extra so-called investment is people-driven, not what I would term investment-driven.

Much has been made of the long run of growth in the economy. I take this opportunity to salute all the hard-working people in the United Kingdom and the excellence of British management and our companies and enterprises, which by and large have enabled that growth to take place. Following the difficulties of the mid-1990s, industry has got its act together and is working extremely hard. We have become innovative. We have changed the nature of manufacturing and of what we do in the so-called ideas economy. Much of that has happened without the intervention of the Chancellor of the Exchequer. However, let me cite some figures for the record, using data supplied by the Office for National Statistics. Average growth during the period 1992–97, when growth resumed, was 3.1 per cent.; between 1997 and 2004, under the present Administration, it was 2.7 per cent. In 1992–97, manufacturing output volume increased by an average of 2.1 per cent. year on year; under this Government it has been 0.7 per cent. Business investment was 5.5 per cent. under the Conservatives; it has been 4.5 per cent. under this regime. As my hon. Friend the Member for Grantham and Stamford (Mr. Davies), who has left the Chamber for a moment, pointed out, household saving went down by 3.9 per cent. under the Conservative Administration, but there has been a massive decline of 7.5 per cent. under this Chancellor.

The foundation laid by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) formed a valuable basis for what has taken place. Why do Conservative Members worry, despite the attractive numbers put before us by the Chancellor on the growth of the economy and relative borrowing ratios? Why do we have the temerity to criticise? It is because when my right hon. and learned Friend was Chancellor, he recognised that tight and tough control on public expenditure at a level of 38 per cent. of gross domestic product, a tough approach on inflation and a proper approach on fiscal policy were the necessary foundations for a stable economy with the prospect of long-term growth. In fairness to the present Chancellor, he has entirely agreed with that Conservative approach and has maintained, in his own way, the policy foundations that we put in place. I sometimes wish that Members on the Treasury Bench would stop airbrushing out of history the fact that growth in this country started in 1992.

Going back to my first point about inflation and interest rates, one of the problems that the Chancellor has not been able to affect is productivity. Under the Government of my former colleague, John Major, annual productivity growth averaged 2 per cent., but the average now is 1.5 per cent. If productivity is such a struggle, I conclude that many of the macro-economic activities that the Chancellor has introduced, supposedly to modernise and improve the economy, have not had a measurable effect on what has happened in the United Kingdom.

I turn to some of the numbers in the "Financial Statement and Budget Report", because they raise an important issue and if the Chairman of the Treasury Committee had been here, I would have put this point to him. The Chancellor has an uncanny knack of getting his growth statistics and forecasts right, but when it comes to borrowing his track record is poor. In the "Financial Statement and Budget Report" for 2002 the prediction for borrowing this year was £17 billion and the figure for the next financial year was some £18 billion. Those figures have been changed to £32 billion and £29 billion respectively. It is absolutely clear that the forecasts on borrowing are significantly out, and it would be useful if the Treasury Committee could inquire into why it is possible to get the growth figure spot on—that is the central figure for the economy—when the borrowing figure is so far out. Unless there is greater accuracy in the projections, management of the economy is very difficult.

David Taylor: The right hon. Member is numerate and a former Treasury Minister. I am sure that he will acknowledge that if figures of this scale are out by £12 billion—in an economy of £1,200 billion that is 1 per cent.,—that is hardly to be criticised, because of the uncertainty about the levels of revenue that will accrue from the taxation system.

Mr. Jack: The hon. Gentleman is right. When we compare the big figure of receipts with the big figure of expenditure, what is left in between is a small figure. That has always been the case. However, having worked so hard in the last four years of the Major Government, and recognising that the Chancellor accepts the importance of a prudent approach to the economy, when one starts to see the cumulative effect of borrowings mounting up considerably above previous projections—and with the inevitable fact that they will have to be repaid somehow if the sort of prudent approach that the Chancellor wants us to support is to be maintained—it is right to question the methodology by which one can accurately predict growth within the Treasury model, but not borrowings.

I mention that because in the "Financial Statement and Budget Report" the Chancellor looks to substantial growth in, for example, corporation tax revenues to underpin his overall growth. Yet he is looking between this financial year and the next for a £9 billion increase in corporation tax receipts. If that is multiplied by three—the average rate of corporation tax is around 30 per cent.—he is looking for an increase in taxable profits of around £30 billion in the UK year on year. There will be some windfall gains from the oil sector, but it is evident that in the retail sector, for example, there are problems and there may not be sufficient revenue to give the Chancellor the sort of lift of taxable profit that he is looking for.

Again, if the Chairman of the Treasury Committee were here—I know that he has probed the Treasury on the modelling methodology that it uses for tax revenues—I would ask him some important questions about whether the numbers that underpin the Chancellor's position are correct.

David Taylor *rose—*

Mr. Jack: I shall give way for the third time.

David Taylor: The right hon. Gentleman is very generous in giving way again. He will recall the debate about the background to the merger of the Inland Revenue and Customs and Excise, as he contributed to it. The gap in revenue that the two departments can levy from business and taxpayers is widely accepted as about £35 billion a year, so £9 billion is just one hesitant step across the bridge.

Mr. Jack: I return to a point that I have made before. I have acknowledged that receipts and public expenditure both involve big numbers but that in between there are some smaller numbers. Part of running a successful economy is about the credibility of the numbers that are published. Markets determine exchange rates, as the hon. Gentleman knows, and indeed have a profound influence on interest rates. If they believe that the numbers are right they can decide if they are going to support the Chancellor of the day. I am raising the question of how correct the numbers are, because if they are proven by subsequent analysis to be incorrect, that undermines the Chancellor's position and could have an effect on interest rates, which by definition would have an effect on the rest of the economy. It is right in the context of a Budget debate to probe carefully the basis of the numbers that the House has been given and asked to accept.

May I apologise to the House for a discourtesy and an error on my part? I should have reminded Members at the beginning of my speech to look in the Register of Members' Interests to see my business interests. I apologise again to the House for forgetting to mention that at the outset.

I shall comment briefly on Gershon following my exchanges with the hon. Member for Wolverhampton, North-East. One of the things that worried me about the Gershon report was the fact that it did not analyse how the accumulation of £20 billion of overspending had occurred. Its starting point was "Here we are, so what can we do to try to reduce it?" If there is to be good government and control of public expenditure in future, work such as that by Sir Peter Gershon should provide analysis of why, in certain cases, overemployment and overdeployment of resources in the public sector occurred to the tune of £20 billion, which is equivalent to two thirds of Britain's defence budget and is a great deal of money.

I would like to look at some issues raised in the Chancellor's speech. He talked about the indexation of inheritance tax. My personal view is that inheritance tax has had its day, but I recognise that getting rid of it altogether has revenue implications. As an interim step, I urge the Treasury to re-examine the nature and structure of the tax to reflect the fact that house price inflation has increased substantially above the rate of indexation of inheritance tax. In that context, the Council of Mortgage Lenders recommends a threshold of £330,000, not the current £263,000. Personally, I would like a much lower marginal rate of inheritance tax and the removal of exceptions. If someone has money and good legal advice they can sidestep most of the effects of the tax. The structure of the tax means that the haves do not pay it but that the have-nots, for want of good legal advice, end up being caught. The Chancellor said that 94 per cent. of estates do not pay inheritance tax. That is a reduction. Last year, it was 95 per cent., and the year before, about 96 per cent. More people are caught and, given the importance of the house as an asset and given what my hon. Friends said about the pension situation, it is time to look at inheritance tax, particularly for householders.

The Chancellor mentioned a national energy network, and I was intrigued by that new creation because I support innovations in energy. However, I emphasise to those on the Treasury Bench, who have patiently listened to my remarks on biofuels, that I was disappointed that, again, there was no indication that the Chancellor was prepared to go beyond the current duty derogation to try to stimulate a UK biodiesel and bioethanol industry. Yesterday, I received a representation from the Iogen Corporation—a Canadian-based company—which made the position clear:

"Fuel duty reductions in themselves will not motivate the longterm investment needed to build a cellulose ethanol plant for commercial production"

in the United Kingdom.

I appreciate that consultations are currently taking place between industry and the Department for Transport and I urge the Treasury Bench to look at the matter again. If we are to meet our European targets for inclusion—they are targets, not directives—we will need a biofuels industry of our own. It is therefore important to encourage that embryonic industry off the ground, using United Kingdom raw materials to the benefit of our rural and, indeed, overall economy.

The Chancellor sensibly mentioned the need for further work to skill the economy. I agree with that. BAE Systems is my constituency's biggest employer and it survives on the talents of talented aerospace engineers. However, if the Chancellor wants to back high-tech manufacturing in the United Kingdom so that it provides the sort of technologies that will survive in a world dominated by competitors such as China and India, the Government will have to do more to sustain investment in technology, the development of new materials and new techniques in aerospace and, most important, ensure that they have contingent moneys should they decide to buy the Eurofighter tranche 3, thus enabling that commitment to be honoured. They should also do more to bring about a final assembly check-out facility and maintenance unit in the United Kingdom for the joint strike fighter, to keep our technologies fully engaged and ensure that Britain continues to be up with the best in the new arts of aerospace aviation—for example, unmanned air vehicles and stealth technologies. If the Chancellor's comments about reskilling and investing in new technologies cover that, I put a tick in that box. However, if they do not, one of our key future technology industries will be severely damaged, as will the economy of the north-west and the nation.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Will my right hon. Friend give way?

Mr. Jack: No. It is not that I do not want to hear my hon. Friend's point, but I wish to conclude my remarks in the light of the Deputy Speaker's comments a moment ago.

[Mr. Jack]

I should have liked more on the environmental front to encourage energy saving, especially in the domestic sector. To that extent, I should have been happy for the landfill tax to rise because that would have accelerated some of the important work in recycling.

I fear that the Budget was tailored for the general election but that afterwards, the people of this country will pay the price. On this occasion, the Chancellor has not been as prudent as he should have been.

5.13 pm

Mrs. Helen Liddell (Airdrie and Shotts) (Lab): I am grateful for the opportunity to speak in the debate. Like the right hon. Member for North-West Cambridgeshire (Sir Brian Mawhinney) and others, this will probably be the last time that I shall speak in the House. I am sorry that the right hon. Gentleman is not in his place. I do not blame him for going for a cup of tea because we have heard the speeches of the hon. Members for Arundel and South Downs (Mr. Flight) and for Grantham and Stamford (Mr. Davies) in every Budget debate for the past eight years. I absolve the right hon. Member for Fylde (Mr. Jack) of that because he always gives a considered analysis of the Budget. I may not agree with it, but it shows deep consideration.

I had a particular reason for wanting to wish the right hon. Member for North-West Cambridgeshire well for the future. When I entered the House in 1994 after a traumatic by-election caused by the death of the late John Smith, the right hon. Gentleman was, in his normal courteous way, the first Member to wish me well for the future. I should therefore like to take the opportunity to return the compliment and wish him well. I remember that he spoke about the pre-1997 state of his then constituency of Peterborough. My experience of Airdrie and Shotts under the previous Conservative Administration was markedly different, however, and it is for that reason that I rise to congratulate the Chancellor on this Budget.

I disagree with the right hon. Member for Fylde, who took up the theme of the Leader of the Opposition and the right hon. Member for North-West Cambridgeshire that this is a vote-winning Budget. It is not. What will win an election is the fact that this Budget is incremental on other Budgets that have gone before. Almost everything that the Chancellor talked about in this Budget builds on initiatives that have already been undertaken.

I know, as a Member of Parliament for a particularly deprived area, that my constituency comes top in terms of the transfer into employment of people of working age. That is a considerable achievement in an area blighted by the end of the coal mines and badly affected by the end of the steel and shipbuilding industries. Such an achievement would have been impossible were it not for the actions of this Government from 1997 onwards. Pensioners in my constituency will share the view expressed by Age Concern this afternoon, warmly welcoming the Budget. The constituents whom I have had the honour to represent have seen a significant change in their well-being as a consequence of the Government's actions.

I come from an area in which no pensioner—indeed, no individual—would ever have known what it was like to have £200 in their hand at one time. Yet that is what the winter fuel payment has meant for my constituents. Something else that would not have been possible without the sound management of the economy and the consideration of the Treasury—something that the Chancellor did not mention in the Budget—is the payment to miners who have suffered ill health. I represent a constituency in which the pits closed 30 or 40 years ago, and where there are 240-odd men whose health was damaged as a consequence of their work in them. In my constituency of 58,000 souls, £9.3 million has already been paid out to some of the poorest people, almost all of whom are pensioners. Never in my wildest dreams could I have imagined, when I made my maiden speech in 1994, that that would happen.

I made my maiden speech in a debate on the Finance Bill. I was too naïve to realise, when the Whip sent me in to do so, that I was making a job application to serve on the Bill's Committee. This was at a time when no Member could say that they had worked on a Finance Bill until they had seen the sun come up over St. Thomas's hospital night after night. I remember the subjects that I spoke about during the deliberations on that Bill. I talked about pensions, and about the difficulties that people had experienced as a consequence of the personal pensions mis-selling during the lifetime of the previous Conservative Administration. I was privileged to be able to play a part in putting that right.

I also remember talking about the assistance needed by the creative industries, especially the film industry. Manufacturing industry in this country will never be the same again, but when we are experiencing growth in our economy, we can turn to the part of that economy that adds to the overall well-being of us all, namely the creative industries. I have seen this happening in Scotland and throughout the country, and I hope, at some point in the future, to be able to sing the praises of our creative industries in another part of the world.

The assistance that the Budget has given to small and medium-sized enterprises in reducing the burden of regulation is something that I feel passionately about. I made my maiden speech on the need to encourage SMEs, because I had previously been the chief executive of a small company that worked with such businesses. Reducing the burden of regulation can make a great change to those small companies, probably more so than any other aspect of what the Government can do.

I say to the Paymaster General, who is in her place, that merging Customs and Excise with the Revenue and simplifying value added tax are direct incentives to more and more people to consider joining the growing band of the self-employed who set up small businesses. They are the ones who can generate the wealth that we want in this country, which will enable us to have the public services and the lifestyle that everyone is entitled to.

Everybody in this Chamber is well paid, and if push comes to shove we can dig ourselves out of a hole by throwing money at our problems. All Labour Members, I am sure, represent people who cannot do that. I listened to the hon. Member for Arundel and South Downs complaining about the public services, although he was unable to answer a question about what he thinks is the right level of public services. He seems to know the cost of everything and the value of nothing.

When we talk about public services, we are talking about not only the human resources directors and the guys who run the transport, but the men and women who will be going into people's houses at 9 or 10 o'clock tonight to sit with the terminally ill to allow their families to have a rest. We are talking about the teachers and the classroom assistants who are giving our children an opportunity to have a future of the kind that we were guaranteed because of the nature of the education we received. We are talking about public services that can transform not only people's lifestyle, but their ambitions for the future.

The Chancellor concentrated on education, in particular ensuring that the children in our primary schools go to school in a safe, sound and dry environment. In 1996, I went to a school in the constituency of my right hon. Friend the Member for Dumbarton (Mr. McFall), which still had outside toilets and had water coming in through the roof. In place of that school is a brand new, state of the art school.

I know what it is like: my kids sit down at computers, but I visit houses in my constituency where the youngsters do not have access to computers. We need to give every child that opportunity or we will not have the high-tech, high-wage economy that Members on both sides of the House want for the future. This is about making fundamental changes that all add up.

The right hon. Member for Fylde talked about confetti, but the reality is that although every change in the Budget, if considered in isolation, might not mean a lot to all of us in here, each one will have a meaningful effect on the lives of the people we represent. It is the sum of the parts that makes the difference.

This has not been talked about much this afternoon, but I believe that when the Chancellor took the decision on that first weekend in government in 1997 to give operational independence to the Bank of England, achieving the climate that was to reduce interest rates and allow more and more people to become home owners and more and more people to set up businesses, a fundamental change was made to this economy. We shall reap the benefits for years to come.

I believe that the Government have achieved a lot and I am delighted to have had an opportunity to play some part in that.

Mr. Marshall: My right hon. Friend referred to the fact that this might be her last speech to the House. We have been friends for 35 years, ever since she started work, as a wee lassie, in the Scottish TUC offices in Glasgow. Like other colleagues, I want to thank her for the courtesy, kindness and assistance that she offered to us all when we raised constituency cases with her when she was a Minister in various Departments. I am sure we all wish her every success when she takes up her appointment as high commissioner to Australia.

Mrs. Liddell: I thank my hon. Friend very much indeed. He has been a great friend for many years, although I am not sure whether I like the fact that he referred to 35 years. I am getting to the stage where I prefer to lie about my age just as much as I lie about my height.

I commend the Budget to the House. I am privileged to have played a part in some of the Government's successes. There have been successes, but there is much, much more to do. That is why the next few weeks and months are very important for the people of this country. I hope that there is another Labour Budget this time next year and I hope to be listening to it on the BBC World Service.

5.25 pm

Mr. John Horam (Orpington) (Con): I am glad to follow the right hon. Member for Airdrie and Shotts (Mrs. Liddell) and am sorry to hear that that was her valedictory speech. She made it in a typically passionate, robust and personal style, which the House entirely appreciated. She has had a distinguished career in the House, of which she can be legitimately proud. We are also deeply envious of her destination, and many of us wish that we were following her to that splendid continent. I congratulate her and thank her for her contribution.

One of the themes of this Budget debate has been international competitiveness. The Chancellor referred to that in his speech, the right hon. Member for Dumbarton (Mr. McFall), who is the Chairman of the Treasury Committee, referred at length to the threat from China in particular, and my right hon. Friend the Member for North-West Cambridgeshire (Sir Brian Mawhinney), in another excellent valedictory speech, referred to China and India.

There is an old forecast, which even the Treasury Bench may have heard of, that as the 21st century unfolds, China will do the manufacturing, India will do the IT, America will do the farming, and all the tourists will come to Europe. That might be the sort of forecast that is not proved to be accurate in reality, and economic forecasts tend to be the reverse of what happens. It indicates, however, the insecurity and dangers that we face in an international world in which the huge economies of China and India are beginning to flex their muscles in a way that has tremendous advantages for us in terms of reducing costs and prices and keeping our economy competitive, but that none the less poses huge threats to our way of life and standard of living in Europe and this country in particular. I am glad that that theme has been raised, as it is a phenomenon that will grow and grow as the years go by.

Inevitably, in this possible pre-election period, the other theme of the debate has been the contrast between the performance of this Government and their predecessor, who, along with the Chancellor, have lasted eight years, and the preceding 18 years of Conservative Governments and their economy policy. Now that we have had eight years of this Chancellor and this Government, it is legitimate to compare what has happened under them with what happened in the preceding 18 years on the economic front. The contrasts are interesting.

The greatest achievements of the Thatcher years of government, and following that, the Major years, were on what economists call the micro-economic side. Reducing the power of trade unions, the privatisation of monolithic and unprofitable nationalised industries, the elimination of exchange controls, deregulation and the big bang in the City, and the reduction in taxation were all extremely radical at the time. In retrospect, they are an incredibly innovative and radical set of measures that were much envied, much copied and will stand the test

[Mr. John Horam]

of time. This Government, despite their different philosophy, have not thought it right to unravel most of those achievements. In terms of the 20th century, they were the most brilliant set of measures achieved by any two Governments in a row.

On the other hand, I must admit, as someone who follows economic policy reasonably closely, that the macro-economic performance of those Conservative Governments was not as good until much later. The way in which monetary targets were followed—as we all know, M1 and M3 are no longer motorways but measures of monetary policy—with great lack of success and great confusion in the early 1980s, was not a great credit to the then Government and their advisers. A period then followed in which the switch was made under Chancellor Lawson to following an exchange rate, and to following the Deutschmark, which was not exactly one in which macro-economic growth was handled steadily. It eventually led to our membership of the exchange rate mechanism, and the fallout from that was disastrous for the Government of the time. It is certainly not something of which they can be very proud.

What followed was brilliant. My hon. Friend the Member for Grantham and Stamford (Mr. Davies) mentioned this. In fairness to Lord Lamont, it should be said that his first Budget after our exit from the ERM was both brave and well judged. It set the framework for what followed. It was brave in that Lord Lamont was well aware, as we all were, that he had been through an extremely bad time after we came out of the ERM, but he had the guts to go ahead and do exactly what the country needed. We needed him to produce a well-balanced Budget, and also to accept inflation targets which have stood the test of time.

When my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) became Chancellor, he took that a step further in what we all remember as the Ken and Eddie show, in terms of management of inflation, interest rates and so forth. That was the beginning of what could legitimately be called the Lamont-Clarke expansion, which has continued throughout the final years of Conservative government and the eight years of Labour government that we have experienced so far.

Macro-economic policy was mixed. It was poor to begin with, but got better under the Conservative Government. During the last eight years, almost exactly the reverse has happened under Labour. I think we all agree that it started brilliantly. Conservative Members have conceded that the new Chancellor's first steps were excellently judged—the independence of the Bank of England, for instance, which could be described as outsourcing. It always amuses me when Labour Members rebel against outsourcing or criticise it, as they often do. One of the largest undertakings of that kind was the outsourcing of the entire fiscal policy to the Monetary Policy Committee. It was a brilliant success, but Labour Members do not see the parallels with other types of outsourcing, which may also prove successful. This was certainly successful, and continued a vein of policy that began with the Conservatives.

Since then, sadly, the Chancellor has got worse—unlike the Conservative Government, who got better after a muddled and difficult start. Prudence was followed by profligacy on the public spending side, and there is an obvious black hole that has not been filled by any of the proposals in the Budget. There is real cause for concern about what will happen after the election if the present Government are returned. Let us pray that they are not. My hon. Friend the Member for Grantham and Stamford used the phrase "Après moi le déluge", and I think that that encapsulates the Government's attitude to public spending. We must bear it in mind that higher taxes will almost certainly result if they are returned.

On the micro-economic side, the Government faced two challenges. First, they were required to continue the improved performance in the private sector brought about by successive Conservative Governments. Sadly, they have not achieved such an improvement. One example is public transport in London. If people in the City were asked what one development would make their lives easier and make London an even better magnet for international capital and employment—which are hugely important to the British economy as a whole—they would name better transport, but the Chancellor has played a poor role in the management of London's public transport. He has prevented real expansion and development. We have a crumbling tube system, because nothing was done for five or six years while the Government argued with the Mayor of London. Certainly, for the past four or five years there has been no real investment in London's tube system, as a result of the Chancellor's ridiculous concept of the public-private partnership and a long wrangle with the mayor. That is an example of the Chancellor's getting the task of helping the private sector badly wrong.

The complexity of the tax system has increased enormously. Regulation has also increased enormously, and there have been problems with the pensions system, to which reference has been made. So the Chancellor's behaviour in respect of the private sector has been extremely poor from a micro-economic point of view.

As we know, however, the real challenge that the Chancellor faced was improving public services. If a Labour Government were elected for anything, it was to improve public services, which had not improved as much as was necessary under Conservative Governments. Rather, they concentrated on getting the economy into shape, which they did very successfully. The Chancellor has got this challenge wrong, and in a number of ways. In the first instance, in successive Budgets he made the mistake of talking about how much money he was going to put into the public sector before asking for the necessary reforms. Any ordinary business manager in such a situation would say, "Let's see your plans, and if they're good I will give you the money." He would not take the opposite approach and say, "Here's the money, now where are your plans?"

As a result of the Chancellor's approach, the temptation was to spend money in all sorts of wasteful ways and to increase salaries. I accept that in some cases, such increases were necessary, as certain public sector employees were well behind those in the private sector—although now, of course, they are well ahead. But that approach was a serious error of judgment and I do not know why the Chancellor came to that conclusion. Perhaps it was an attempt at self-flattery; perhaps he wanted to appear to demonstrate great largesse, in order

to please his own side. However, in terms of managing the public sector, that approach certainly was a major misjudgment.

As has become apparent over the years and as the Chancellor himself has pointed out, he has been an opponent of some of the reforms that the Prime Minister and other Secretaries of State wanted to implement. For example, at one stage the Chancellor seemed to oppose foundation hospitals, yet freeing managers to make the decisions that they need to make down the line is obviously good and sensible management. Such reform is essential and we believe that it should be taken further, but the Chancellor is glorying in deriding the extent to which the market and decentralisation can play a part in changing the public sector.

Not only does the Chancellor apparently oppose reforms that the Prime Minister and other Government members want; he has strangled the public sector by imposing bureaucracy, red tape, regulations, directives and money controls. At one stage, there were 6,000 public sector targets—more than in Stalinist Russia at its height. The Chancellor has displayed a fatal tendency to control, and a clear misunderstanding of the management required in the public sector.

So the Chancellor is far from being a good Chancellor. Rather, in this competitive world in which China and India, for example, have much lower costs than ours, he has dangerously weakened the private sector through the particular enterprise and growth climate that he has created. Moreover, he has totally failed to improve public services in the way that his supporters and ordinary people want.

Mr. Michael Jabez Foster (Hastings and Rye) (Lab): The hon. Gentleman's generalisations about regulation are all very interesting, but can he name just three specific regulations that he considers damaging to industry?

Mr. Horam: Well, we should consider the complexity of such regulations. I wonder whether the hon. Gentleman receives the sort of complaints that I receive about the tax credit system, which is hideously complicated and difficult for individuals to deal with. Such people are often in and out of work simply because the Inland Revenue has miscalculated the sort of tax credits that they get. Such a situation does not encourage stable employment.

Mr. Clifton-Brown: May I put some flesh on the bones of the intervention by the hon. Member for Hastings and Rye (Mr. Foster)? This country has slipped from fourth in the competitiveness league to 11th in the last eight years. Some 1.1 million of our 16 to 24-year-olds are neither in employment nor in education, but most worryingly of all, a Department of Trade and Industry employment skills survey of 76,000 employers published just the other day shows that 2.1 million of our work force—10 per cent.—lack the basic skills that they need to do the job. What does my hon. Friend think about such a structure? Surely the Chancellor ought to have done something more in this respect this afternoon.

Mr. Horam: I am grateful to my hon. Friend for that intervention. To be fair to the Chancellor, he did say quite a lot about education and skills, which are of genuine concern to him, and one or two other Labour Members also spoke about them, but one of the elements that they have missed—this follows the failure of all Governments since the war—is to place enough emphasis on vocational education.

There has been a huge argument, as we all know, about how to fund higher education in our universities, but far too little has been said about vocational education. Again, the Chancellor was not able to give high priority to that in the Budget. That is a sad lack in this Labour Government, who claimed to be the party that could solve some of those problems.

There is an old adage that a Budget that looks good on the day quickly unravels, and it becomes apparent fairly quickly that it is not as good as it first seemed. Sadly, that will also prove true of the Chancellor's reputation.

5.40 pm

Alan Simpson (Nottingham, South) (Lab): At the end of every Budget debate, Members stream out of the Chamber and are greeted by those in the press, who want to know whether or not we thought it a good Budget. Usually, answers to that question are based on relatively short-term considerations—whether it will last a day or a week before people start to pick holes in it. Even after imperfections and weaknesses have been identified, we are asked whether, on balance, we would describe it as a cup that is half full or half empty. With today's Budget, there are easy and difficult answers.

In the short-term, this is a Budget with a cup that is three-quarters full in relation to the next election. As Labour Members have pointed out, that is not an opportunistic Budget because a stable economy, with a period of sustained economic growth, cannot be delivered by a single Budget. The Chancellor has rightly flagged up and sustained a year-on-year commitment today, and it will rightly provide the basis for Labour's manifesto claims at the next general election. The additional trimmings that he has put on the cake will be attractive because they underpin Labour's commitment to an inclusive society, where we genuinely deliver reinvestment and opportunities for all.

I welcome the fact that we have made substantial commitments in the Budget to the rights and prospects of our children. I welcome the fact that we are making a commitment to extend the concept of an entitlement to education and training from the ages of three to 18. I welcome the commitment to reinvest in the infrastructure of the schools and health services that our communities depend on. I welcome the commitment to employment for all and the associated implication, which is that we will unashamedly target resources towards those who have been excluded and most alienated from the jobs market. I also welcome the commitment to pensioners that we will deliver to them free bus travel and a council tax rebate. I am sure that the communities that comprise my own constituency will understand the substantive nature of this as a package that a Labour Government can deliver on the back of a period of stability and economic growth.

For all those reasons, the Budget is to be welcomed. It will take us through the next general election. My doubts are whether it will take us through the next

[Alan Simpson]

Parliament and whether it will see us through the big challenges of the next decade. It is against those challenges that I want to try to make my own contributions, and I make them unashamedly to a Labour Chancellor not only on the presumption that he will continue to be the Chancellor in the next Labour Government, but on the basis that only a Labour Government can take on board the implications of the challenges. Sadly, the contributions from Opposition Members, who seemed to go little further than a "we can tax you less" approach, do not even begin to touch the nature of those challenges.

The challenges come down to two things. First, as a Parliament and as a society, we must ask ourselves how we renegotiate the contract with ourselves. We live in a society in which people rightly expect to live longer and fuller lives. However, a difficult set of questions must be addressed as to how we pay for the services that will underpin those longer lives. In many ways, this is a biological issue more than a political one.

At a political level, the more difficult challenge is one that will come from outside: the challenge of climate change. Tomorrow, a conference will take place in Derby and will be addressed by leaders from across the world. If we were to set today's Budget in the context of meeting those challenges, the cup would be three-quarters empty. It is a poor Budget in relation to climate change and misses some real opportunities that we need to address—when we have the space to do so—before the crises that climate change will cause begin to land on our doorstep at a rate that we cannot deal with.

Severe cautionary warnings have been issued as to what is already happening, but they are not coming from the IMF, the World Bank or the OECD. They are coming from the United Nations and from non-political organisations such as Munich Re, the world's largest re-insurance company. In a recent report to the UN, Munich Re said that in the next 25 to 30 years, the scale of claims for damages resulting from climate change is likely to result in annual costs that outstrip the annual income earned by the world. The forewarnings are dire; it says in simple terms that the costs of climate change could bankrupt the global economy. We will have to think our way into a different world and a different view of economics.

If I wanted an example of that, I could not have asked for a better one than the front page of *The Guardian* this week. It showed a picture of Mount Kilimanjaro as it had not been seen for 11,000 years above a story that said:

"Brown to hold down petrol duties."

It was prescient, if not predictable. In addition, the final story on that front page said:

"Blood and coal: the human costs of cheap Chinese goods."

To those who are enthusiastic about globalisation, I say that we need to think carefully about its costs and the viability of that policy in even the medium term. In China today, the cost of globalisation, and of being able to flood world markets and dump cheap produce in our shops, is that the Chinese are already in the middle of an energy crisis. The Chinese Government have instructed the Chinese coal mines to increase production dramatically above current levels just to keep the system going. A by-product, with some human significance, is that although China produces less than a third of the world's output of coal, it accounts for 75 per cent. of the deaths of coal miners. That is the product of exploitative markets; we have seen this in our own land in previous centuries. To suggest that a burgeoning global economy can be driven without recognition of these human costs is crass and irresponsible.

Moreover, those who see China and India dominating the global economy in the years or decades to come need to talk to Chinese and Indian environmentalists who point out that, in the short term, China and India will face colossal crises about where they will get access to water supplies to keep their populations alive, let alone how they will expand supplies to meet the water requirements of an increasing domestic production market, driven to sustain the global economy.

The water is not there, and nor are the energy resources. If we try to set that against the obligations that we have entered into in respect of Kyoto, those obligations look absurd. The commitments in China are predicated on the construction of 500 more coal-fired power stations. There is not a cat in hell's chance of our meeting the Kyoto commitments, let alone containing the current rate of climate change, if we presume that that is how the global economy can function in the years and decades to come.

The Budget has missed a real opportunity to address a shift in how we think about taxation—a shift from the taxation of goods to the taxation of bads. We have said nothing about a change in the taxation of aviation fuels; we have said nothing about a change in the petrol fuel duties; and we have said nothing about the windfall profits that have accrued to the upstream gas and oil industries as a result of the recent hike in oil prices. However, we do know that Shell has announced that its profits this year have gone up to £9.3 billion, and those of BP have risen to £8.7 billion. The TUC's estimate of what we could legitimately look for as a windfall tax on such unearned profits would be in the region of £5 billion to £6 billion. Had we levied such a tax, we could have earmarked it precisely for investment in the renewable and sustainable energy systems that we desperately need to maintain our own sustainable economy in the future.

The right hon. Member for Fylde (Mr. Jack) set the point in the context of biofuels, and there is a case for doing that. However, many other areas in the renewable energies sector are crying out for our help. A lobby from the sector set out to us how it could be a major employment driver in a new technology initiative to provide us with a green economy for the future. It pointed out that Britain accounts for 4 per cent. of the global market in renewable and sustainable energy systems. Germany has 15 per cent.—and not because it was waiting for an investment initiative to co-ordinate energy thinking by its Government, but because its Government created domestic renewable energy markets that allowed the goods to be produced and then to be exported. While we are spending time thinking about the issue, other countries—our competitors—are getting in and investing in changing the nature of their domestic markets. We have missed a real opportunity today by failing to do that.

As a comparison, I wish to refer to some of the discussions on environmental thinking and taxation that are taking place not only among our European partners but within the developing world. Many Governments are in direct discussions with their farming communities and urban communities about how they best support regionalised and localised food and farming systems that cut down on food miles and on the carbon and fossil fuel content involved in the long-distance transhipment of food products. Such systems strengthen the lines of food accountability between local farmers and local consumers and create a virtuous circle for sustainable food production. We have failed to pick up on what many of our competitors are seeking to do in structuring the tax advantages around the relocalisation of food systems, in which food security will be a central issue in our competitors' view of the challenges of the immediate future. Our failure to tax carbon miles, in many ways, plays into the hands of those who disregard climate change to the peril of us all.

We have done little or nothing about our approach to tackling global pollution. I suppose the only good thing that I can say on that is that, at least, we have not filled the space by a reaffirmation of our belief in the virtues of pollution trading credits. Some of the more critical and serious analysis says that the idea that we can create markets in tradable pollution as a solution to the pollution crises is daft.

I offer a comparison with what Parliament did when it acted at its best to deal with pollution and contamination. A number of us are old enough to remember growing up in towns and cities where winters were characterised by periods in which we could barely see in front of us because of the thick fogs that descended. They were part of our annual seasons and cycle. At that time, the Government of the day passed the Clean Air Act 1956. We already knew of the problem, from the hospital wards and doctors' surgeries, and from the cemeteries that were lined with the bodies of people who had spent their lives sucking soot from industries that had no pollution controls. The Government did not set up soot swap shops, but said, "You can't do it. We're giving you a period of notice after which those emissions are not going to be allowed."

We changed the market rules. We did not abolish production in the UK or make the country any less competitive, but we cleaned up the markets. The Government intervened to change that by legislation and regulation. We have to reconsider how we use our tax powers, if we will not use legislative powers, to change the market again in order to clean it up.

As for where and how we do that, it can be done in collaboration with the developing world. If our sustainable technologies can fill today's soot gap or carbon gap, it gives us an enormous opportunity to offer as gifts to the developing world, not the technologies that we have banned or abandoned in our countries and then handed on under the pretext of aid, but the technologies that they, too, will need to rely on for clean production fit for the 21st century.

Mr. Jack: I am following closely the hon. Gentleman's carefully thought-out speech. Does he agree that there is a further medical dimension—namely, the enhanced opportunity for international disease development and transmission—if we do not get on top of global warming? We need a thorough and rapid economic appraisal of the costs of dealing with that dimension, together will all the other things that he mentions, as far as the UK, European and world economies are concerned.

Alan Simpson: I accept that and thank the right hon. Gentleman for raising that issue in the Environment, Food and Rural Affairs Committee. We may well need to factor that into our view of Britain's role in the global economy, specifically in relation to our commitments to the developing world. In some respects, there may be more mileage in that than he thinks. Today's announcement that the World Bank will be led by Paul Wolfowitz may seriously complicate what the Chancellor said about his plans for debt cancellation and poverty relief. Mr. Wolfowitz's record is such that he is more likely to cancel the poor than the poverty. We must recognise that we might need to look for a different leadership role in addressing the same challenges that we and the developing world will face, which brings me on to my next point.

We will also need a different contract with ourselves. Longevity will force us to go back and consider the fact that most of the tax that we pay in our lifetime is a redistribution from us to ourselves. It comes back to us in our old age and perhaps we pass it across to our children, in the way that our parents passed their taxes across to us in our childhood.

In solidarity with ourselves throughout a longer lifespan, we have to ask how we pay more in our working years for the longer period that we hope to enjoy in our later lives, certainly in our retirement or older years. We need to have a more grown-up debate about that, not a cross-party slanging match, but a recognition of the real challenges for a society that expects to live longer. My only observations on that are cautionary ones about how we address the poverty challenge.

On the Labour Benches and in Downing street policies, a lot of reliance is placed on tax credits. The difficult thing about tax credits is that they rely heavily on a bureaucracy of means-testing that creates its own complications. I doubt that there is a Member of the House who has not had constituents coming to them with real problems and complications because they say that the Inland Revenue has got its calculations wrong on the tax credits that they were entitled to. They face bills for repayment to the Inland Revenue when they have no savings. So the tax credit system is a fragile approach, particularly to those who either have no savings or are in insecure and variable employment. We need to be careful about how much reliance we place on it.

Tax credits and means-testing are good at directing benefits to the poorest of the poor, but they also create anger and resentment at the injustice of tax on the margins. I invite the Chancellor to look at an additional principle, a golden rule, about our approaches to taxation and poverty. It would be a huge advantage if we were able to say, as a matter of principle, that we, as a Labour Government, will not tax the poor more heavily than we tax the rich. Att the margins of entitlement in the tax credits and benefits system, the clawback is about 80 per cent. and above. It is the resentment that

[Alan Simpson]

people acquire at those margins of clawback that divides neighbour from neighbour, street from street, and parents from grandparents and from their children. The consequence, even in pragmatic terms, is that it is very hard to get any political credit from tax credits. The credits, if there are any, tend to go to the Inland Revenue, but the blame almost certainly goes to the Government.

If we want to rebuild a sense of social solidarity, it will be much easier to do so, and certainly less bureaucratic, if we return to the principles of universal entitlement. Certainly, those marginal tax rates that affect the poor make the suggestion that we should have a top tax rate of 50 per cent. on those earning more than £100,000 seem quite modest. If that were to raise the predicted £6 billion extra revenue stream for the Chancellor, and if he were to earmark the entirety of it to meet the cost of restoring the value of pensions and the earnings link, many on the Labour Benches would rise up and celebrate.

Many of us would also be perfectly happy if the additional £5.6 billion that could be raised simply by removing the ceiling on national insurance was earmarked, not just to meet tomorrow's pension requirements but to repay the pension entitlements of those who thought they had been saving throughout their lives and paying it into their pension funds, only to find that their pensions had been stolen by the collapse and theft of those funds. If we want to convince today's generations of young people that it is sensible and safe to save in pension schemes, at the very least we have to find ways of repaying those who have done precisely that only to find that their pensions have been stolen from them.

Finally, I welcome the Chancellor's direct investments in schools and health. We all know that sizeable costs will have to be paid in the years to come that will be top-sliced as a result of going down the path of funding some of the investment through private finance initiatives and public-private partnerships. They are extremely expensive ways to lock us into long-term debt, before a single nurse, teacher, cleaner and so on begins to be employed. It would be much better to look again at our approach to pension savings and the use of those funds. In 1962, 51 per cent. of pension funds were put into Government gilts or public bonds. When the 2002 crash happened and £250 billion was wiped off the value of pension funds, only 17 per cent. of those funds were in public bonds. We should put the public back into public investment. We must find ways of allowing and encouraging pension funds to become the source of direct public investment; public saving in public investments that will secure public pensions—pensions that would not disappear in the bursting of a dotcom bubble, but would deliver an annual bonus not only in cash terms, but in terms of the quality of life that we in this country are able to enjoy.

Those are challenges that can be tackled only by a Labour Chancellor. I would not even offer them to the Conservatives, because if they understood them, they would probably try to sell them. They are, however, challenges that we will have to face in the next Parliament. My plea to the Chancellor and his Front-Bench colleagues is this. There is no prospect of the Conservatives being able to make a claim that this is a profligate Budget by a Labour Chancellor stand up; its stability, consistency and inclusiveness make it anything but profligate. What is less clear is whether we have been profligate with an opportunity to use this Budget to meet the challenges of the coming decades. If we duck that for long, our children, our grandchildren and the whole of society will have much to criticise us for.

6.6 pm

Mr. Nigel Evans (Ribble Valley) (Con): It is always a delight to follow the hon. Member for Nottingham, South (Alan Simpson). His was a thoughtful contribution. He is passionate about his politics and after eight years of new Labour it was refreshing to hear a little socialism creeping through. Even though he did not utter the words, "Let's tax the rich," that was the ethos reflected towards the end of his speech.

I enjoyed the hon. Gentleman's comments on environmental matters, especially in the emerging countries of China and India. All hon. Members want to ensure that the poor people who live in those great countries are able to enjoy the fruits of the prosperity that has lately come to both areas. When I first visited China in 1992, while wandering around Beijing I saw oxen in the streets pulling coal carts; when I last visited a couple of years ago, one had to travel further into the rural hinterland to see such scenes. Prosperity is certainly coming to cities such as Beijing and Shanghai and to central China. I visited a place called Chongqing, which I had never heard of before my visit, and found that a staggering 35 million people live there.

It is important that prosperity comes to those countries and reaches into their rural areas, but we must recognise that it will bring with it the challenges relating to energy and water needs that the hon. Gentleman described. To ensure that we all adhere to the Kyoto protocol and reach our climate change-related targets, the emerging countries, which have huge growth rates compared to ours, will have to play their part. If the hon. Gentleman is right about the number of coal-fired power plants being built—500, which is a staggering number—that has to be fed into the equation. We live in a global village and we must ensure that we have the right policies—right for us and right for the world. There will have to be a great deal of discussion and negotiation about how we in the developed world can use the technologies that we possess to help developing countries to acquire the clean energy technologies that they will need.

The right hon. Member for Airdrie and Shotts (Mrs. Liddell) is, no doubt, packing her bags as I speak. She has made a great contribution to the House in her years as a Member of Parliament. We are all rather envious of her, but we wish her well in her new job as high commissioner to Australia. She is taking over the position from Alastair Goodlad, whom we all remember from his time in this place. Australia is a tremendous country: it always seems to be sunny; the people are warm; and the natural landscape is wonderful. There are two reasons why I am especially jealous that the right hon. Lady is going to Australia—Australia has a Conservative Government and its Prime Minister's surname is Howard. How good can it get? We all understand why the right hon. Lady has got a big smile on her face as she looks forward to her new job.

Before I comment on the Budget, I comment on the staggering fact that page 2 of this morning's *Daily Mail* told me that the excise duty allowance before one must go through the red channel would increase to £1,000. If that is a prediction, it is pretty accurate—frankly, it is so accurate that it is a leak by any other name. I hope that the Financial Secretary will examine today's *Daily Mail*—it also mentioned the monument to the Queen Mother, which I do not regard as a Budget leak—because the £1,000 figure is very specific. I also hope that he will tell me that an investigation will take place, because I remember the days when Ministers resigned if they were caught leaking such information.

This is the current Chancellor's ninth Budget. When I was a kid, Budgets were incredibly exciting, and I could not wait to find out in the newspapers and on the evening news what the Chancellor had decided. We used to listen to the excitement of the Budget on the radio—the wireless—before television allowed us to see the excitement, and now I am here listening. Halfway through the Budget, however, one of my hon. Friends said, "Gosh, this is boring," to which I replied, "It is not that good."

Some hon. Members have said that the Budget contains pre-election sweeteners, but I do not think that the British public are that gullible. The Budget contains a bit of icing, but there is no cake, and it will not take the public long to work out that a little bit of icing has been sprinkled around and that there is no cake. The public have been bitten before by previous pre-election Budgets, and they will not be taken in by today's.

It is incredibly inequitable that stamp duty has not been raised for such a long period. In Clitheroe, for example, one would be incredibly lucky to find a house for less than £60,000—as far as I understand it, it is impossible to find a house in Clitheroe for less than £60,000. The increase to £120,000 is a step in the right direction, but it does not match house price inflation since 1997, so I cannot even raise three cheers for that. Stamp duty is forecast to raise £9.4 billion in 2004–05, and today's announcement will hand back £250 million of that £9.4 billion. The revenue from stamp duty has increased dramatically since 1997.

The announcements on inheritance tax are pathetic. I have heard other hon. Members discussing scrapping the whole wretched business of inheritance tax. I do not care about the percentage of people who pay inheritance tax. Given current house prices, an increasing number of people will fall into that category, and inheritance tax loads yet more misery on to people when they are already incredibly vulnerable after a death.

I enjoyed certain parts of the Budget speech. I enjoyed the Chancellor of the Exchequer's smile as he announced that the criteria on the euro will not be reviewed—it was probably the biggest smile of the afternoon when he came out with that one. I did not see the expression on the Prime Minister's face, but there we go—we know that there is a slight difference between them.

Mr. John Baron (Billericay) (Con): Glum.

Mr. Evans: Reliable evidence from a reliable source tells me that the Prime Minister's expression was glum. I can only believe that that was the case.

As for free bus travel for senior citizens, the local newspapers were telling me even last week that local rural bus services will be axed in villages such as Grindleton. The axe has been hanging over the service in Pendleton. We know how important these rural bus services are, especially for those of us who represent rural constituencies. The services are important for the elderly, but not only for them. The bus service that operates through Pendleton is used widely by people of all ages. It is important that we try to preserve these services. I have read recently about the threats hanging over railway services. There is a tremendous rail service running from Clitheroe into Blackburn and down to Manchester, where people can get on to the full network.

If these networks are either to be cut or axed, that will have a dramatic impact on more than 1 million people who use the service. We must ensure that these public services are maintained as much as possible.

I had to break out of the debate for a while this afternoon, as had a number of Members, to visit the Alzheimer's lobby. I listened with great care to what the members of the lobby had to say to me, and not only about the drugs that the National Institute for Clinical Excellence is threatening to withdraw because of cost. Any of us who have come into contact with anyone who either suffers directly with Alzheimer's or is looking after someone with Alzheimer's will know that the drugs are a lifeline. They bring an improvement in the quality of life for those who suffer from dementia. We must ensure that they get the drugs that they need.

I heard what the Prime Minister had to say in response to a question today. It was not quite the ringing endorsement that we read on the front page of one newspaper, that said that the NICE policy had been reversed. It must be reversed. We must ensure that patients get the drugs that they need. We must examine carefully—

Mr. Love: Spending commitment.

Mr. Evans: We are told that the drugs cost £2.50. If patients do not get these drugs, they will end up in hospital and will cost the nation far more for their treatment than if they receive the drugs that they need. It was a throw-away line, but we must ensure that patients receive the drugs that they desperately need. We must consider also the cost of caring for dementia patients. We must recognise the full responsibility that rests on carers. It would have been nice if we had heard something in the Budget about that.

I have had a debate in Westminster Hall about youngsters and obesity, but I want youngsters to have access to computers. Computers are in schools and libraries and I want to ensure that youngsters are not left behind in the IT revolution. However, we must attach some value to the health of our youngsters. Far more must be done. No mention of this was made in the Budget speech, but I hope that when other Ministers make their contributions to the debate someone will say something about schools generally, including our responsibility to ensure that youngsters are able to have access to sports equipment. They should have time during the day to get away from their computers and take part in active and competitive sport.

[Mr. Evans]

There was a loud roar when the Chancellor announced his one-off £200 handout in respect of council tax after the clobbering that senior citizens have taken with the increase in the tax since 1997. There have been increases of more than 70 per cent. which amount to several hundreds of pounds. To try to buy people's votes with a one-off £200 is incredible, risible and pathetic in the extreme. We have to ensure that in future our senior citizens are protected from the huge increases that they have had to pay. Many of them will feel, as their children move away and if their husband or wife dies, that although they are the only person left in their house it is where their family memories are. My great fear is that they may feel that they have to sell that family home because they cannot afford to pay the huge council tax increases that are demanded of them. That would be cruel, and we must make absolutely certain that it does not happen.

Much has been made of China, in relation not only to energy but to the fact that it is growing, as is India. Many jobs that were originally in this country have moved to China, India, eastern Europe and south-east Asia, and that is a continuing trend. When I was elected in 1992, we had many debates in this House about the loss of manufacturing jobs, how dismal that was and how it was all the fault of the Tory Government. We have now had a Labour Government for eight years, and the fact that we have lost 1 million manufacturing jobs must be worrying.

We cannot put all our eggs in one basket as regards what we do in the future. I am a big believer in manufacturing industry. BAE Systems is in my constituency as well as that of my right hon. Friend the Member for Fylde (Mr. Jack). We have there the beauty of high-tech jobs, which are, like manufacturing, vital. I am proud of those skills. If we do not cherish and nurture them to ensure that they flourish, they will go to other countries. Our skilled people will take their skills to places such as China, India, south-east Asia and the United States of America, and once they have done so we will not get them back.

Mr. Stephen O'Brien (Eddisbury) (Con): I am noting my hon. Friend's important and cogent points on the loss of manufacturing in this country over the past seven years. He will be aware, I hope, that in the equivalent seven-year period under the previous Conservative Government, 186,000 manufacturing jobs were created; that is to be contrasted with 1 million jobs lost under Labour.

Mr. Evans: I fully accept that. We recognised the importance of manufacturing and ensured that our businesses were not over-regulated. I heard the spat that took place earlier about regulations. We know from the Institute of Directors and the CBI that extra regulations are costing British business of all sizes billions of pounds. We even heard the Chancellor admitting after eight years, "We know we have a problem with the gilding of directives when they come from Europe, so we are going to do something about it."

Mr. O'Brien: He has read the Conservative policies.

Mr. Evans: My hon. Friend is right.

After eight years, and weeks before a general election, the Chancellor of the Exchequer concedes that there is a problem in this regard. Anyone who has read Christopher Booker in *The Sunday Telegraph* over a similar period will know that we have huge problems and need to do something about it. We do not want to create the same conditions that exist in places such as China and India—rather, we want conditions there to improve for their workers—but we cannot ignore the fact that we live in a competitive global world and that if we keep unnecessary rules and regulations we become too expensive compared with the rest of the world, and that is when we will start to lose out. British business will not be fooled by the Chancellor's late conversion on extra rules and regulations when he could have done something about it many years ago.

This is a vote now, pay later Budget, and I think that the British public will agree with that. The figures in the Red Book simply do not add up. We are told that there is a big black hole in the Treasury. It is not a black hole, but a Brown hole—a hole made by the Chancellor of the Exchequer. When people are in a big hole, we tell them to stop digging, and that is the clear message that should have gone out to the Chancellor today.

I know that the Chancellor believes that after the next general election, if a miracle happens and the Labour party is re-elected, he will go to No. 10. The one thing stopping him is the general election, which is likely to take place in May 2005. The choice of who will hold the keys to No. 10 is not between the Prime Minister and the Chancellor of the Exchequer. Their little spat is interesting, but alarming. They do not even talk to each other and do not have a civil word to say to each other, which is worrying for all of us. The choice is for the British people who have seen what has happened not just in this Budget but over the last eight years. I am enthusiastic about the next general election. As our leader said, "Bring it on; we look forward to it."

6.25 pm

Rob Marris (Wolverhampton, South-West) (Lab): I want to follow up some of the comments that have been made about manufacturing in the United Kingdom. The subject is dear to my heart because I was born and bred in the west midlands and represent a west midlands constituency. I know that it is also dear to your heart, Madam Deputy Speaker.

I welcome the fact that the Government are taking manufacturing more seriously than during their early years when there were other priorities. I echo the comments made by the right hon. Member for Fylde (Mr. Jack) about the aerospace industry, which have a resonance in Wolverhampton. I echo the calls from my hon. Friend the Member for Nottingham, South (Alan Simpson) for investment in pollution control and other such equipment in world markets. We should also encourage development of medical technology, which is already a large world market and will grow. We in the west midlands could do the research and development, and build the equipment.

I echo the calls from the TUC—I am proud to have been a member of the Transport and General Workers Union for many years—for the Chancellor to initiate a follow-up of the Wood review. That should identify positive lessons for developing procurement strategy in

the United Kingdom. The Wood review examined barriers to bidding on contracts and so on. We have a particular problem when UK companies try to bid for contracts in other countries of the European Union because those other countries do not always have as level a playing field as we do, or competition that is as open as here. We should consider encouraging British manufacturers to bid, and teach them how to bid, for Government procurement of manufacturing-based contracts in the United Kingdom.

Having talked about manufacturing, I salute the Opposition, particularly Conservative Members of the Opposition. They have done a good job today in difficult circumstances. It has been hard for them because economic growth is on forecast and we have great job creation. Some members of the Conservative party recognise that. The right hon. Member for Fylde got his figures right on public sector jobs in contradistinction to private sector jobs. There are 2.1 million extra jobs under this Government, but the hon. Member for Grantham and Stamford (Mr. Davies) got the figures wrong and said that two thirds of those jobs were in the public sector. In round terms, the figures are 600,000 out of 2.1 million. That is slightly less than a third, and there is proportionately slower growth of employment in the public sector than in the private sector. Conservative Members should recognise that. They should also recognise that it is sometimes difficult to determine who is what they would call a front-line worker.

To put another cast on the matter, when there was a decline in manufacturing under the Tories, part of it was masked by the figures. A tea lady in a factory was counted as working in manufacturing. If the contract was outsourced, she was no longer counted as working in manufacturing, but she was still a tea lady. That sort of thing sometimes makes it difficult to determine whether someone is a front-line public sector worker.

We have the lowest interest rates for years and years and we have low inflation, with the expectation that it will continue for many years. That makes it difficult for the Conservative Opposition to attack the Government, but attack they do—on the national debt, Government spending and regulations. I shall deal with those three issues in turn.

On the national debt, table C24 on page 274 of the Red Book gives the historic figures for public sector net debt. Other people spoke for far too long, so I will not bore the House at this time of night by reading out all the figures. It is clear, however, that in most of the years between 1979 and 1997 when the Conservative party were in government, public sector net debt as a proportion of gross domestic product was higher than it has been for the past eight years under the Chancellor. For most of those 18 years, it was higher than the Chancellor's projections for the next five years.

There is a similar situation regarding Government spending as a proportion of GDP. Table C25 on page 275 gives the historical figures for public sector current expenditure as a percentage of GDP. The highest figure in the past 30 years was 42.7 per cent. in 1982, under the Conservative Government. For most of the 18 years of the Conservative Government, public sector current expenditure as a proportion of GDP was higher, and sometimes considerably higher, than it has been for the past eight years under this Chancellor and this Government. It was also higher than the projections for the next five years. I have not worked the figures out exactly, but as a rough average, public expenditure as a proportion of GDP was 40 per cent under the Conservatives. The average under the present Government is 36.5 per cent. We could have a debate about whether that is too low, and whether we should do even more.

Mr. Kelvin Hopkins (Luton, North) (Lab): Will my hon. Friend give way?

Rob Marris: I will not, I am afraid, because I have limited time.

We need to consider whether we should do more for the public sector and public services. The fact is, the economy is stable and strong, and there is spending and investment in the public sector. We are catching up on 18 years of under-investment, yet the Government are spending, and have been spending, less as a proportion of GDP than was spent for most of the 18 years in which the previous Government were in power.

There was a strange exchange when my hon. Friend the Member for Hastings and Rye (Mr. Foster) asked the hon. Member for Orpington (Mr. Horam) who, like many Conservative Members, had been banging on about regulations, which three regulations he would abolish. The hon. Gentleman could not name one, and referred to tax credits. If he wishes to get rid of tax credits, his local party and constituents would be interested to hear about that.

The hon. Member for Eddisbury (Mr. O'Brien) chuntered on about the Chancellor when the hon. Member for Ribble Valley (Mr. Evans) was speaking about deregulation and saying that the Budget did too little, too late. However, on 1 December, I asked the shadow Chancellor, the right hon. Member for West Dorset (Mr. Letwin), for three examples of regulations that he would abolish. I shall not read out his entire reply, but he said

> "I can give the hon. Gentleman not three but thousands and thousands of examples. I will send him a very long list."—[*Official Report*, 1 December 2004; Vol. 428, c. 640.]

I did not receive that list, so I wrote to the right hon. Gentleman on 2 December and also reminded him verbally. I finally received a letter dated 16 December on 29 December, citing three regulations that the shadow Chancellor and his party would abolish—the statutory dispute resolution regulations, the Cattle Identification Regulations 1998 and the Care Homes Regulations 2001, which set national minimum standards, so abolition would dilute standards of protection for older residents.

I have still not received the long list I was promised. Conservative Members may claim, incorrectly, that the Chancellor is a late convert to deregulation, but three months have passed since the shadow Chancellor said that he would send me a long list, despite the fact that I gave him reminders both verbally and in correspondence. The right hon. Member for Wokingham (Mr. Redwood), the Opposition spokesman on deregulation, has not, as far as I know, produced a deregulation list either inside the Chamber or in any other public forum. Conservative Members should not berate us about regulation, and are simply engaging in rhetoric unless they can produce concrete examples. The shadow Chancellor has been able

[Rob Marris]

to produce only three examples in three months, and the hon. Member for Orpington could produce only one, which was hardly what most of us would classify as a regulation.

I should like to finish, because I am conscious that other people wish to speak. However, I have been waiting all day. I want to consider the position that an economy can get into when a right-wing Government take over and promise to cut taxes. That has happened in the United States of America. In January 2001, George W. Bush took over leadership of the United States, which at that time had its soundest economy for decades. In four years, he threw that away. Between 2001 and 2004, US federal tax revenues dropped by $600 billion. I shall not alarm hon. Members with all the figures that I have read in an excellent article in the 7 March issue of *MacLean's Magazine*, but some of them are frightening for America, and frightening in terms of what could happen in this country if a right-wing Government were elected with an agenda of cutting taxes.

Mr. Baron: Will the hon. Gentleman give way?

Rob Marris: No, I shall not give way because of time. In any case, I think that the hon. Gentleman hopes to speak.

If we got a right-wing Government that cut taxes and said that they could run things more efficiently, we would risk experiencing the same spiral as that in the States, whereby a budget surplus of $128 billion in 2001 has turned into a deficit of $412 billion this year, and the cost of borrowing and servicing the debt at a federal level is now 8.6 per cent. of the federal budget. On current projections, by 2014 all federal Government revenue will be consumed by four areas of spending: health care for the elderly and the poor; social security for pensioners; defence, and interest on the national debt. Furthermore, on those projections, by 2031, the US Government will not even be able to service the national debt. That shows how such things can quickly spiral out of control when a right-wing Government get in on false promises.

Conservative Members make the false promise that they, in government, would be more efficient. They say that they could run government more efficiently—to the tune of £35 billion less—than the current Government. I shall give them an example of how they cannot even run their party efficiently, let alone the Government. As some hon. Members know, I was born and raised in Wolverhampton. There are only two Marrises in the phone book in Wolverhampton. One is my mother, who lives in a village outside the city, and the other is me. I am the only person of that name in Wolverhampton, and I represent the constituency. Yet I got telephone canvassed by the Conservative party and asked to support it in the general election. A message was left on my answerphone, and I can assure Conservative Members who are present that I am not "doubtful", and that I shall vote Labour in my constituency, where I live.

A month later—again, hon. Members should bear in mind the fact that I am the only registered elector in the whole of Wolverhampton with the surname Marris—I got a letter from the Leader of the Opposition asking me to support the Conservative party in the general election, whenever it might be. That is one example of a political party that aspires to govern and claims that it will to do so more efficiently, yet cannot run itself efficiently enough not to canvass Labour Members of Parliament who, like me—and my right hon. Friend the Paymaster General—have distinctive surnames.

6.38 pm

Mr. John Baron (Billericay) (Con): No Budget is all bad or all good, and this Budget is no exception. However, the electorate, especially in Essex, will soon realise that it is a vote now, pay later Budget.

The Budget confirms that tax increases are inevitable should Labour win the next election. Most economic experts, including the International Monetary Fund, the Organisation for Economic Co-operation and Development and the Confederation of British Industry, say that the Prime Minister is spending, wasting and borrowing too much. That makes tax increases even more inevitable.

Even if one ignores the tax increases that are factored in, the burden of taxation is set to rise to 38.5 per cent. of GDP—the highest for 25 years. That is a worrying trend, because it affects our competitiveness. The Chancellor was right to focus on the competitive challenge from countries such as China and India. It is widely accepted that those countries are becoming global powerhouses and will prove a greater competitive threat to us in the years ahead. However, the Government's response, with higher taxes and spending, is the wrong way to face that challenge.

Britain needs lower taxes and less regulation if it is to compete effectively. However, our productivity is being undermined by a Government who continue to raise taxes, and this Budget has done nothing to put that right. It is little wonder that our position in the world competitiveness league table has slipped from something like fourth to 11th in recent years.

We are storing up trouble for ourselves in the years to come, and it is no good the Chancellor comparing our growth rate with that of the eurozone, which is suffering from very sluggish growth rates for a whole host of reasons, including its membership of the euro. The Chancellor should look instead to the better performing economies around the world for a comparison. We shall maintain our economic position and standard of living for our citizens only if we keep up with the best, rather than comparing ourselves with the mediocre.

The tax increases that have been introduced in recent years, which this Budget has done nothing to correct, will also ultimately hinder our ability to help the disadvantaged and vulnerable in the longer term. Despite promises to the contrary, we have had something like 66 tax increases since 1997, and the Government's total tax receipts have increased from about £270 billion in 1997 to about £400 billion last year.

Another way of illustrating that is to look at our tax freedom day. This measures when Britons start working for themselves and stop working for the Treasury. This year, tax freedom day in this country fell on 30 May. In 1964, by contrast, it fell on St. George's day, 23 April.

By 1970 it had advanced to 26 May, and it stayed around that date until the latter days of the last Conservative Administration in 1997, when it fell by a few days. Since then, under Labour, it has risen by six days and is set to rise further. The situation in the eurozone is even worse. Average citizens there must work right through to the end of June before they start to work for themselves.

In America, by contrast, tax freedom day this year fell on 11 April, the earliest for 37 years. It should be noted that—contrary to what the hon. Member for Wolverhampton, South-West (Rob Marris) said—the US has some of the lowest taxes and unemployment rates of all the industrialised countries. Growth there is about 4.5 per cent., while in the eurozone, which has some of the highest levels of unemployment and taxes, growth is about 1.5 per cent. Growth in the eurozone has been consistently lower over the years. Britain is, as we know, somewhere in the middle. These figures confirm to me—and, I hope, to the hon. Gentleman—that there is indeed a link between lower taxes and greater prosperity. The greater our prosperity, the more we shall be able to fund our public services and look after the disadvantaged in our society over the longer term.

Rob Marris: Is the hon. Gentleman seriously suggesting that we should emulate the USA economy, with its huge federal deficit spiralling out of control? Is he, in fact, suggesting that we should return to the policies that his Government espoused between 1992 and 1997 when they doubled the national debt? If he is, my constituents would like to know about it.

Mr. Baron: Not at all. After all, the Chancellor's debt is already big enough; we do not need to add to it. The point that I am making is that there is a causal link between lower taxation and higher growth. Tax freedom day is one way of illustrating that. If we compare what is happening in the eurozone with what is happening in the United States, there is no doubt that growth rates are higher in the US, in large part because taxes there are lower. That link cannot be denied. If we keep increasing taxes, over the longer term we shall stifle our prosperity and our ability to help those who are most in need.

Mr. Hopkins: Will the hon. Gentleman give way?

Mr. Baron: May I make some progress? I shall allow the hon. Gentleman to intervene if I make sufficient progress, but I am conscious that at least one other hon. Member wishes to speak before we finish.

My other concern about the Budget is that the Chancellor is committing himself to ever higher spending on essentially unreformed public services. The fact that they are largely unreformed is a key reason why taxpayers have seen too little benefit for their public services, considering the extent of the increase in spending. For example, recorded crime figures in Essex show that crime in general has risen by about 40 per cent. during the course of the past five years, while violent crime has soared by 150 per cent. Meanwhile, too many parents—certainly in my constituency, and I suspect in others—cannot get their children into their first choice school.

For me, the aspect that perhaps causes most concern is the health service. Despite the hard work and dedication of staff—I accept that there have been some improvements—the performance of the NHS falls well short of what could so easily be achieved if the Government just stepped back, stopped interfering and allowed the medical professionals to get on with the job.

The Department of Health's own figures, for example, show that average waiting times, despite all the money that has been put into the NHS, have lengthened by five days since 1998. The increase is from 90 days to 95. Those figures cannot be disputed, because they are the Department of Health's own.

The problem is not a shortage of money, but the fact that not a lot of the money has reached front-line services. The reason for that is that the Government have bombarded the NHS with hundreds of targets, which not only can and do distort clinical priorities, but soak up a lot of the new money because they need monitoring. Again, it is no coincidence that the Department of Health's own figures show that the number of managers has increased at three times the rate of the number of new doctors and nurses. That is not to deny that we have new doctors and nurses, but that rate of increase for managers is a key reason why a lot of the money does not reach front-line services.

We would replace those targets with a set of clinical guidelines and entitlements drawn up by the National Institute for Clinical Excellence for all conditions. That would ensure that, for the first time, all patients were treated according to their clinical condition, not whether they were on a targeted list of some sort. One advantage of that would be that those suffering from long-term conditions would no longer be considered second-class citizens.

I said at the beginning of my speech that no Budgets are all bad. There are some good elements in this Budget, but too few, I am afraid. One thing that I welcome, as do all Conservative Members, is the additional help for pensioners, although I must concur with my hon. Friend the Member for Ribble Valley (Mr. Evans): given that council tax increases have soaked up at least a third of the state pension increases over the last five or six years, and about 50 per cent. of all pensioners are on a means-tested benefit of some sort, while 1.5 million pensioners are not even claiming the pension credit to which they are entitled, the promised one-off payment of £200 is derisory.

That promise falls well short of our promise to halve the council tax bill up to a maximum of £500 and, perhaps most importantly for pensioners, to re-link the state pension to earnings and break the link with inflation, which, over the longer term, will be far more beneficial to those pensioners than one-offs such as the Chancellor has given today.

The Budget is a missed opportunity to reverse the many tax increases of recent years and ensure that taxpayers' money is wisely spent on our public services. Therefore, it is a missed opportunity for the Government. I certainly believe that taxpayers across the country are increasingly getting irritated by the extent of the tax increases and the fact that they are not seeing enough improvement in their public services for the money that is being spent. I think they will realise

[Mr. Baron]

very quickly that, because of those frustrations and missed opportunities, this is a vote now, pay later Budget.

6.48 pm

Mr. Andrew Tyrie (Chichester) (Con): On a point of order, Madam Deputy Speaker. I have before me a copy of the *Evening Standard*, which was bought at midday—well before the Chancellor stood up to make his Budget speech. It contains a large chunk of the Budget, with a large number of measures apparently having been leaked. This is the latest in a long line of discourtesies to the House, but, far worse, it is also a serious breach of Treasury confidentiality before a Budget.

I can only hope that this is unintentional. If it were planned, of course, it would be a very grave matter indeed: a previous Labour Chancellor resigned after he leaked the Budget. Given the apparent seriousness of this matter, are you prepared to allow a Treasury Minister—there are some on the Treasury Bench—to make a statement immediately to say what action will be taken to explain how this happened?

Mr. David Laws (Yeovil) (LD): Further to that point of order, Madam Deputy Speaker. I have seen the same article in the *Evening Standard*, and the hon. Gentleman is right that it pre-announced a number of items announced in the Budget that could not possibly have been known to anyone outside the Treasury. That is in the context of an article that claims to have an exclusive interview with the Chancellor of the Exchequer, today, I presume. This is a serious matter, and it has been taken seriously by the House previously when Chancellors have, on occasion, resigned for leaking Budget secrets. Would it be appropriate for you to ask the Leader of the House to make a statement on this issue tomorrow?

Madam Deputy Speaker (Sylvia Heal): The matter that has been brought to my attention is obviously one of concern, but I cannot immediately do anything about it. Members of the Treasury Bench are present, it has been brought to their attention, and it will be brought to the attention of Mr. Speaker.

6.50 pm

John McDonnell (Hayes and Harlington) (Lab): May I thank the hon. Member for Billericay (Mr. Baron) for the brevity of his speech, which has allowed me to contribute?

The debate has ranged from Confucius to Adam Smith to Karl Marx. It has ranged over China, India and various other areas of the world—

Rob Marris: And Wolverhampton.

John McDonnell: Indeed. The debate has considered the long-term prospects of the global economic system, the environment and a range of other matters. In the limited time that I have, I want to concentrate on the next few weeks.

Today's Budget contains much that is to be welcomed. The statement included commitments to the eradication of poverty, which the Chancellor has taken to the next stage by introducing additional benefits, especially for pensioners, such as the winter fuel allowance and council tax refund, and the welcome development of free bus travel for pensioners.

My concern is that if this Budget is intended to motivate Labour voters to come out and vote for the Government, which I hope that it is and I welcome it in that respect, it does not go far enough. We need to go further to make clear to the traditional supporters of this Government what is needed and what a Labour Government can do to represent their interests. We are faced with an election in which the lowest turnout in the political history of this country is a prospect, and traditional Labour supporters might comprise the largest stay-at-home element. From pensioners to students, to the low-paid, to public sector workers, large sections of Labour's traditional heartland and base have been alienated from the electoral process, such as workers who have lost their pensions as a result of activities under the previous Government. My view is that we need to mobilise those latent Labour supporters before the election, and we should do it with a real Labour Budget.

I therefore want to set out some of the things that we should be doing to build on the Chancellor's stated aims. In expenditure terms, we should raise the state pension to the guaranteed credit level—£105 for a single pensioner and £160 for a couple. We should restore the link with earnings. The total costing for that is £7.3 billion, increasing over the next few years to more than £9 billion.

Because of those people who have lost their pension security, because of the exploitation, I think, of the private pensions industry, and because many employers have mismanaged schemes over the years and taken pension holidays, resulting in schemes that can no longer support the pension promised to those workers, we need to strengthen the financial assistance scheme that the Government introduced, which was a superb measure to which we committed ourselves at the previous election. We now know, however, that the £400 million set aside to protect and compensate those workers is insufficient. On current estimates, if we are to protect workers who have lost their pensions as a result of insolvency, the cost could be in the region of £2.5 billion. In the run-up to the general election, we should make the commitment to cover that cost. We should also promise students that we will abolish tuition fees and restore the maintenance grant—at a cost of what? At a cost of £1.3 billion. The total of that expenditure is £11.1 billion.We could go further in tackling poverty if we increased the minimum wage to the level requested by the TUC—£6.60—which is not exactly extravagant compared with what some of our constituents earn.

We are asked how we will pay for all this. My view is fairly straightforward. We could introduce a package of measures which I think would be popular. First, we could introduce a windfall tax on bank and oil profits. So far this year, the banks have reported global annual profits of £28.6 billion, and estimated annual profits of £19.1 billion subject to UK corporation tax. The oil companies have reported profits of £38.3 billion globally, and £10.6 billion subject to UK corporation tax. A total profit of £29.7 billion has been made this year by banks and oil companies. A windfall tax of, say,

£2.5 billion would cover the cost of a one-off cash injection into the financial assistance scheme for pensioners. We could go further, and increase it to cover any future costs resulting from further insolvencies. A new tax band at 50 per cent. for incomes above £100,000 would bring in £5.2 billion, covering the cost of the abolition of tuition fees and the restoration of maintenance grants.

We should also consider where expenditure has been growing. In recent years, there has been a massive increase in defence expenditure. By 2007–08, we shall be spending £7.2 billion more on defence than we did in 2002, in real terms. We are doubling our defence expenditure under this Government. What we need to do now is at least return to the levels of 2002. If we did that, we would save £3.5 billion. Those measures alone would cover the costs of the raising of the pension, the restoring of the pensions link, the one-off cash injection, the abolition of tuition fees and the restoration of the maintenance grant.

I welcome the Chancellor's reforms. I welcome the measures to tackle poverty, especially those targeted at children and pensioners. What we also need, however, is a Budget that motivates Labour supporters and fills them with enthusiasm to vote for the return of a Labour Government. That requires a real Labour Budget, based on tackling poverty and securing peace rather than expenditure on weapons, and benefits that are readily available rather than those which, unfortunately plunge more and more people into means tests and increase the costs of their administration.

Some of today's debate has seemed not to be part of the real world that we inhabit in our constituencies. Over the past seven or eight years, the Government have lifted many families out of poverty. We have tackled unemployment. Many of us remember the early 1990s, when in street after street houses were repossessed because people were in negative equity. In many of our constituencies, unemployment reached 20 or 25 per cent. Poverty was rife. I compliment the Chancellor on the progress that he has made; but there is a long way to go—which, I believe, means focusing our energies on securing peace, investing in tackling poverty among pensioners and investing in our education system. We must remove any disincentive for students to stay on at university, and that means the abolition of tuition fees and the restoration of the maintenance grant.

We need to consider other elements of public expenditure. The money wasted on privatisation proposals means that we are not gaining the best from the money being invested in our public services overall. Debate after debate—on the probation and prison services, the railway industry or whatever—means that we are wasting resources on privatisation rather than direct investment. I therefore urge the Government not to listen to the arguments put forward about Gershon reviews and so on and the cutting of 100,000 civil service jobs, but to recognise that civil servants are delivering our manifesto commitments with dedication and commitment, and that they deserve our support.

Debate adjourned.—*[Ms Bridget Prentice.]*

Debate to be resumed tomorrow.

CONSTITUTIONAL REFORM BILL *[LORDS]* (PROGRAMME) (NO. 3)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programming of Bills),

That the following provisions shall apply to the Constitutional Reform Bill [Lords] for the purpose of supplementing the Orders of 17th January 2005 and 31st January 2005:

Consideration of Lords Message

1. Any Message from the Lords may be considered forthwith without any question put.

2. Proceedings on that Message shall (so far as not previously concluded) be brought to a conclusion one hour after the commencement of proceedings on the Motion for this Order.

Subsequent stages

3. Any further Messages from the Lords may be considered forthwith without any question put.

4. Proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Ms Bridget Prentice.]*

The House divided: Ayes 267, Noes 117.

Division No. 145] **[7pm**

AYES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Beard, Nigel
Beith, rh A. J.
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blair, rh Tony
Blears, Ms Hazel
Blunkett, rh David
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brazier, Julian
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Bryant, Chris
Burden, Richard
Burnham, Andy
Byers, rh Stephen
Byrne, Liam *(B'ham Hodge H)*
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Cassle, Roger
Caton, Martin
Challen, Colin
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, rh Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Farrelly, Paul
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*

Gardiner, Barry
Gilfard, Neil
Gibson, Dr. Ian
Gill, Parmjit Singh
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(MerthyrTydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith *(Streatham)*
Hinchliffe, David
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Iranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, rh Alan *(Hull W)*
Jones, Kevan *(N Durham)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaen, Alan *(Feltham)*
Kaen, Ann *(Brentford)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Kennedy, rh Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
Lammy, David
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, rh Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, rh John
Mclaese, Shona
McKechin, Ann
Mackinlay, Andrew
McNamara, Kevin
MacShane, Denis
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallober, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Mole, Chris
Moore, Michael
Morgan, Julie
Morley, Elliot
Mountford, Kali
Munn, Ms Meg
O'Brien, Mike *(N Warks)*
Olner, Bill
Osborne, Sandra *(Ayr)*
Pearson, Ian
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Pugh, Dr. John
Purnell, James
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Russell, Bob *(Colchester)*
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, rh Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Harrow W)*
Thurso, John
Timms, Stephen
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Wareing, Robert N.
Watson, Tom
Watts, David
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Roger *(Brecon)*
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Wookes, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. Jim Murphy and Margaret Moran

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Bacon, Richard
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Cameron, David
Cash, William
Clarke, rh Kenneth *(Rushcliffe)*
Conway, Derek
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Fox, Dr. Liam
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Jack, rh Michael
Jenkin, Bernard
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, rh Mrs Theresa
Mercer, Patrick
Moss, Malcolm
Murrison, Dr. Andrew
O'Brien, Stephen *(Eddisbury)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Roe, Dame Marion
Ruffley, David
Salmond, Alex
Simpson, Keith *(M-Norfolk)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swire, Hugo *(E Devon)*
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Thomas, Simon *(Ceredigion)*
Trimble, rh David
Turner, Andrew *(Isle of Wight)*

Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*

Tellers for the Noes:
Mr. Geoffrey Clifton-Brown and
Gregory Barker

Question accordingly agreed to.

Constitutional Reform Bill *[Lords]*

Lords Reasons for disagreeing to Commons Amendments considered.

7.14 pm

Madam Deputy Speaker (Sylvia Heal): I must inform the House that a message has been brought from the Lords, as follows. The Lords disagree to certain of their amendments made by the Commons to the Constitutional Reform Bill, for which disagreement they assign their reasons. They agree without amendment to the remaining amendments proposed by the Commons. Copies of the Lords reasons and motions and amendments relating to them are available in the Vote Office. They will be debated as a single group.

Lords reasons: Nos. 1A, 2A, 264A, 265A and 593A

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): I beg to move, That this House does not insist on its amendments Nos. 1, 2, 264, 265 and 593, and beg to move amendments (a) to (e) in lieu thereof.

Despite the clear decision taken by this House a few weeks ago in February, the House of Lords has yet again insisted that the newly reformed office of Lord Chancellor must for ever be a peer, and must for ever be a lawyer with 12 years' service or a High Court judge with at least two years' service.

So much has now been agreed between both Houses on the Bill—a new judicial appointments commission, a new UK supreme court and the ending of the judicial role of the Lord Chancellor—that it seems bizarre for the Lords to have this continued attachment, first, to a statutory bar on anyone elected in this House from ever becoming Lord Chancellor, and secondly, from anyone with anything less than two years as a senior judge or 12 years in legal practice from holding what in future will be a wholly ministerial post.

Despite hours, days and months of protracted debate, their lordships seem to have suffered a bout of collective amnesia and forgotten that the core, essential nature of the role of Lord Chancellor is changed and reformed fundamentally by this Bill. The Lord Chancellor will no longer be a Law Lord or head of the judiciary, so there is no longer any justification to insist that a Lord Chancellor must never be someone elected to this House of Commons.

Is there any reason why the Lord Chancellor must always be unelected? The answer is no. The Lord Chancellor will deliver public services with a budget of more than £3 billion and there is a strong case that, from time to time, the House of Commons should be able to hold that person directly to account. In our constitution, a Government are formed from the largest party group of elected MPs in this House. With the reformed office of Lord Chancellor no longer a Law Lord nor necessarily tied to the Woolsack in the other place, logic dictates that, in future, any Prime Minister should be able to make appointments from either House of Parliament, and not be fettered from selecting Ministers who can be held democratically accountable.

Peter Bottomley (Worthing, West) (Con): This is a minor point, but the Minister said that we would be

[Peter Bottomley]

barring someone from this House from ever becoming Lord Chancellor. That was a slight slip. Although they cannot be Lord Chancellor while they are in this House, they could be if they went to the House of Lords. That has happened in the past.

7.15 pm

Mr. Leslie: In which case they would not be able to be Lord Chancellor while they were in this House. My point is quite simple. It would be irrational to pickle for ever the Lord Chancellor in an unelected House when the ministerial post has changed. Although it has the title "Lord Chancellor", it is a different post.

Are there any good reasons why the Lord Chancellor must always be a senior judge for two years or a lawyer for 12 years? No. Enshrining the new "concordat" that we have in the Bill between the Lord Chief Justice and the Lord Chancellor means that, henceforth, the Lord Chancellor will no longer be the head of the judiciary. The Bill removes the judicial functions from the post of Lord Chancellor, which fundamentally changes the nature of that role. There is nothing in the reforms that requires a Prime Minister to pick only a high judicial office holder or similar as one of his or her Ministers. Such a restriction could potentially narrow the field so greatly that perfectly eminent individuals—perhaps senior law academics—would be debarred by statute from appointment.

Mr. David Kidney (Stafford) (Lab): I congratulate my hon. Friend on his deft finesse. Can he confirm that, although we will no longer have to choose a peer or lawyer, none of those qualifications is prevented from being taken into account by a Prime Minister in the future?

Mr. Leslie: As usual, my hon. Friend hits the nail on the head. He is completely right to suggest that we will want to appoint the best person for the job. That is quite simply our intention, and part of the reason for our amendments. It may well be that, in practice, an individual with experience as a practising lawyer or, indeed, a Member of the House of Lords is the most appropriate and best person for the job. However, it is not inexorably the case that that will always happen.

Mr. John Bercow (Buckingham) (Con): I have said it often enough, but I am happy to repeat it: I am not a lawyer and I say that as a matter of pride. Nevertheless, I can see some merit in the occupant of the office of Lord Chancellor having legal experience. I would not want to cavil for a moment at the motives of the hon. Gentleman or his ministerial colleagues. If, however, what they have in mind is a cunning plan at some stage to make the right hon. Member for Sheffield, Brightside (Mr. Blunkett) the Lord Chancellor, why not say so?

Mr. Leslie: I was wondering which constituency beginning with "Sh" the hon. Gentleman was about to suggest might provide a future occupant for the post. I, too, am not a lawyer, but I agree that it may well be reasonable to assume that a practising lawyer would be a good person to have as Lord Chancellor. I would not want to say for a moment that that might not be a good qualifying criterion. However, I am saying that it would be wrong to enshrine in statute that, absolutely and in all circumstances, the post must be held by a lawyer with 12 years' experience or a senior judge with two years' experience.

Andrew Mackinlay (Thurrock) (Lab): I totally agree with the Minister's propositions and will be glad to support him in the Division Lobby, which will be a great relief to him. Just looking ahead a little, is it not time that this potty Parliament—I do not mean that disparagingly—had Ministers of either House going into either House? That is the real issue. The architects of legislation should see it through all the procedures. They would not have to work off a brief or be parrots for others. If a Lord Chancellor—

Madam Deputy Speaker: Order. The intervention is lengthy.

Mr. Leslie: We were just getting into it, Madam Deputy Speaker. Perhaps my hon. Friend will catch your eye later.

My simple point is that we need to find a way through the impasse. Therefore, we have made a suggestion. We are content to say, in the Bill, that

"A person may not be recommended for appointment as Lord Chancellor unless he"

or she

"appears to the Prime Minister to be qualified by experience",

and that the Prime Minister may take into account any of the following: experience as a Minister of the Crown; experience as a Member of either House of Parliament; experience as a qualifying legal practitioner or as a teacher of law in a university; or any other experience that the Prime Minister considers relevant.

In proposing that compromise, we acknowledge the concern that there may otherwise be nothing to continue the convention that a suitably experienced person should undertake this senior office within the Government.

Mr. Dominic Grieve (Beaconsfield) (Con): I know that the Government specialise in meaningless words, but the hon. Gentleman must agree that if he reads the amendment in lieu, it amounts to nothing whatsoever. It is not worth the paper it is written on because the Prime Minister can still do exactly as he pleases.

Mr. Leslie: It would have been possible for us simply to rebut the insistence that came from the other place, but we wanted, in the spirit of compromise, to answer those concerns that there was nothing in the Bill to enshrine a sense of convention that we should have suitably experienced individuals for this senior ministerial post. That is why we have put the compromise together in the form of an amendment in lieu.

Mr. Kenneth Clarke (Rushcliffe) (Con): Surely, if the Prime Minister wants to, he may do all those things when he appoints any Minister in any Department. Does the hon. Gentleman at least accept what I understand to be the argument in favour of having an experienced senior lawyer? Whereas in the generality of

ministerial posts, people like us are appointed to a variety of posts as they get reshuffled, and operate as generalists and politicians in this House, in the case of the Lord Chancellor, we want someone absolutely imbued with a sense of the independence of the judiciary and the supremacy of the rule of law, and who is not just part of the party political cab rank to which he and I are proud to belong.

Mr. Leslie: I am sure that the right hon. and learned Gentleman is not ashamed of that fact. My point is simple. The nature of the Lord Chancellorship is changing. It will be a ministerial post. He will no longer be head of the judiciary or a Law Lord. We do not need the unnecessary legal qualificatory bar or the requirement that he must always be unelected. Heaven forfend that an elected person should hold a ministerial post. It is as simple as that, and that is why we have suggested broad criteria that might be desirable for holding the office of Lord Chancellor. It will still, of course, be a senior ministerial post. The right hon. and learned Gentleman is right to suggest that we would not want to fetter the Prime Minister unduly, which is why we hope to strike the compromise that we have produced.

Although we give examples of the sort of experience that might be desirable, we remain of the view that it is wrong to be unduly or rigidly prescriptive, because circumstances can change and we cannot predict entirely who might be the best person for the job in the future. Nevertheless, our amendment is tabled in a spirit which more formally recognises the desirable qualities of the reformed office of Lord Chancellor.

The battles and disagreements about the changes to the nature of the Lord Chancellorship have been had, debated and are largely resolved. It is a different job, with different characteristics, requiring different qualities, and it is time to accept that fact rather than fight the old arguments again by proxy.

Mr. A. J. Beith (Berwick-upon-Tweed) (LD): The more the hon. Gentleman talks about the difference and the changed nature of the job, the more he risks putting off those peers who might, at the end of the day, accept that that does not need to be specified in statute. At least some of them are concerned primarily that the person who holds the office should continue one present feature of the job—that its holder has the seniority, standing and view to enable him to challenge other Ministers when they seem to threaten the independence of the judiciary.

Mr. Leslie: The right hon. Gentleman makes a worthwhile point: strength of character and integrity cannot simply be legislated for by saying that only people in the House of Lords or with 12 years' legal experience fulfil those criteria. In the compromise that we have proposed, we have tried to highlight the fact that we recognise that experience is required. The sorts of experience required are listed but they are not prescriptive. Our amendment sets out what is desirable, which is why we offer it as we do. It sets out in broad terms the qualities sought in candidates for the new lord chancellorship, and I hope that both Houses can accept that approach.

Mr. Grieve: I am sorry that the Minister is prolonging a dispute with the other place when we appear otherwise to be close to reaching an end to an important piece of legislation, which, for various reasons, it is desirable that we see on the statute book if possible. However, the way the Minister is proceeding does not give me confidence that there will be a satisfactory resolution of the outstanding matters.

The Minister starts on a completely false premise. He argued that, because the nature of the Lord Chancellor's job has changed, as provided for in the Bill, it is perfectly appropriate that the post should be held by any other Minister in the Commons. I must assume that he has read the Lords *Hansard*, where he would have seen that ever since debate on the measure started, one of the central issues that has had to be considered is the aversion voiced in the other place, and indeed by us, to the disappearance of the special role of the Lord Chancellor as a Minister different from other Ministers. The Government have been forced to acknowledge that during the passage of the Bill, even though they did not want to do so, because they have provided that the Lord Chancellor shall take a special oath of office; they have acknowledged that the Lord Chancellor should retain his historic title, marking him out from other Ministers; and most particularly—because they certainly did not intend to do this when they first floated these reforms—they have been forced to concede various guarantees about continued judicial independence that have been enshrined in the concordat. And who is the Minister who will oversee the protection of the concordat? It is the Lord Chancellor.

There really is no point in the Minister telling the House that because the Lord Chancellor will no longer sit as a judge there will no longer be a need for someone to be present who is intimately linked to protecting judicial independence. I have to tell the Minister that I have no faith whatever in the Government when it comes to protecting judicial independence.

Mr. Edward Garnier (Harborough) (Con): Is not my hon. Friend's point further reinforced by the suggestion that a current or future Lord Chancellor, especially if he is a lawyer, should return to private practice having held that office? He cannot be responsible for the appointment of judges either as a tick-the-box man, following the recommendation of the judicial appointments commission, or as a direct appointee, and then go back to private practice to appear in front of the very judges whom he may have appointed.

Mr. Grieve: The issue goes rather further than that. As I understand what the present Lord Chancellor is saying, not only may he himself wish to return to private practice when he comes to the end of his period as Lord Chancellor, but he will actually suggest—I believe, on Monday—that in future judges should be appointed as judges for periods of time and return to practice thereafter. That is something that fills me with enormous disquiet, but we shall have to return to that as and when that extraordinary announcement is made.

There is every reason to keep the Lord Chancellor as a lawyer and a lord. In the debate in the other place, I note that Lord Howe of Aberavon rightly pointed out that as late as 2002, in the Government's submissions to the Council of Europe about the role of Lord Chancellor, they spell out every argument that, even

[Mr. Grieve]

taking account of the changed role of the Lord Chancellor, justifies keeping the Lord Chancellor as lawyer and lord.

7.30 pm

The Government say this of the Lord Chancellor:

"At the same time he is removed to the House of Lords, away from the full force of party politics. The Lord Chancellor is always a senior lawyer or judge, and therefore comes to government imbued with a full understanding of legal culture and the rule of law. His tripartite role enables him to act as both a link and bulwark between the judiciary and the executive and the legislature. He can explain, defend and interpret each to the other."

The tripartite role may no longer exist, but the Lord Chancellor continues to have a dual role that fully justifies the maintenance of his exceptional status. I simply cannot understand how the Minister can come to the House and argue that the legislation changes that. He can argue that he does not want it, but there is no logic behind the position that he has adopted. As the right hon. Member for Berwick-upon-Tweed (Mr. Beith) said, there must be concern that, if the Lord Chancellor does not have that status, he will become prey to party politics.

Let us look at the question as one of logic and forget what party is in government, although I have to say that we have seen plenty of examples in this Parliament of Ministers laying into the judiciary. The right hon. Member for Sheffield, Brightside (Mr. Blunkett) expressed himself in fairly intemperate terms when he was Home Secretary, and I detect that his intemperance may grow now that he is no longer in that post. I am troubled by the prospect of ending up with a Lord Chancellor who is fairly junior in the hierarchy of Ministers, who is present in this House and who wishes to have a further career in politics; such a person will inevitably be subject to much greater pressure not to uphold the rule of law or to defend the judiciary.

The Attorney-General, although he has an important role in advising the Government, is not present in Cabinet to uphold the rule of law, whereas the Lord Chancellor is, on a permanent basis. The Attorney-General is only present by invitation. All the more reason, therefore, why we should ensure that there is a lawyer of distinction within Government to perform precisely that role. If the Minister had simply suggested that we also consider a distinguished teacher of law in a university as an addition to the provisions on a qualifying practitioner, his argument would have had some force and I would have been prepared to consider it; but to remove the requirement to be a lawyer when the Lord Chancellor will have to perform a series of legal and quasi-judicial functions to maintain the independence of the judiciary is a very foolish—and quite unnecessary—development, which increases our anxiety that the only reason why the Government have done it is that they have already identified a Member of this House whom they wish to appoint to the job as soon as possible. Listening to the right hon. Member for Sheffield, Brightside beginning to encroach on at least one limb of the role of Secretary of State for Constitutional Affairs by talking about Englishness the other day, it struck me that he was lining himself up for that very job. I do not want the right hon. Gentleman to get that job—ever. That possibility is a good reason in itself to ensure that the Lords amendments are maintained.

We shall stand by the Lords amendments and reject the absolutely vacuous amendment in lieu. I can only assume that this fig leaf of an amendment reflects the Government's slight queasiness about what they are doing. I urge the Minister to tell the Prime Minister and others that if they want the Bill, they should be sensible. The Bill contains good things, such as the creation of a judicial appointments commission—

Keith Vaz (Leicester, East) (Lab): That is good now, is it?

Mr. Grieve: I have always said that we share a view on the desirability of a judicial appointments commission. We can also share a view on the new role of the Lord Chancellor, provided that he remains in the other place as a lawyer, with the protections that that will give him correctly to discharge his functions as an exceptional Minister, serving the Government, but at the same time ensuring that the rule of law in this country is properly maintained.

Keith Vaz: I rise briefly to support the Government amendments and to register my astonishment at what the hon. Member for Beaconsfield (Mr. Grieve) has just said. When the Government first produced the Constitutional Reform Bill, his predecessor, the hon. Member for Rutland and Melton (Mr. Duncan), who is not a lawyer, said that he would oppose it root and branch. However, the hon. Member for Beaconsfield now supports the Bill and has told this House for the first time that it contains good things. That conversion is marvellous, and I congratulate the Minister and the Lord Chancellor on their terrific job in convincing the Opposition of all the good things that the Bill contains.

Mr. Grieve: The hon. Gentleman is labouring under a delusion. In those debates, we made it clear that the judicial appointments commission to reinforce the independence of the judiciary was an element of the Bill that we wholly support and that we accepted that there were knock-on consequences for the Lord Chancellor's role. However, we also said—we still say it—that setting up a supreme court is a terrible waste of money.

Keith Vaz: The hon. Gentleman is cherry-picking. When the proposals were announced, the Conservative Opposition said that the proposals were a shambles and that they would oppose them. To give them their credit, the Liberal Democrats said that they supported the principle behind the proposals, but the official Opposition said that they were against them. I am glad that the official Opposition now support the Bill.

Chris Bryant (Rhondda) (Lab) *rose—*

Keith Vaz: I will not give way, because time is very short. Is it not sad that we are about to get this modernising Bill through both Houses of Parliament, but the Opposition are picking on that tiny little point,

because they think that the next Lord Chancellor will be my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett)? What nonsense. There is nothing wrong with the post's current incumbent, who is doing a fantastic job, and long may he continue to do so.

Chris Bryant *rose—*

Keith Vaz: Oh, all right then.

Chris Bryant: I did not realise that I was so persuasive. A further irony is that the Conservative party is in favour of an 80 per cent. elected second Chamber, but the argument that we have heard this afternoon is that we should protect the Lord Chancellor from any involvement in party politics, by making sure that he sits in the House of Lords.

Keith Vaz: My hon. Friend is right, and he has made his point with his usual clarity.

Amendment (a) is reasonable, and it covers all the various points that a Prime Minister might take into consideration in appointing the Lord Chancellor. It makes it clear on the face of the Bill that the Prime Minister of the day will choose a person who has some or all of various types of experience. That person might be a practitioner, and subsection (3) defines a qualifying practitioner in great detail on the face of the Bill. In debates on the Bill, the hon. Member for Beaconsfield and others have consistently asked for provisions to be put on the face of the Bill, because if it is important, it should be there—well, here it is.

I shall give way to any hon. Member who knows of another measure in which a member of the Cabinet's qualifications are defined in statute. That shows the uniqueness of the post and the fact that the Government have bent over backwards to meet the objections put forward by the Lords. They have listened carefully to the views of the House of Lords and of Conservative Members to make sure that those concerns are taken on board, so that we get a Bill that has been debated and carefully scrutinised by this House and of which we can be very proud.

Instead of supporting that approach, the hon. Member for Beaconsfield wants to pick away at every single sentence, dot and comma, because he wants to try to make sure that he gains something out of the whole process. Well, he has not.

The matter was discussed by the Select Committee, of which I am a member, under the great leadership of the right hon. Member for Berwick-upon-Tweed (Mr. Beith). I proposed to table an amendment, suggesting that a lawyer should hold the post. However, I was persuaded by the right hon. Gentleman and the hon. Member for Woking (Mr. Malins) and others that we should consider the post as a whole. Paragraph 30 of the report defines the key roles that the Lord Chancellor will have. It goes on to say:

"The principal responsibility for judicial appointments will be with the Judicial Appointments Commission and for judicial discipline with the Lord Chief Justice."

It recognises that the role has changed out of all recognition even though we are keeping the name Lord Chancellor. The paragraph goes on to say that it may be an advantage for the holder of the post of Lord Chancellor to be a senior lawyer. Not that it should be, but it may be an advantage. Any Prime Minister making this appointment will bear in mind now the clauses that have been tabled. I congratulate those who have done the drafting, the Minister and others. Every consideration should be given: a "Minister of the Crown", a "member of either House", a "qualifying practitioner", a

"teacher of law in a university"

and any other relevant experience.

Of course the Prime Minister will consider legal experience. However, if he chooses somebody who is not a lawyer, he will choose the best person for the job. That must be right, given the wide responsibilities that the Lord Chancellor has, having divested himself of all the detail that goes with the original post and handing it over to the Lord Chief Justice through the concordat.

I am pleased with the amendment. The Opposition should now draw stumps. They should recognise that what is proposed is the best way forward. They should enable the Bill to complete its passage through the House.

Mr. Grieve: The measure happens to be a House of Lords Bill. I suppose that we must recognise that the Government wished to carry a majority of the other place to their point of view. They have failed to do so on an important issue. The hon. Gentleman might agree that in those circumstances there would be a good reason to concur with the House of Lords and to get on with getting this legislation on the statute book with the protections and safeguards that it wishes to provide.

Keith Vaz: The amendment, which has been carefully drafted by my hon. Friend the Minister and others, deals with the points that the House of Lords has raised. It does not reject what the other place has said. The hon. Gentleman keeps saying, "Put it on the face of the Bill." Whenever I sit in my place, he jumps to the Opposition Dispatch Box and says, "Put it on the face of the Bill." It has been put on the face of the Bill for him so that he can read it at all times.

What really persuades me about the Bill and the amendment is that my hon. Friend the Member for Thurrock (Andrew Mackinlay) will support the Government in the Lobby. That gives me a great deal of heart. I know that at last we are on the right track.

Mr. Paul Tyler (North Cornwall) (LD): Unlike the hon. Members for Beaconsfield (Mr. Grieve) and for Leicester, East (Keith Vaz), I am not a lawyer, and I am not intending to stand again at the forthcoming general election, whenever it takes place. I am entirely objective and dispassionate because I could not possibly qualify in either House for the role in question.

I am reminded by the debate that took place in the other place last night that bishops used to hold this responsibility. I believe that commoners have also held the responsibility. There was Sir Thomas More.

Andrew Mackinlay: Indeed.

Mr. Tyler: The hon. Gentleman and I both think that he was Lord Chancellor, and certainly he was a commoner.

[Mr. Tyler]

An absurd discussion is taking place. The matter has been discussed at great length. I am not sure that the amendment in lieu takes us much of a step further. The real test is that the Lord Chancellor, whichever House he is in, has the confidence of the House. The real test is also whether he or she is capable of holding their own and capable of defending the Government in terms and Parliament in terms in the context of the defence of the rule of law.

The hon. Member for Leicester, East referred to the Select Committee report. I again pay tribute to that Committee, under the chairmanship of my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith), for producing a very useful report before our previous proceedings in this House. It says at paragraph 28:

"Although it may more be more likely that someone in the House of Lords as at present constituted has the seniority and lack of aspiration towards further office which we considered desirable, it is by no means certain, and there will be suitable candidates for the post in both Houses. There does not, therefore, seem to be a compelling argument for insisting that the Lord Chancellor must be a member of the Upper House."

7.45 pm

It is notable that no Conservative Members discussed or opposed that, so I wonder why it has suddenly become the critical issue for them at this stage.

Mr. Grieve: I should point out to the hon. Gentleman that it has been a critical issue ever since the matter was discussed in the other place at the start of proceedings on the Bill. It was made clear to the Government that the view of Members in the other place was that they wished the highly unusual and special role of the Lord Chancellor to be recognised by his being in the House of Lords, and thereby removed from some of the hurly-burly of politics, and by his being a lawyer to enable him to continue to provide the Government with the advice that they often need in order not to infringe the rule of law.

Mr. Tyler: I have always understood many Conservative Members to think that this House is pre-eminent, but I shall come back to that issue. In the meantime, the hon. Gentleman is factually wrong. The Select Committee's report followed much discussion in the Lords, so this is a latter-day objection.

On the question of whether the post should be held by a leading lawyer, paragraph 29 of the report says:

"The Select Committee of the House of Lords also reported a division of opinion on the question of whether the Minister should be a senior lawyer and those who considered that there was no need for the office-holder to hold a legal qualification. Accordingly, it made no recommendation."

My noble Friend Lord Goodhart said in last night's debate in the other place:

"there is a strong case for saying that the Attorney-General should be in the House of Lords, both on practical and constitutional grounds... The Attorney-General should be at least semi-detached from his colleagues, but the Lord Chancellor, as a member of the Cabinet, cannot be semi-detached in the same way."

He went on to say:

"The main role of the Lord Chancellor when this Bill is enacted will be to be a departmental Minister of an important government department. His role as a constitutional watchdog in the Cabinet will be as it always has been—informal."—[*Official Report, House of Lords*, 15 March 2005; Vol. 670, c. 1234.]

Let us recall that that Department is concurrently spending some £3 billion of taxpayers' money. This House has always had responsibility for holding Ministers to account for the expenditure of public money. That is an important matter that has not been mentioned this evening.

Mr. Grieve *rose—*

Mr. Tyler: I hope that the hon. Gentleman can respond to that point.

Mr. Grieve: The hon. Gentleman's argument has little foundation. There is at least one other spending Department in the House of Lords—that of Baroness Amos, who controls a Department that spends sums substantially in excess of the Lord Chancellor's Department. There is no problem in holding her to account, just as we can hold the Lord Chancellor to account through the Minister.

There has been so much anxiety about this partly because of what happened last week. That was a classic example of what happens when the Government start to lose sight of the rule of law, as they did in their anti-terrorist legislation.

Mr. Tyler: I am grateful to the hon. Gentleman for his second speech. I am reminded that lawyers sometimes appear to have a sort of taxi meter that charges in guineas according to the length of their speeches.

I directly reject what the hon. Gentleman says. During last night's debate in the other place, Members on both sides of the House made much reference to the fact that Roy Jenkins, who was a Member of this House, might well have been a much better champion in defending the rule of law than many Lord Chancellors of that time. I find extraordinary the idea that only somebody in that place—"as at present constituted", to repeat the Select Committee's words—can be in a position to rise above party politics.

How can those who continually tell those of us who have been engaged in cross-party consideration of reforms to the second Chamber that we must preserve the pre-eminence of the House of Commons say at the same time that the holder of this great office of state can be answerable only to somebody in the subsidiary House up the Corridor? It is extraordinary that both arguments should be made at the same time. Parliament is changing, hopefully for the best, and I trust that we shall reverse the gradual and debilitating loss of power to the Executive. However, the notion that only the Lords can preserve the rule of law is patent bunk. Both Houses need to co-operate in holding the Executive to account, whoever is in power, but at the very least we need greater flexibility to ensure that the pool of talent for the role is not artificially restricted.

In response to a contribution from my noble Friend Lord Goodhart, Lord Kingsland, the Conservative spokesman, said:

"What possible confidence can the noble Lord, Lord Goodhart, have that a non-lawyer sitting in the House of Commons would do a better job?"—[*Official Report, House of Lords*, 15 March 2005; Vol. 670, c. 1241.]

Lord Kingsland gave the game away. That is not the question that we are considering. We should be asking what possible confidence can we have that a non-lawyer sitting in the Commons will always do a worse job? That is the real issue. We should not say that the role must always be performed by a Member of the Commons. Flexibility along the lines agreed by our Select Committee remains the best option for an open choice of Lord Chancellor. I hope that the House will stand by its previous decision.

Mr. John Gummer (Suffolk, Coastal) (Con): I have always been a believer in convention rather than in writing these things out in words. The Minister has delighted the House with the clarity of his answers, and has always been willing to respond courteously and correctly, so I hope that he will not take it amiss if I say that convention is no longer strong enough to withstand the Government's behaviour. It is therefore important to have in place a number of protections.

The rule of law is the one thing above everything else that this country has given the rest of the world. Of all the constitutional concepts, the rule of law is crucial. The fact that no one is above the law—even our monarch is subject to the law, which is not the case for any other head of state—emphasises the importance that we attach to the rule of law. I am not a lawyer—I never wanted to be one—which is why I wanted to speak on the subject. Members who are not lawyers should speak out and say that the new lord chancellorship ought to be held by a lawyer. The Lord Chancellor does not just look after a Department but performs a particular role in government. He must remind Governments—constantly in some cases and occasionally in others—of their responsibilities towards that great inheritance of the rule of law.

I have no idea whether someone would be designated to perform that role if we changed the law. No one can be certain about that, although some of us have our suspicions. However, I am certain that the definition to which the Prime Minister must adhere when making the appointment means absolutely nothing at all. If definitions do not apply when the Prime Minister chooses the least important parliamentary secretary, he is not doing his job properly. Prime Ministers should choose Ministers who are good at the job and have the responsibilities and experience to discharge it. The present Prime Minister does not seem to have followed that very often, but it is a perfectly reasonable statement of how Prime Ministers are supposed to choose Ministers. There is nothing in the proposal that restricts the Prime Minister's choice.

It is not the Minister's fault that we feel strongly about this. It is the Prime Minister's fault, as he has presided over an Executive who have diminished the powers of the House, who resent the powers of the other House, and who have used their organisation of Government not for the better pursuance of government but for the creation of Ministries ad hominem. They have also shown scant interest in the rule of law. If ever there was a time when the country needed in statute rules that, to some extent, restrict the cavalier manner in which the Prime Minister chooses his Ministers, it is now.

The new Department has a peculiar slogan, which I have mentioned previously. It is incorrectly punctuated and thoroughly dangerous because it states that the Department for Constitutional Affairs stands for, "Justice, rights and democracy". Of course there is no mention of duties, responsibilities or obligations. No—the Department is a specially honed Ministry, designed to present a specific political view of the world. I want the head of that Ministry to be at least sufficiently trained in the law and of sufficient standing to defend what should exist in it and what the slogan denies.

For that reason, I strongly support what their Lordships have done. In any event, I believe that all the rubbish, which is supposed to be a compromise but is a litany of the obvious, should be removed, and I trust that we shall stick to our guns.

Mr. A. J. Beith (Berwick-upon-Tweed) (LD): The Select Committee on Constitutional Affairs produced two reports on the Bill. The Government and the House of Lords together have implemented to a considerable extent the changes that we recommended. I welcome that. The Committee's track record is like that on most subjects: when we make recommendations, things tend to happen. That applies to the Bill. The rescue of the title and office of Lord Chancellor is a welcome change because it tries to deal with the genuine concern in many quarters that we might have ended up with a Minister who recognised no special obligation beyond that of running the Department well and delivering what the Prime Minister of the day wanted.

The concept of delivery often appears to be at variance with strong constitutional principles, which are normally maintained by convention, as the right hon. Member for Suffolk, Coastal (Mr. Gummer) said. The retention of the office and the special Oath has partly allayed such concerns. However, of the two amendments that their Lordships have sent back to us, only one restricts the Prime Minister's ability to choose anyone he likes to be Lord Chancellor, and it also restricts that person to being a lawyer.

The amendment that requires the Lord Chancellor to be a Member of the House of Lords poses no restriction beyond that. Prime Ministers regularly decide that they would like someone to be a Minister who is not in the House of Commons and put that person in the House of Lords. Some rather good Ministers have emerged through that route, but it sits a little strangely with the way in which we do business at this end of the Building. Let us be clear: the amendment that restricts the Lord Chancellor to being a Member of the House of Lords does not restrict the kind of person who could fill that role. The only restriction that their Lordships propose in the other amendment is that the Lord Chancellor should be a senior lawyer.

Mr. Grieve: I accept that the Prime Minister can place whoever he likes in the Lords unless there is a reform of that ability. However, someone in the House of Lords

[Mr. Grieve]

acquires greater independence than he would enjoy in this House because he is freed from the considerable political pressures that he might experience here.

Mr. Beith: As it happens, I often observe the House of Lords from relatively close quarters—I declare my interest as the husband of a Member of it. I find a wide range of independence and party loyalty among its Members, who include some good people in all parties and none.

It appeared to the Committee and me that the primary concern was whether the person who exercises the office will have the standing and independence to defend the rule of law in Cabinet.

Mr. Garnier: Will the right hon. Gentleman give way?

Mr. Beith: No, I am answering the point made by the hon. Member for Beaconsfield (Mr. Grieve), whose concern I understand. However, I do not think that that concern is addressed by placing in the Bill a requirement that the person should be a Member of the House of Lords or a senior lawyer, even though I believe that the Government would be wise to look in both those directions for candidates, certainly in the near future, in seeking to get this position established, so that this matter can be settled in a reasonable way.

Mr. Garnier: Does the right hon. Gentleman appreciate that this Government are careless of the constitution not only in the way in which they create their legislation, but in the way in which they allow us time for debate? He has about 30 seconds left before this debate finishes. Is not that an utter disgrace and a suborning of the parliamentary process—

It being one hour after the commencement of proceedings on the programme motion, MR. DEPUTY SPEAKER *put the Question already proposed from the Chair, pursuant to Order [this day].*

Question agreed to.

MR. DEPUTY SPEAKER *then proceeded to put the remaining Questions required to be put at that hour.*

Resolved,

That this House does not insist on its amendments Nos. 2, 264, 265 and 593, to which the Lords have disagreed.—*[Mr. Leslie.]*

Amendments proposed: (a) to (e).

Question put, That the amendments be made.

The House divided: Ayes 256, Noes 109.

Division No. 146] **[8.1 pm**

AYES

Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Beard, Nigel
Beith, rh A. J.
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blears, Ms Hazel
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brooke, Mrs Annette L.
Browne, Desmond
Bruce, Malcolm
Bryant, Chris
Burden, Richard
Burnham, Andy
Byers, rh Stephen
Byrne, Liam *(B'ham Hodge H)*
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Casale, Roger
Caton, Martin
Challen, Colin
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, rh Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Elman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Foster, Don *(Bath)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gill, Parmjit Singh
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith *(Streatham)*
Hinchliffe, David
Hope, Phil *(Corby)*
Hopkins, Kelvin
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Iranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, rh Alan *(Hull W)*
Jones, Kevan *(N Durham)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Kennedy, rh Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Lammy, David
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, rh Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNamara, Kevin
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mailaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun

Miliband, David
Mole, Chris
Moore, Michael
Moran, Margaret
Morgan, Julie
Mountford, Kali
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Osborne, Sandra *(Ayr)*
Pearson, Ian
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Price, Adam *(E Carmarthen & Dinefwr)*
Pugh, Dr. John
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, Angus *(Moray)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Salmond, Alex
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, rh Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Sir Robert *(W Ab'd'rns & Kincardine)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Wareing, Robert N.
Watts, David
Weir, Michael
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Winnick, David
Wishart, Pete
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. Nick Ainger and James Purnell

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Bacon, Richard
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Browning, Mrs Angela
Burns, Simon
Burnside, David
Butterfill, Sir John
Cash, William
Clarke, rh Kenneth *(Rushcliffe)*
Conway, Derek
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Flight, Howard
Forth, rh Eric
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Jack, rh Michael
Jenkin, Bernard
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, rh Mrs Theresa
Mercer, Patrick
Moss, Malcolm
Murrison, Dr. Andrew
O'Brien, Stephen *(Eddisbury)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Roe, Dame Marion
Rosindell, Andrew
Ruffley, David
Simpson, Keith *(M-Norfolk)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swire, Hugo *(E Devon)*
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Wiggin, Bill
Wilkinson, John
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*

Tellers for the Noes:
Gregory Barker and Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

PETITION

Street Fund Raisers

8.12 pm

Mr. David Lepper (Brighton, Pavilion) (Lab/Co-op): I present the petition of the Brighton Business Forum on the problems for city centre businesses, shoppers and residents associated with street charity collectors or "chuggers", as they are known. More than 200 signatures were collected, mainly in the North Laine area of Brighton. The petition is in the names of Anthony Mernagh, chief executive of the city centre business forum, Soozie Campbell, city centre manager, Peter Stocker of the North Laine Traders Association, and Andrew Bird, proprietor of the Silverado shop.

The petition states:

The Petition of Brighton Business Forum,

Declares that some street fund-raisers are obstructive and intrusive in their behaviour and that the intense, ongoing presence of street fund-raisers is affecting the character and businesses of the North Laine area.

The Petitioners further declare that the Public Fund-Raisers Regulatory Authority agreed to amend the voluntary code of practice in order to address traders' concerns relating to operatives standing in shop doorways, not moving on after a couple of hours, and using ambush-style tactics. The Petitioners declare that operatives are ignoring the amendments, as well as the standard requirements of the voluntary code of practice by failing to state that they work for an agency and are paid to collect money. The Petitioners add that they have no problem with volunteer "shake-a-can" collectors.

[Mr. David Lepper]

The Petitioners therefore request that the House of Commons urge the Government to use the opportunity presented by the Charities Bill to investigate ways that street fund-raisers can be regulated or licensed.

And the Petitioners remain, etc.

To lie upon the Table.

Brighton and Sussex University Hospitals NHS Trust

Motion made, and Question proposed, That this House do now adjourn.—*[Gillian Merron.]*

8.14 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): First, let me ask the Minister to pass my sincere sympathy to his hon. Friend the Under-Secretary of State for Health, the hon. Member for South Thanet (Dr. Ladyman), and to say how sad my hon. Friends and I were to hear his news.

I am grateful for this opportunity to draw to the House's attention the serious anxieties of many of my constituents about the proposals in the consultation document "Best Care, Best Place". I was grateful to the Secretary of State for seeing an all-party delegation from Mid-Sussex, whose members expressed very clearly their views on the problems involved in the proposals. He gave them a genuine and full hearing. I want the Minister to know that the issue features very strongly throughout my constituency—in Burgess Hill, East Grinstead and Haywards Heath and in the royal areas—and is followed with great interest in the wider Sussex area. I note the support of my right hon. Friend the Member for Horsham (Mr. Maude) and my hon. Friends the Members for Arundel and South Downs (Mr. Flight) and for Wealden (Charles Hendry), who I hope may seek to catch your eye, Mr. Deputy Speaker.

Many of these ideas were aired only five years ago when there was another major consultation on a document entitled "Modern Hospital Services for Central Sussex—A challenge for us all". And a challenge they have proved to be, albeit an unresolved challenge. Five years on, here we are again in another period of instability and uncertainty for my constituents and for the patients and staff of the Princess Royal hospital in Haywards Heath.

The Princess Royal is a busy modern purpose-built hospital with 339 beds. During last year 10,700 people were treated as emergency admissions and 3,072 as elective admissions. In its admirable and busy out-patient department, 79,890 people were looked after. The accident and emergency department—a subject of continuing and great local anxiety—cared for 30,734 people.

The Princess Royal has a total staff of 1,331. All those excellent people are dedicated to their work and to those for whom they care, and I pay the warmest tribute to them for the magnificent service that they provide. The Minister will understand that they are extremely anxious about the future, and deeply concerned about the continuing upheaval caused by the endless rearrangements and the lack of stability of service. Many of them know what is right for Mid-Sussex, and think little of what is proposed. I want the Minister to reassure those people tonight, and to give some certainty to what the future holds.

I say that because I want the Minister to appreciate that the Princess Royal is an excellent NHS hospital that is greatly valued in its local community. As I said in a debate five years ago on 29 November 2000 and again on 6 November 2001 in the House, we are truly proud

locally of the service that it provides, the skills and excellence of its staff and the solid best efforts of its management. We understand the anxiety of the wider community to have the services that they really need and to which they are entitled.

I should also tell the Minister that there are some fundamental questions relating to joined-up government which must be addressed and which, in my opinion, have not been dealt with well in the document. The Government's new housing proposals require all of us in West Sussex and elsewhere in Sussex—particularly Mid-Sussex—to absorb a substantial number of new houses. The local infrastructure to support those plans simply does not exist—a problem that I have drawn to the attention of the Prime Minister, the Deputy Prime Minister, the Chief Secretary to the Treasury and the Minister for Housing and Planning in parliamentary questions, debates and extensive correspondence.

The provision of an extensive social infrastructure, including health services, is of the first importance. The Government's plans could include about 45,000 extra people in Mid-Sussex. I therefore need an assurance from the Minister that the plans take into account the substantial extra growth being imposed on Mid-Sussex by his Government.

Let me now deal with the consultation document and my constituents' views. My hon. Friend the Member for Arundel and South Downs and my right hon. Friend the Member for Horsham—indeed, I think all of us—understand that the national health service has always evolved, and we accept that that is right.

We accept the movement of some services between the Princess Royal hospital in Haywards Heath and the Royal Sussex County hospital in Brighton if it is based on sound and substantial clinical grounds. But my constituents share strong and determined views concerning the irreducible minimum of services that must be retained at the PRH. There is the deeply held perception locally that a remorseless drift of services away from Haywards Heath towards the Royal Sussex County hospital in Brighton is taking place, and that is what is causing such strong local anxiety.

Mr. Francis Maude (Horsham) (Con): I congratulate my hon. Friend on securing this debate and I entirely support everything that he says. Does he share my view that the uncertainty that his and my constituents feel about the current arrangements and consultation is amplified by the dithering and procrastination that surrounded the movement of the hospital services on which many of my constituents depended away from Crawley to Redhill? Such procrastination has led to a state of crisis at the East Surrey hospital in Redhill. I now have more complaints about the health service than I have had at any stage in my parliamentary career. Does he share my view that this matter has to be dealt with in the short term with certainty and clarity, and that in the longer term, the answer is to build a new hospital at Pease Pottage—a prospect that was dangled before the public before the last election, and then promptly taken away afterwards?

Mr. Soames: My right hon. Friend is quite right. The shambles and debacle of the Crawley and Redhill situation is causing the gravest concern to us all because it inspires such little confidence in the NHS decision-making process. As to creating a new hospital at Pease Pottage, that will inevitably have to be considered.

Paediatrics was removed from the PRH a year ago and transferred to Brighton without any proper consultation. We must have today from the Minister some direct assurance that this sort of thing will not happen in future, and that serious thought will be given to preventing services from being stripped from the PRH. Secondly, the accident and emergency department was ludicrously threatened with closure five years ago, but following absolute uproar in Mid-Sussex and a vigorous campaign led by myself, the district council and our excellent local paper the *Mid Sussex Times*—known as "The Middy"—the decision was overturned and the department, I am grateful to say, has continued.

But because of the ill-handling of this matter and of the very issue raised by my right hon. Friend the Member for Horsham—the current unhappy debacle at the Crawley hospital, which has now been downgraded to a walk-in accident and emergency centre, and the extremely unsatisfactory situation at Redhill—confidence in NHS decision making locally remains very low. We urge Ministers to take a personal interest in the way in which this matter will be handled.

Despite the assurances that have been given, there remains the real concern that our accident and emergency department at the PRH is to be downgraded. We cannot have this and we will not allow it. I am especially anxious about whether a hospital that does not treat acute trauma or provide emergency surgery will be viable in future. Again, we need assurances, particularly given that on our doorstep is Gatwick airport, and the threat of a major incident or terrorist attack.

The third point of great concern is the question of vital maternity services and the possible reduction in neo-natal and maternity services at the PRH. I believe it absolutely essential that these services be retained, and that women should be able to have their babies in Haywards Heath. I understand that the trust is trying to recruit advanced neo-natal nurse practitioners. They are as rare as hen's teeth, and there is understandable scepticism about the idea that they can be recruited. We need assurances on this question and an understanding that it would be wholly unacceptable to the growing Mid-Sussex population—in East Grinstead, Haywards Heath, Burgess Hill and the rural areas—if they were unable to access essential services locally.

There are many serious difficulties that need to be dealt with concerning transport. Access to the Royal Sussex County hospital in Brighton is appalling, as is the traffic congestion that surrounds it. There is very real concern in Mid-Sussex—particularly in East Grinstead, which is to the north of the constituency—that transport times would be unacceptable in an emergency. There are also important questions that must be settled relating to car parking, staff transport and the wholly inadequate public transport infrastructure. We will look to the trust to build on the work that is already being done through the Mid-Sussex transport group.

Charles Hendry (Wealden) (Con): I, too, congratulate my hon. Friend on securing the debate and commend

[Charles Hendry]

him for the way in which he has led this initiative and campaign. Is he aware that almost 20,000 of my constituents in and around Uckfield are dependent on the Princess Royal hospital? So there is tremendous interest in the accident and emergency unit—for them, it is a 20-minute journey to Tunbridge Wells and a half-hour journey to Brighton or Eastbourne—and the survival of that hospital is fundamental to my constituents as well as to his.

Mr. Soames: My hon. Friend makes an extremely important point, and I hope that the Minister will deal with it. The kernel of the argument is that what is proposed, if the services were to be downgraded, would be dangerous, unsatisfactory and not acceptable to his constituents or to mine.

There is also the question of the future of Hurstwood Park hospital, which is in the grounds of the PRH. Some detailed work needs to be done on the future location of those services—of course, they must be tied into the medical school part of the trust—but it seems strange that, with £2 million newly invested in that facility, it could be closed and moved.

On a separate, already very important matter, the consultation paper does not adequately deal with the needs of the increasing number of elderly residents in Mid-Sussex. Their needs must be addressed in the detail that they deserve.

In my view, the management of the trust need to be less Brighton-centric and to demonstrate a determination to run a split-site operation more obviously equitably. They need to show a greater tangible commitment to the PRH, not only in the services, but by word and deed. The PRH needs to be reassured of the wholehearted commitment of the medical school. That will require an act of will and leadership, of which we need to see much more.

Finally, may I raise one matter with which my hon. Friends the Members for East Surrey (Mr. Ainsworth) and for Wealden will wish to be associated? The Minister will be aware that in my meeting with the Secretary of State for Health on 28 February, I mentioned to him our concerns about the excellent and unique Queen Victoria hospital in East Grinstead and raised the very important issue of the national burns review. The Secretary of State has since called for further information from officials because I hope and believe that he now realises that the proposals made by the national burns review are not substantial enough to be subjected to public consultation. The robustness of the data used to make recommendations from the review has been criticised independently, and the process appears to have lacked any form of serious transparency and taken little account of patients' needs.

If the Queen Victoria hospital is not a centre able to treat the most seriously burned patients, many will face long transfers to other hospitals and may be exposed to risks for which there is no clinical necessity. If the Queen Victoria hospital has to downgrade in any way, its national emergency responsibility will also be seriously affected. The future development would compromise its world-class research. Staff morale is being gravely undermined by the insensitivity with which the matter is being handled by the Government, and I should be grateful to the Minister if he assured us that any decision will be properly and swiftly taken.

8.27 pm

Mr. Howard Flight (Arundel and South Downs) (Con): I echo the sympathy for the Minister's colleague expressed by my hon. Friend the Member for Mid-Sussex (Mr. Soames).

The plans for a new hospital at Pease Pottage were effectively shelved some time ago, so it is crucial that the Princess Royal hospital should remain viable. It serves the east end of my constituency and is shared with Mid-Sussex and Wealden. It is an excellent hospital and is well supported in the community. As my hon. Friend the Member for Mid-Sussex has set out most clearly, the concerns are, in essence, that a period of instability will lead to the running down of the hospital and possibly to a fate similar to that experienced at Crawley.

The background is that five years ago there was a fight to save the accident and emergency services and overcome the unwise plans of the time, and that the paediatrics unit has recently closed. Specifically, as has been pointed out, first, we seek confirmation that the A and E unit will not be downgraded, and that it is viable without facilities to treat trauma and without emergency surgery facilities. That is crucial not only because Gatwick is up the road, but because transport to Brighton is inadequate and there are severe delays at busy times.

Secondly, we seek confirmation that the maternity unit has a secure future and that the recruitment of advanced neonatal nurses is going to be a viable solution to the problem. As has been pointed out, Hurstwood Park provides crucial facilities in the area and has just had a major investment. We seek confirmation that if there is eventually a move to coincide the location with the university hospital, it will be well planned and a good way off in the future.

At the heart of the issue is the new joint trust arrangement on split sites, which could work better. The management is based in Brighton, and there is at least a vulnerability to declining staff morale at the Princess Royal against the background of what is perceived to be a less than secure future. Unless and until there are firm plans and commitments for a major new hospital—for example, at Pease Pottage—it is crucial that this hospital remain viable and successful. As has been pointed out, the number of people that it may be expected to serve is going to grow, and it would be a disgrace if a failure to grasp these key issues led to the hospital repeating Crawley's experience.

8.31 pm

The Minister of State, Department of Health (Mr. John Hutton): First, I express my appreciation to the hon. Members for Mid-Sussex (Mr. Soames) and for Arundel and South Downs (Mr. Flight) for their remarks about the Under-Secretary of State for Health, my hon. Friend the Member for South Thanet (Dr. Ladyman). More importantly, my hon. Friend himself will be grateful to both of them for their remarks.

I congratulate the hon. Member for Mid-Sussex on securing this debate and on the way in which he presented the argument. I know that he has been

involved actively in the public consultation on these important proposals. He has played an important and significant role.

Before I turn to the specific issues that were raised this evening, I want to take this opportunity to recognise the tremendous work being done by thousands of dedicated NHS staff across the whole of the Brighton and Mid-Sussex area in delivering good quality services. I pay tribute to them—the hon. Member for Mid-Sussex did so himself, very warmly—for their commitment and service to NHS patients and their families. We are very lucky to have them working in the NHS.

It is understandable that all Members of this House attach the greatest importance to developments within their local NHS. Indeed, it is extremely important to all our constituents that they are able to enjoy access to high-quality health care services. That said, I have to tell the hon. Member for Mid-Sussex—as did my right hon. Friend the Secretary of State a few weeks ago—that the best people to make decisions about the NHS in his area are those closest to the front line. That is why we have set up a devolved structure in the NHS and shifted the balance of power to local primary care trusts so that local people can make local decisions.

I want to give the hon. Gentleman, the hon. Member for Arundel and South Downs and the right hon. Member for Horsham (Mr. Maude) the assurances they are seeking, but I should emphasise that any decisions that are to be taken will be initiated first and foremost by the local PCT.

I would be failing in my duty if I did not put some of these important local issues into a wider national context. For the period 2003–04 to 2007–08, expenditure on the NHS in England will increase significantly: on average by 7.2 per cent a year over and above inflation. For the three years from 2005–06 to 2007–08, NHS spending will increase on average by 7.1 per cent. a year over and above inflation—a total increase of 23 per cent. in real terms over the period. Over this period, the total amount spent on the NHS in England will rise from £69 billion in 2004–05 to £92 billion in 2007–08.

In the constituency of the hon. Member for Mid-Sussex, the Government have provided the Mid Sussex primary care trust with £124.8 million this year compared with £98.1 million when it was established in 2002. By 2007–08, Mid Sussex PCT will receive a total allocation of £165 million.

I do not want to introduce a sour note of party politics into the debate, but I can feel the temptation slightly welling up inside me. Although the hon. Gentleman, like other Conservative Members, voted against the extra resources going into the NHS, I am sure that he would none the less welcome the growth in his local NHS that these extra resources will allow us to sustain.

Mr. Maude: How does the Minister explain the fact that, through no fault of the staff, who do a fantastic job, the standard of health care for my constituents in Horsham is less good than it has been in all the time that I can remember?

Mr. Hutton: The right hon. Gentleman made the point that he was referring to accident and emergency services, not the whole national health service. I would be surprised if he were referring to every aspect of the NHS in his constituency being worse—but perhaps he was. I want to come to the point about accident and emergency services, because he raised an analogy with Crawley and I want to dispel the suggestion that has been made.

The hon. Member for Mid-Sussex raised an important point about population growth in his part of the beautiful county of Sussex. I simply say that allocations to primary care trusts are capitation based, so they take place on a weighted population basis. If there is projected population growth in Sussex, as I am sure there is, we have a proper mechanism by using population projection data from the Office for National Statistics to make sure that the three-year projections for allocations properly reflect the increased likely use of health care and social services by expanded populations. In that regard, I can certainly give him the assurance that he seeks. That is why increases of the magnitude that I have described are going into his county.

The hon. Gentleman raised several specific issues. In order to make the best possible use of the resources that we have made available and to achieve our goal of providing the highest-quality services, the NHS is, in many respects, changing the way in which it delivers its services to the public. We in the House generally recognise that hospital services need to change if we are to continue to fulfil patients' needs and improve access. It is a disservice to the public to try to suggest otherwise. I am glad that the hon. Gentleman has not fallen into that particular trap.

As I said earlier, it is now the responsibility of the local NHS—following "Shifting the Balance of Power", the initiative that we took a few years ago—to manage and improve these services. In the central Sussex area, including Brighton and Mid-Sussex, the NHS has already started to look ahead to plan and develop health services fit for the future. A wide-ranging public consultation, led by the Mid Sussex primary care trust, has taken place across the local health community into how best to improve the quality and range of health care services. Indeed, the hon. Gentleman met my right hon. Friend the Secretary of State to discuss it just last month.

The proposals outlined in the consultation will certainly alter the pattern of health services by seeking to deliver as much care as possible closer to people's homes, but also by ensuring that specialist in-patient care is available to those who need it. This consultation has had the full support of the Surrey and Sussex strategic health authority, and was developed with all the NHS organisations in the area.

The consultation period for the proposals has now ended and the local NHS organisations involved expect to make decisions based on the outcomes of those consultations, taking into full account the views of the joint overview and scrutiny committee over the next few weeks. I have been assured by the Surrey and Sussex SHA that the proposals are about improving the quality of care for patients, making better use of existing skills and resources and providing sustainable, fully staffed services.

As I said, the public consultation has now closed and the local NHS organisations will be making decisions at their next board meetings. I do not want tonight to pre-

[Mr. Hutton]

empt any of those local decisions, but I recognise that the hon. Gentleman needs reassurance that the consultation process was properly organised, and that the plans will ensure that services remain of the highest possible quality. The advice that I have received suggests to me that the joint overview and scrutiny committee of the local authorities expressed broad contentment with the local processes that have been followed.

I understand that the local NHS held a further event last week, at which an invited audience of key local stakeholders reviewed feedback on the consultation, looked at the emerging issues and agreed some action for taking public involvement and engagement forward. By the end of March, a report setting out the feedback and the preferred way forward will be presented to the chief executives of all the health organisations concerned. I understand that the report will be discussed in detail by each individual board before any decisions are made, subject to detailed implementation plans and, where necessary, capital bids.

The hon. Gentleman raised a number of issues to do with the challenges facing his local acute trust, and expressed concerns about his local hospital, the Princess Royal hospital in Hayward's Heath. I am assured by those managing the service locally that the hospital has secured its future following its merger with hospitals in Brighton in 2002. I am also advised that it will benefit from the plans for an elective orthopaedic centre on the site in 2006. This will receive patients from the whole Brighton and Mid-Sussex area, and will provide a highly efficient service, with reduced risk of cancellations. I hope that, in some small way, that deals with his point about a Brighton-centric NHS.

Furthermore, it is my understanding that the consultation proposals offer a positive future for the Princess Royal hospital. Indeed, it has identified the continuation of accident and emergency services there as a fixed point on the campus, which was one of the hon. Gentleman's principal concerns. There is no question of A and E services being downgraded or becoming a minor injuries unit. That is not going to happen.

The Princess Royal hospital has, in fact, benefited from many developments since 2002, and more than £8 million has been invested in improving local services on the site, including an extra operating theatre, increased staffing levels, a new hysteroscopy suite, enlarged teaching facilities to help to accommodate its major role in the new medical school for Sussex and the refurbishment of Hurstwood Park neurosciences centre.I believe that the Princess Royal hospital will go on making a major contribution to the work of the NHS in the hon. Gentleman's constituency.

The hon. Gentleman also asked about the national burn care group and its work on developing proposals. My right hon. Friend the Secretary of State wrote to him only a few days ago saying that the work is being led by the national health service. No final decisions have been made regarding the development of burn care centres. The hon. Gentleman will be aware that any proposals for change will be submitted to a full public consultation process, probably in the summer later this year. It is important to ensure that the NHS has sufficient capacity to deal with those serious injuries, and we recognise that we need to do more work to ensure that it has that capacity.

I have listened carefully to the concerns raised by right hon. and hon. Members. It is our policy that primary care trusts, in partnership with other local NHS trusts and the strategic health authority, should decide the priorities for the NHS locally. That is where specific local knowledge and expertise lies, and it is not appropriate, particularly given Opposition Members' strictures about micro-management by Ministers, for us to decide on the direction of travel and how services should be configured locally. We have made that clear. It is right that the local NHS should do that.

I agree that a number of the problems facing the hon. Gentleman's local area require long-term solutions, and the relevant PCTs and the hospital trust have consulted about the future of all health services, including those at the Princess Royal hospital. I do not wish to prejudge the local consultation process, but as I said, it is my understanding that it offers a positive future for the Princess Royal hospital, but that some changes, to which he alluded, will be necessary. In particular, there will be a greater emphasis on providing care closer to where people live, with more investment in local primary and community services. I hope that he welcomes that.

I will, of course, ensure that local health officials see the *Official Report* of our proceedings and take note of the hon. Gentleman's concerns, but I hope that he will continue to liaise with his local health economy, which he has done so effectively to date, to bring about more improved services for the residents of his constituency and for central Sussex as a whole.

Question put and agreed to.

Adjourned accordingly at seventeen minutes to Nine o'clock.

House of Commons

Thursday 17 March 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Beef on the Bone

1. **Alistair Burt** (North-East Bedfordshire) (Con): Whether beef on the bone will remain available for sale and consumption following the end of the over-30-month scheme. [222401]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): As you know, Mr. Speaker, my right hon. Friend the Secretary of State is unable to be present today, as she is co-hosting the joint G8 Environment and Development ministerial meeting.

The European Commission has indicated that when the export ban is lifted, the UK will need to apply the same BSE rules as other member states. They are currently required to destroy as specified risk material the vertebral column from cattle aged over 12 months. That requirement is, however, being reviewed by the Commission.

I am sure that the whole House will join me in welcoming the announcement this week by the European Food Safety Authority that the UK has now achieved moderate risk status for BSE. That is a vital step towards lifting the beef export ban.

Alistair Burt: At present a shopper can go down the high street to a traditional butcher and buy beef on the bone of any age. Norman Kyle, president of the National Federation of Meat and Food Traders, believes that that is at risk from the derogation and other factors mentioned by the Minister. Does the Minister not appreciate that any going back on the present situation and any restriction of choice will not just incur costs but cause immense damage to farmers and butchers, and bewilder consumers who—as the Minister said—now rightly believe that their beef is safe? Can he confirm categorically that the current range of choice of beef on the bone for shoppers will remain in the autumn?

Mr. Bradshaw: That is certainly the British Government's aim—but the hon. Gentleman was not quite right when he said that beef on the bone of any age was available to the consumer; beef from cattle aged over 30 months is not available. We believe, however, that the Commission shares our risk-based approach and has some sympathy with our desire to see the age limit lifted, as do a number of other EU countries. That is what we will press for as both our own Food Standards Agency and the European equivalent conduct their reviews of the risk over the next few months.

Mr. David Drew (Stroud) (Lab/Co-op): I welcome what my hon. Friend says, but does he agree that we can make further progress only by continuing to employ scientific rationale? The recent announcement that some BSE material may have entered the food chain is obviously not an auspicious start, but does my hon. Friend accept that the industry needs support during this period? The time when we are releasing over-30-month foodstuff back into the food chain was always going to be the most difficult time of all. We must be sure to explain to everyone that this material is safe, and continue to support the industry that provides it.

Mr. Bradshaw: My hon. Friend is absolutely right. This Government will always base their decisions on science, and, as my hon. Friend says, the scientific advice is that the risk from animals aged under 30 months is extremely low. Indeed, not since 1996 has there been a confirmed BSE case in the United Kingdom involving cattle of that age.

Mr. Roy Beggs (East Antrim) (UUP): I welcome the progress towards ending the over-30-month scheme, but can the Minister give us a better idea of when that will happen? Can he also tell us what is being done to ensure that beef producers get a fair price for their produce, and that the margin between the cost of production and sales at supermarkets is being closely monitored?

Mr. Bradshaw: The latest report from the Office of Fair Trading on supermarkets is expected at any moment. Beef prices are not too bad at present; indeed, beef is commanding quite a good price. As for when the over-30-month rule may be lifted, I have nothing to add to what my right hon. Friend the Secretary of State has already said. We hope for a lifting of the rule by the autumn and a lifting of the export ban by later this year.

Fishing Industry

2. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): If she will make a statement on the fishing industry. [222428]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Most of the fishing industry is doing very well. The shellfish, inshore and pelagic sectors are particularly strong. The whitefish fleet has suffered owing to the decline in cod, but the increased total allowable catches and quotas that we achieved at last December's Council should help that sector. The Government believe that the fishing industry in the UK has a profitable and sustainable future, but not if time, money and energy are wasted on an ill-conceived and unachievable attempt to leave the common fisheries policy.

Mr. Carmichael: Has the Minister had an opportunity to consider the Deepnet One report, graphically illustrated on the front page of last week's *Fishing News* under the headline "Monks Scandal"? It reveals that Spanish trawlers in deep water off the west coast of Scotland are using massive gill nets for up to four to 10 days at a time to target monkfish and deep-sea shark. Is the Minister aware that that is said to result in discards of some 65 per cent. of the monkfish taken? Does he agree that if we allow that practice to continue, the very real conservation efforts of our own fleet will effectively be wasted?

Mr. Bradshaw: Yes, I agree. I am sure that the hon. Gentleman and the whole House welcome the increase in the total allowable catch that we achieved for monkfish specifically to help to avoid some of the discard problems. We are concerned about the Deepnet report, which makes a number of recommendations, and we are actively considering how to take them forward. He may be interested to know that last week I raised with the Spanish Minister my concerns about illegal and unregulated fishing in deep waters. That must be taken more seriously not just in this country but across the international community.

Mr. John MacDougall (Central Fife) (Lab): How well does the Minister believe the £60 million of structural funds available to the industry over three years was used? It was increased later to £85 million, I believe, which resulted in an ultimate spend of £106 million in real terms. How did that benefit the industry? Of that money, £67 million went to Scotland. Can my hon. Friend give some indication of the future prospects for the industry with that kind of commitment by the Government?

Mr. Bradshaw: The future prospects for the industry are good. As my hon. Friend may be aware, the way in which structural funds and other EU funds are used to help the fishing industry is being changed, and is moving in what we believe to be a very good direction, away from what we think is the bad idea of subsidising increased capacity in boats. There is still overcapacity in the EU fishing fleet. We want to concentrate on modernising the fleet and ensuring that the catching capacity is at the same level as the availability of stocks, while helping fishing communities in Scotland and elsewhere in the United Kingdom that are affected by any decline in stocks, and therefore by economic decline.

Mr. John Wilkinson (Ruislip-Northwood) (Con): Does the Minister not realise that his eulogy of the European common fisheries policy is making a mockery of the fate of the thousands of fishermen around our coasts who have lost their jobs since the initiation of that policy? Can he bear in mind that free, responsible maritime nations such as Iceland, Norway, Chile and many others husband their fish stocks up to 200 nautical miles, or the median line, and that policy works well? It husbands resources, it is ecologically and environmentally friendly, and it sustains their industries. Is not that the example that Her Majesty's Government should follow?

Mr. Bradshaw: I agree that the previous Conservative Government negotiated a terrible deal for UK fishermen when we went into the European Union—a deal that was renegotiated to our fishermen's advantage by a Labour Government. I do not think that the answer to our fishing industry's problems is to withdraw from the common fisheries policy. I quote back at the hon. Gentleman the recent comment of the right hon. Member for Skipton and Ripon (Mr. Curry), who knows a bit more about fishing than he does, having served as Fisheries Minister for three years, that the Conservatives' policy of withdrawal from the CFP was "unwise and"—

Mr. Speaker: Order. I get the feeling that there is an election coming on.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): Heaven forfend.

Mr. Gordon Prentice (Pendle) (Lab): You are not worried about elections.

Mr. Foulkes: Indeed I am not.

I commend my hon. Friend the Minister for the active interest that he has taken in the fishing industry since he became the Minister with responsibility for fishing; that is welcome on the west coast of Scotland. He is right. West coast inshore fishing is doing very well, but does not he agree that it is a cruel deception for some Opposition Members to lead fishermen to believe—

Mr. Speaker: Order. The first part of the question was all right. The Minister can answer that one.

Mr. Bradshaw: I am grateful for my right hon. Friend's plaudits and note that the west of Scotland nephrops fishermen, for example, achieved a substantial increase in their total allowable catch at the December Council, which was welcome. The reason why a Labour Government would never waste time and money trying to negotiate our exit from the common fisheries policy is that we admit and acknowledge, as do the Liberal Democrats, that it would be impossible to do that without leaving the European Union as a whole. Those who advocate such an exit have still not explained how they would do it without leaving the EU.

Mr. Owen Paterson (North Shropshire) (Con): Can we get back to the Deepnet One report, which revealed absolute mayhem? The Minister totally failed to tell the House that under the United Nations convention on the law of the sea 3, the UK has treaty obligations to enforce fisheries agreements for straddling stocks around Rockall and the Hatton bank. What three concrete actions has he taken in the last week since the report was published, and what is the exact status of Rockall?

Mr. Bradshaw: I am sure that the hon. Gentleman would far rather not talk about his party's policy of withdrawal from the CFP, because he cannot explain how we would do it. As I said to the hon. Member for Orkney and Shetland (Mr. Carmichael), we take Deepnet's reports extremely seriously and we are studying them. My officials are actively looking into measures that might be taken based on its recommendations, and I specifically raised the issue with the Spanish Minister last week.

Fruit Farming

3. **Hugh Robertson** (Faversham and Mid-Kent) (Con): If she will make a statement on Government assistance for fruit farming. [222441]

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): DEFRA funds a substantial research and development programme of benefit to fruit farmers. Growers are also eligible for assistance under the England rural development programme.

Hugh Robertson: The two most important issues for fruit farmers in my constituency are labour costs and regulation. Given that the national minimum wage is now firmly established, what possible justification can there be for retaining the services of the Agricultural Wages Board? Agriculture is the only sector of the economy that is picked out in that fashion. Why not follow the lead of the Conservative Front Bench and abolish it?

Alun Michael: The hon. Gentleman would be wise not to follow the lead of his Front Bench on almost anything. The Government are committed to the retention of the Agricultural Wages Board, which does more than simply deal with the minimum level of wages. The board plays an important part in protecting the interests of agricultural workers, including the migrant workers employed on farms. We accept, however, that there is a need to modernise the system, and we are addressing that.

Bird Control

4. **Mr. Henry Bellingham** (North-West Norfolk) (Con): What plans she has for changing the guidelines in respect of controlling pigeons and corvids. [222442]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): We have no plans to change the latest guidelines. There is nothing to prevent the control of pigeons and other pest bird species under a general licence.

Mr. Bellingham: About a fortnight ago the Department issued new guidelines, effectively banning pigeon shooting as we know it and therefore criminalising thousands of farmers, pest controllers and gamekeepers. Although the Minister climbed down in the face of substantial pressure from countryside bodies, does not this ugly little episode reveal beyond doubt that when it comes to shooting, just as with hunting, the Government are totally ignorant and cannot be trusted?

Mr. Bradshaw: No, Mr. Speaker. There was no ban; I thought that some of the wording was unfortunate, which is why I changed it to make it absolutely clear that there is nothing to prevent gamekeepers, landowners and others from dealing with pest species effectively. As for the Labour party's commitment to shooting, it is this party that is reforming the game laws, which were left untouched for 18 years by the Conservative Government; it is this party that has made it easier for owners of fishery rights to deal with cormorant predation, on which, again, there was total inaction from the Conservatives for 18 years; and it is this party that, for the first time for any political party, will publish a shooters charter. The commitment in our last manifesto was that we would do nothing to affect shooting and angling. I am sure that that will be repeated if there is a general election in May.

Food Safety

5. **Mr. David Borrow** (South Ribble) (Lab): What recent discussions her Department has had with the Food Standards Agency on food safety. [222443]

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): The Department has regular and frequent discussions with the Food Standards Agency on a wide range of food safety issues, across the range of our departmental interests.

Mr. Borrow: In light of recent reports that a small amount of meat, possibly contaminated by BSE, may have entered the food chain, is my right hon. Friend satisfied that the Food Standards Agency is doing everything possible to ensure that the health of the British public is being protected?

Alun Michael: My hon. Friend raises an issue that has caused concern. A breach of the controls in relation to thymus was discovered in 2004 during a routine internal Meat Hygiene Services audit of Wick slaughterhouse in Scotland. It was found in 14 bovine sides obtained from seven carcases. The matter was dealt with entirely properly. No recall was instigated by the FSA because the meat concerned was already likely to have been eaten, difficult to identify and, more importantly, likely to be a very low risk. BSE is in steep decline, as my hon. Friend the Under-Secretary indicated earlier. Cases in Great Britain peaked at over 36,000 in 1992, and fell last year to 309. The meat would have been from an animal under 30 months, and there have been no cases of BSE in such animals since 1996.

It is also worth pointing out that all reported breaches of the specified risk material controls are routinely published on the Food Standards Agency website on a monthly basis. This information was provided on the website on 17 September.

David Burnside (South Antrim) (UUP): Does the Minister agree that Jamie Oliver has done more to improve food standards in this country than the Government and the Food Standards Agency put together? He has set a wonderful example and the Government should continue to raise the standard of food in schools for the good of our children. They should do that at a reasonable price, but if the budgets require a few pennies per child more than the present 37p, I hope that the additional money will be made available.

Alun Michael: Any activities by people with a high profile to improve how we regard food and how British food is used are extremely welcome. The Government's activities in the public domain may be lower key, but are nevertheless important—as, for example, in the

promotion of fruit and vegetables and the attempt to re-engage children and young people with the sources of food and the benefits of healthy eating.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The Minister may not be aware of the answer that the Under-Secretary gave on 2 March, in which he said that there had been only six successful prosecutions for illegal meat imports brought into this country. Has the Minister had discussions with the Food Standards Agency about that, as the Under-Secretary's answer suggests that there is much more illegal meat coming into this country than is being detected? I wonder whether the Department should beef up its detection of such illegal meat imports.

Alun Michael: I should point out that that there is something like £25 million of new spend involved, and that Customs and Excise takes the lead on this matter. I believe that the number of prosecutions is now seven, rather than six—[HON. MEMBERS: "Oh!"]—and that more are pending.

Mr. James Paice (South-East Cambridgeshire) (Con): It is encouraging to hear that the number of prosecutions has now just surpassed the number of sniffer dogs, as there are apparently only six such dogs in the whole country for dealing with illegal meat imports.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Wrong.

Mr. Paice: I would be delighted if I were wrong about that, so perhaps someone will tell me exactly how many sniffer dogs there are now, as there were certainly only six a few weeks ago. The Sudan 1 episode showed that the biggest risk to food safety in this country is through imported food—whether legally or illegally imported—that does not meet our food standards. Will the Minister tell the House what discussions the Government have had with the Food Standards Agency about how it tests imported food, as opposed to checking only the paperwork? Has he explained to the FSA why the Government flatly refuse to carry out trials of cargo-imaging equipment, which could detect illegal imports in baggage in transit and stop it before it gets to our shores?

Alun Michael: New equipment is coming on line, and I can tell the hon. Gentleman that there are now nine sniffer dogs—[HON. MEMBERS: "Oh!"]—soon to be 10. Conservative Members should know that we were the first EU country to introduce sniffer dogs, and that we did so because we take these issues seriously. The hon. Gentleman also asked about Sudan 1, but that is mainly a matter for the Food Standards Agency. DEFRA's principal role has to been to help ensure good communications with the food industry, working to the timetables set by the FSA. That is why we have an independent body to take decisions and offer advice to the Government on these matters. The FSA's advice is that Sudan 1 could contribute to an increased risk of cancer, but that it is not possible to identify a safe level or quantify the risk. However, at the levels present in these food products, the risk is likely to be very small indeed.

Mr. Dennis Skinner (Bolsover) (Lab): I have just thought of an idea. We do not have enough sniffer dogs, but there are literally thousands of dogs that previously hunted foxes. I am sure that the Tories would want to use them, so we could turn them all into sniffer dogs. As for food safety, I do not need any lectures on that. I am not allowed sugar, fat or salt, and I have to eat food that is completely bland. Jamie Oliver could not do anything for me, in my condition.

Alun Michael: My hon. Friend makes his point in his inimitable way. On the issue of dogs previously used in hunting, the level of redundancy seems to have been remarkably low in recent weeks, and activities are being undertaken within the law, which is fine. However, I am sure that his advice about possible career opportunities will be noted.

Animal Health

6. **Mr. Michael Jack** (Fylde) (Con): If she will make a statement on her Department's strategy to control the spread of diseases amongst (a) livestock and (b) poultry. [222445]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): The animal health and welfare strategy, published last June, sets out the broad strategy for preventing and controlling livestock and poultry diseases in the UK, and it is supported by disease-specific strategies, a surveillance strategy and contingency plans for tackling outbreaks of exotic diseases—copies of all of which may be found in the Library.

Mr. Jack: Notwithstanding the Minister's answer, is he aware of the critical nature of a report recently published by the European Union that comments adversely on the way in which abattoirs, farms and other premises are surveyed to deal with the control of disease? If that report's findings are correct, what is the Department doing about it? Secondly, what role does the Minister see for the national animal disease information system in giving us proper and adequate controls over the spread of diseases such as foot and mouth and avian influenza, which, if outbreaks occurred again in the UK, could cost us billions of pounds?

Mr. Bradshaw: To be fair, I must point out that both the EU and the National Audit Office, which also recently published a report, have recognised the progress that has been made since the foot and mouth outbreak, but the right hon. Gentleman is absolutely right: there is still a great deal more to do before we can be satisfied that we have the level of biosecurity in abattoirs and elsewhere that we would like, not least given the recent events to which my right hon. Friend the Minister for Rural Affairs and Local Environmental Quality referred in answer to an earlier question. There

is a lot more to do—although we have made progress—but I can give an assurance that the Government take such responsibilities extremely seriously.

Andrew George (St. Ives) (LD): Dr. Iain Anderson's report on the 2001 foot and mouth outbreak made no reference to the Jim Dring report, nor to the Northumberland video. In a letter to me dated 12 February, the Secretary of State for Environment, Food and Rural Affairs said:

"Dr. Anderson has indicated that he does not wish to see the video."

Does the Minister not agree that if we are to learn lessons from the 2001 foot and mouth outbreak, we need to understand whether a professional, resource or regulatory failure caused the type of circumstances that were discovered on Burnside farm?

Mr. Bradshaw: No. The hon. Gentleman's question is based on a false premise. Professor Anderson has made it clear that the details of both Jim Dring's inspections and the other inspections undertaken on Burnside farm were made available to him. He has since read the very personalised report that Jim Dring wrote at the time and has made it clear that its contents would have made no difference to his conclusions. The video was published at the time. It was shown on television. Hon. Members saw it. There has been no cover-up of that video. It contains no new information, and Professor Anderson has said that seeing the video and its contents would have made no difference to the in-depth and painstaking work that he did in publishing one of two independent reports on foot and mouth.

Common Agricultural Policy

7. **Mr. Mohammad Sarwar** (Glasgow, Govan) (Lab): What steps her Department takes to address the negative effects of the common agricultural policy on poor countries. [222446]

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): My right hon. Friend the Secretary of State has successfully negotiated far-reaching reforms, which will reduce the most damaging effects of the common agricultural policy on developing countries, as well as delivering a number of other benefits. We continue to be at the forefront of those who argue for further reform, not least of the sugar regime. We are also pressing for a truly ambitious and balanced outcome to the Doha development agenda, which tackles those elements of the CAP that most damage the poorest countries in particular.

Mr. Sarwar: In thanking the Minister for that reply, I must congratulate my right hon. Friend the Secretary of State on her success in securing the reform of the CAP in recent years. Can the Minister assure me that the commitment to deliver fair and free trade for farmers in developing countries will remain a core priority for a Labour Government over the next five years?

Alun Michael: Yes, I certainly can. The 2003–04 CAP reforms will also lead to reductions in the subsidised surpluses that the EU has dumped on the world market over the years, which have undermined farmers in developing countries. When fully implemented in total, the CAP reforms will contribute to a reduction in export subsidises of about 70 per cent. compared with 1992, and to a reduction in trade-distorting domestic subsidy, as defined by the World Trade Organisation, of about 70 per cent. In the ongoing negotiations to liberalise world trade, we are pressing for an agreement on agriculture that is genuinely liberalising in its effects, securing freer and fairer trading systems for all and taking particular account of the needs of developing countries. I can give my hon. Friend the assurance that he requests.

Mr. David Heathcoat-Amory (Wells) (Con): Does the Minister agree that we could abolish the tariffs on food from tropical regions and the developing world that we cannot grow here if we had more control over our farming and trade policy? That would not disadvantage our producers but it would help consumers, through lower prices, and do much to help the developing world. If he agrees to that simple proposition, will the right hon. Gentleman say why the Government have signed up to the European constitution, which centralises and entrenches control of the CAP and trade policy, and reduces the influence of member states and their ability to help the developing world?

Alun Michael: The right hon. Gentleman seems to want to adopt a sort of isolationism that does not recognise the international nature of the food business. The problems with the EU's structure must be seen in the context of the world trade round. Both must be improved if the needs of developing countries are to be met. It is worth noting that every dollar of aid given to developing countries through sugar preferences costs the EU and US economies about $5, and imposes nearly $3 of economic damage on non-preferential suppliers. That is the sort of problem that we need to tackle to achieve more sustainable international trade. We cannot do that by putting our heads in the sand and becoming isolationist.

Mr. Peter Pike (Burnley) (Lab): In the week that we have been discussing the report from the Commission for Africa, my right hon. Friend will recognise the importance of agriculture to Africa's employment levels and economy. Does he think that we will be able to deliver CAP reforms that will give Africa and its agriculture a fair crack of the whip?

Alun Michael: Our aim is to pursue those objectives in our discussions in Europe and in the world trade round. The fit between decisions taken in those discussions will allow us to achieve the objectives to which my hon. Friend refers.

Mr. James Gray (North Wiltshire) (Con): The Secretary of State has announced, without notice or consultation, that from next Monday every farmer in this country, regardless of size, must publish the precise amount of payments received annually under the CAP. How will the CAP reforms needed to help farmers in poor countries be helped by that in any way? I might accept that there is some national interest in knowing how much the larger farmers receive, but why must every smallholder or farmer with just 25 acres reveal

information that surely should be private? Businesses do not have to publish the amounts that they receive in EU grants, so why should smallholders have to reveal their precise payments?

Alun Michael: I congratulate the hon. Gentleman on his ingenuity in working that matter into the exchanges on Question 7—entirely within order, I am sure. We are talking about how public money is spent and where it goes, in a culture in which freedom of information legislation means that information is available to the public. However, the hon. Gentleman does not seem interested in either of those things.

Jane Griffiths (Reading, East) (Lab): Further reforms of the CAP are essential, but when the Minister discusses them with his colleagues will he bear in mind the position of Mozambique? That country could provide all the sugar that Africa needs, but at present is unable to do so, with the result that its people remain impoverished.

Alun Michael: My hon. Friend is right to point to the distorting effect of current arrangements. In the transition to new systems, it is important that the impact on countries such as Mozambique is recognised. We discussed this matter recently in the European Scrutiny Committee, but it is clear that we need to see the European Commission's proposals before we can address these issues. My hon. Friend offers a timely reminder of a matter that we must bear in mind.

Climate Change

9. **Mr. Andrew Stunell** (Hazel Grove) (LD): If she will make a statement on discussions she has held with her EU counterparts regarding post-Kyoto climate agreements. [222448]

The Minister for the Environment and Agri-environment (Mr. Elliot Morley): The UK takes every opportunity to engage our EU partners at ministerial and official level on post-Kyoto action, and has long advocated the necessity of establishing effective and achievable strategies, including targets, for the medium and longer term.

Mr. Stunell: Next time the Minister meets his EU partners on this matter, will he discuss the withdrawal of grants for solar schemes in this country, which has meant that investment has been cut back by five years? That withdrawal happened immediately after the Prime Minister said that investment in solar energy was very important in achieving our Kyoto targets. Will he explain that to the House?

Mr. Morley: Yes, I can certainly say that the Government are committed to a range of measures on energy efficiency and alternatives. Of course, there is the question of how we apply that money, the support that we give and the shape that it takes. However, the EU is making considerable progress on taking joint action on climate change. At the last Environment Council, we agreed a range of targets for reducing emissions by between 15 and 30 per cent. by 2010, and between 60 and 80 per cent. by 2050. That was strongly supported and advocated by the UK, and I am pleased to see that progress.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): When the Minister discusses climate change, will he consider its effect on rising sea levels and ensure that sea defences in places such as Middleton-on-Sea in my constituency are given a much higher priority in the priority scoring system, which is putting their sea defences at risk?

Mr. Morley: The priority scoring system is different from the calculation of sea level rise. I assure the hon. Gentleman that an element of sea level rise is factored into the calculations and engineering for current and future defences. That is also done for replacements. In terms of priority score, there have to be priorities for deciding which communities get the defences first. Although the budget has risen to record levels—I think we will spend in the region of £570 million on coastal and river defence in the next financial year—there are capacity and planning issues, so there has to be a priority. By having points, the system is open and transparent, and people can see where they are on the priority list and why. There will be arguments about how the score is applied, but as a general principle, in terms of transparency, it is a good system.

Norman Baker (Lewes) (LD): Will the Minister confirm that a post-Kyoto international agreement on climate change must be based on firm targets to reduce greenhouse gas emissions? Will he also confirm that it is UK policy to resist attempts by the United States to base a future agreement on something without targets? Does he welcome the steps taken by my right hon. Friend the Member for Ross, Skye and Inverness, West (Mr. Kennedy), who wrote to the Prime Minister and the leader of the Conservatives inviting a cross-party agreement on climate change? He wrote on 16 February. Can we conclude that because we have not had an answer, the Prime Minister is giving it serious consideration?

Mr. Morley: I am sure there will be an answer in due course. We welcome a cross-party approach because this is a serious environmental issue. The threats of climate change apply to all countries—rich and poor, big and small. The Prime Minister has given an international lead on the issue, for which he has international respect and admiration. Indeed, the hon. Gentleman will know about the meeting this week in London—a joint Energy and Environment Ministers round table—which my right hon. Friend the Secretary of State chaired and I attended on behalf of the UK. There will also be discussions about the impact of climate change on countries such as Africa at the joint Environment and Development Ministers round table, which will also take place this week.

These are important issues, and I know that the hon. Gentleman has been active on them, but I assure him that we believe that there have to be binding targets. We support the scientific assessment that we should have a threshold of 2° C. Indeed, the EU decision taken at the Environment Council is based on that. We know that there are differences of opinion with America—we do

not agree with its position on everything. However, I welcome President Bush's speech in Brussels, which acknowledged the threat of climate change for, I think, the first time publicly, although he also confirmed that the Americans will not ratify Kyoto, which we already knew.

Mr. Tim Yeo (South Suffolk) (Con): The Conservative party supports the targets that have been set for reducing carbon dioxide emissions, but does the Minister realise that the Prime Minister's claim of putting climate change at the heart of Britain's presidency of the EU and of our chairmanship of the G8 is undermined by the utter fiasco of the Government's handling of Britain's participation in the EU emissions trading scheme? Will he confirm that it was the Prime Minister's personal intervention that caused the embarrassing withdrawal of the Government's original proposals on emission limits under the national allocation plan last autumn? Now that the Government have been forced into a humiliating and public climbdown, will the Minister comment on rumours that Ministers have done a secret deal with the European Commission under which pending legal actions will be dropped in return for a chance to negotiate more relaxed limits on carbon dioxide emissions at a later date?

Mr. Morley: There is no secret deal, and everything that we negotiate and do in the context of the climate change agreement is in the public domain. The hon. Gentleman is incorrect. When the national allocation plan was proposed by the UK Government it was always made clear that it was based on provisional figures, and the Commission accepted that that was the case. The figures changed because the modelling was refined. Representations were made by companies and by Conservative Front Benchers, who asked for changes in the target figures.

Abandoned Cars

10. **Tom Brake** (Carshalton and Wallington) (LD): What steps are being taken to reduce the number of abandoned cars; and if she will make a statement.

[222449]

The Minister for the Environment and Agri-environment (Mr. Elliot Morley): The Government are tackling the blight of abandoned vehicles through their recently published nuisance vehicle strategy, which aims to reduce significantly the number of abandoned vehicles by 2007.

Tom Brake: I thank the Minister for his response. I should like to commend my own local authority on the record for the work that it has done in reducing the number of abandoned cars by 5 per cent., as nationally the figure has risen by 8 per cent. to more than 300,000. Does the Minister agree that it is regrettable that the Clean Neighbourhoods and Environment Bill has been introduced in the dying stages of this Parliament? What priority has been given to the issue, and does he believe that the Bill will survive the wash-up?

Mr. Morley: The hon. Gentleman is jumping to conclusions. I do not know whether he knows something about time scales that we do not. I think that those decisions are made by other means. There are many reasons for the increased dumping of cars, and I very much welcome the steps that councils have taken. He should recognise, however, that apart from the measures in the Clean Neighbourhoods and Environment Bill that will assist with the removal of abandoned cars, a range of other measures are available, including clamping of unlicensed vehicles and new measures on working with local authorities. The problem is also affected by things such as the price of scrap metal but, taken together, our measures are leading to a welcome reduction in this nuisance.

Mr. Gordon Prentice (Pendle) (Lab): Is my friend concerned about the fact that I am being threatened by a well-known local lawyer with an action for defamation, as I have drawn public attention to a wreck of a Mercedes that he owns, which is parked on a strip of open private land alongside a busy main road? The lawyer tells me that he is going to restore that wreck, but what about the visual blight of the street scene in the meantime? What can we do about eyesores parked on private land?

Mr. Morley: I hope that no one would try to interfere with my hon. Friend's parliamentary right to raise issues in the House, as he is perfectly entitled to do so. The Clean Neighbourhoods and Environment Bill provides powers for the removal of abandoned vehicles on private land. It is the owner's responsibility to demonstrate clear proposals for restoration, but if the vehicle is causing a nuisance, enhanced powers will be available to local authorities.

Sir Nicholas Winterton (Macclesfield) (Con): I very much support what the Government are trying to do, but can the Minister give the House an estimate of how much it costs local authorities to remove abandoned cars? The hon. Member for Carshalton and Wallington (Tom Brake) suggested that there were 300,000 such vehicles. Can the Minister tell the House what steps have been taken to try to identify the irresponsible individuals who are dumping cars in both urban and rural areas because, in doing so, they are abusing our environment and countryside?

Mr. Morley: On the latter point, the hon. Gentleman may be aware that on 1 January 2004 we introduced continuous registration, which helps to trace owners and has already had an impact on unlicensed vehicles. We have also piloted important new approaches, such as the power to seize vehicles, which I have mentioned, stronger measures to make people pay for vehicle crime, and the wheel clamping of unlicensed vehicles. The cost to local authorities of removing abandoned vehicles runs into many millions of pounds. They are a serious nuisance and we want to take action.

I am pleased that the hon. Gentleman referred to this as an urban and rural problem, because he may be aware that his Front-Bench spokesmen voted against the Clean Neighbourhoods and Environment Bill on the ground that it was simply an urban measure.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my hon. Friend agree that the sooner the Clean Neighbourhoods and Environment Bill becomes law and is put into effect, the better? Is he aware that both the end-of-life vehicles directive and the waste electrical and electronic equipment directive are being held back by the lack of action by the Department of Trade and Industry? Will he talk to the DTI and the Treasury and bang their heads together so that we can get some real action in a hurry?

Mr. Morley: My hon. Friend is correct that the DTI has lead responsibility for those measures. However, we work closely with the DTI, with which we have a good working relationship, and we want to progress these issues as quickly as possible.

Miss Anne McIntosh (Vale of York) (Con): The Minister knows that not just cars are being abandoned but car tyres, building waste, and, increasingly, white goods such as fridge freezers, televisions and microwaves. He heard yesterday at the all-party group on local environment quality that people are driving past their local authority tip and dumping on farm land. Why, then, have the Government failed to address in the Clean Neighbourhoods and Environment Bill the key point that farmers are being uniquely disadvantaged by having to remove illegally dumped waste from their land while everybody else has it removed at public cost by the Environment Agency?

Mr. Morley: That is not the case. Responsibility for rubbish that is dumped on private land rests with the landowner. The Bill has new measures that address the matter, particularly in terms of removal, if the person responsible can be identified, and in the case of houses in multi-occupation, where the owner or occupier has taken no action and has some culpability. So there is a range of measures. I have sympathy with innocent farmers who are the victims of fly-tipping, but it would be impossible to remove the liability of the landowner. The important thing is to try to stop this happening with effective measures for dealing with the people involved. The hon. Lady will be aware that at the meeting to which she referred there was widespread support for the measures introduced in the Bill that her party voted against.

Climate Change

11. **Simon Hughes** (Southwark, North and Bermondsey) (LD): What initiatives the Government are taking to reduce the effects in the UK and abroad of climate change. [222450]

The Minister for the Environment and Agri-environment (Mr. Elliot Morley): The Government's approach to reducing the effects of climate change encompasses work both to reduce UK emissions and to encourage the development of adaptation strategies as set out in the UK climate change programme of 2000.

Simon Hughes: About a year ago, the Minister told my hon. Friend the Member for Lewes (Norman Baker) in a written answer that the Environment Agency was working on a plan to deal with the risk of flooding in London and the south-east, given that the projections show that whereas last year we had one Thames barrier closure for winter flooding, in 100 years' time we might need 325 closures. What progress has been made to protect the capital city from the risk of flooding as a result of climate change, and was yesterday's Budget a green Budget with lots of proposals to help this, or did I miss something?

Mr. Morley: The standard of defences for the City of London is very high. The hon. Gentleman is right about the increased use of the Thames barrier. That is partly to protect the city from tidal surge and partly to control flood water and prevent tidal log when it is coming down the river at high levels. In due course, there will have to be an upgrade and modernisation of both the Thames barrier and flood defences in the outer estuary. That is part of the Environment Agency's overall long-term strategy. Any future development will also have to take into account flood risk and flood risk management.

Mr. Nigel Evans (Ribble Valley) (Con): The question also mentions the effects of climate change abroad. I am sure we all want the poorer people in rural parts of China and India to share in the growth being experienced in their countries, but that has a cost in terms of the energy demand that will come from those countries. Would it not be a good idea if British and US companies with the technology to establish energy plants in those countries could do so, to mitigate the effects of fossil fuel pollution which we have experienced, and those countries are increasingly experiencing?

Mr. Morley: I agree. At a meeting held this week in London I had an opportunity to discuss such issues with Chinese and Indian Ministers. The hon. Gentleman might be pleased to know that we are working with both Governments on a range of projects. In China we are working on strategies for sustainable energy, and in India we are working on schemes for solar power, for example, and micro-generation in the Himalayas. There are opportunities for countries that are developing rapidly to introduce clean and green energy technology. There is no doubt that there is enthusiasm for it, and there are opportunities for British companies to participate. Through measures such as the clean development mechanism that was agreed at Kyoto, there are also opportunities for involvement by British companies in clean energy.

Mr. Tam Dalyell (Linlithgow) (Lab): May I anticipate question 21? If so, is there not an argument for encouraging nuclear power stations at home and abroad?

Mr. Morley: There is clearly a debate to be had about the role, functions, advantages and disadvantages of nuclear energy. That will have to be part of the wider debate. My hon. Friend will be aware that nuclear energy is dealt with in the Government's White Paper. We have to weigh up the costs and benefits of all forms of energy generation, including nuclear.

12. **Richard Ottaway** (Croydon, South) (Con): What recent discussions she has had with the Department of Trade and Industry on combating climate change. [222451]

The Minister for the Environment and Agri-environment (Mr. Elliot Morley): The Department shares a public service agreement target with the Department of Trade and Industry to reduce greenhouse gas emissions, including carbon dioxide. There are regular discussions between both Departments at ministerial and senior official level to co-ordinate climate change policy.

Richard Ottaway: But the Minister is not making much progress. We can all agree that combating climate change is essential, but he has stewardship of the situation. After eight years in government, when will he come close to even matching the record of the last Conservative Government, and when will he stop the spin and cascade of failed targets that seem to be the hallmark of his policy?

Mr. Morley: It is not this Government's policy to reduce emissions by destroying the manufacturing base of UK industry, as the previous Government did. However, CO_2 levels are still lower than in 2001. There is not as much progress as we would like to make on CO_2, but we have made good progress overall in relation to climate change emissions. We are way ahead of our Kyoto targets and we have one of the best records in the industrial world on that. Since 1997, economic growth has been in the region of 17 per cent. Despite that record economic growth, CO_2 levels have not risen as they have in other economies, and the energy intensity of CO_2 has fallen considerably in this country. We are currently carrying out a climate change review, which is designed to ensure that we meet the commitments that we made for CO_2 reduction.

Mr. Bill Olner (Nuneaton) (Lab): My hon. Friend may be aware that on Monday this week there was an exhibition on the Terrace of the House of Commons by young scientists from King's college, who had a system of carbon capture. Once the carbon had been captured, it could be disposed of. Does the Department have talks or dealings with such colleges so that young scientists can help the climate through carbon capture?

Mr. Morley: We are fortunate to have in the UK such a range of established and new scientists, and such interest in a range of measures that could help us deal with climate change. Carbon sequestration should be considered. It is not likely, in my opinion, to be a long-term solution, but coal will be utilised by developing countries and there is a pressing need for clean coal technology. CO_2 sequestration may well be part of that approach.

Illegal Meat Imports

13. **Sir Michael Spicer** (West Worcestershire) (Con): What recent assessment she has made of the risk of importing disease via illegal meat imports. [222452]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Last July we published the Veterinary Laboratories Agency's risk assessment to assess the risk of foot and mouth disease and three pig diseases being brought into Great Britain in illegal imports. The risk of importing diseases can never be reduced to zero, which highlights the need for high standards of biosecurity inland as well.

Sir Michael Spicer: What about the outrageous trade in bush meat?

Mr. Bradshaw: Bush meat constitutes a very small percentage—about 3 per cent.—of the illegal imports that we are worried about. We are concerned about it, which is one of the reasons why we have increased by 100 the number of dedicated customs officers. *[Interruption.]* Yes, indeed; there are now nine more sniffer dogs at airports than under the previous Conservative Government, and there will soon be 10. As the hon. Gentleman may also be aware, we have had considerable success publicising the risks not only at airports, but among the communities that cause most concern and bring in most of the illegal bush meat.

Agricultural Support

15. **Andrew Selous** (South-West Bedfordshire) (Con): What assessment she has made of the likely impact on domestic food production of the single farm payment. [222454]

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): DEFRA has commissioned a number of research studies in order to estimate possible changes to agricultural production, but we cannot quantify the actual impacts on production until we see how farmers react. The whole point of decoupling subsidies from production is to encourage farmers to take business decisions based on the market demand for their products. Increasingly, they will focus on the highest profitability in food and other products grown on the land.

Andrew Selous: Is the Minister not concerned that, for the first time since the second world war, food production is falling in this country? What further consequences does he think the single farm payment will have for self-sufficiency in food production in this country?

Alun Michael: The hon. Gentleman exaggerates the situation. In a normal year, the UK is about 74 per cent. self-sufficient in food that can be grown commercially in our climate and 63 per cent. self-sufficient in all food. In an increasingly globalised world, the pursuit of self-sufficiency for its own sake is no longer either necessary or desirable. What we need is to enable the food industry to be properly competitive, sustainable for the long term and successful. That is to be achieved by separating off from production-related subsidy, and by encouraging businesslike decisions by the industry and supporting it through the strategy for sustainable food and farming,

which is a ground-breaking approach looking to the long term, rather than merely to short-term decisions by our producers.

Foot and Mouth

16. **Mr. David Curry** (Skipton and Ripon) (Con): What costs her Department has incurred in legal fees defending actions brought by contractors in pursuit of claims for work during the foot and mouth outbreak; how much it has paid as a result of judgments against it; and what provision has been made to meet costs arising from future cases. [222455]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): The Department has incurred legal fees of £4 million defending the actions to which the right hon. Gentleman refers. We have paid £2.654 million as a result of judgments against us, and £2.6 million has been set aside to meet future legal costs. To date, by questioning these claims, we have already saved the taxpayer £63 million. In general, the actions of DEFRA officials in respect of foot and mouth disease have saved the taxpayer almost £800 million.

Mr. Curry: It is entirely understandable that, given the extraordinary incompetence of the campaign to combat foot and mouth disease and the decision to hurl money at it almost without limit in order to secure farmer co-operation, the Minister is now absolutely desperate to show that the Department has some concerns about the expenditure of public funds. Will he assure me that he will not start hurling good money after bad? How many of these cases is he actually winning, and is it not time to recognise that if contracts were signed, even if they were not very good contracts, now is the time to close the book on the matter and concentrate on ensuring that the next food-related outbreak is more efficiently combated?

Mr. Bradshaw: Certainly, in terms of the money that we are saving for the taxpayer compared with what we are spending, we are winning enormously. I remind the right hon. Gentleman that foot and mouth was an emergency. Let me give him just one example of some of the claims that we are dealing with. A director of a company was queried as to why he had been charging DEFRA 75p per hour, for 12 hours a day for seven days a week for a fortnight, when he was actually on holiday in Spain.

Sugar Regime

17. **Mr. Peter Luff** (Mid-Worcestershire) (Con): What recent representations she has received from representatives of sugar beet farmers about reform of the sugar regime. [222456]

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): Following her speech to the National Farmers Union annual conference on 21 February, my right hon. Friend the Secretary of State took questions from a number of sugar beet growers seeking assurances that there would be fair treatment for the UK industry in any reform decisions.

Mr. Luff: Does the Minister accept that almost everyone agrees that we need urgent reform of the sugar regime, but that it must be done sensitively so as not to disadvantage British sugar beet growers and accidentally advantage the wrong overseas growers? Does he agree that there is a real risk, for example, that insensitive reform could lead to wholesale loss of the rain forest in Brazil and a massive expansion of sugar production there?

Alun Michael: I am glad that the hon. Gentleman agrees that we need sensible reform. The new European Union Agriculture Commissioner made it clear in her speech to the NFU conference on 21 February that there is now wide agreement on the Agriculture Council that the status quo on sugar is not sustainable and that the regime must be brought into line with other reformed common agricultural policy sectors. We have made it clear that we want that reform to be sensible. We have made clear our negotiating stance, but as I recently said to the European Scrutiny Committee, we cannot deal with the details of the proposals until the Commission provides us with them. We hope to see them in the near future; that will be the point at which we shall need to address precisely the issues that the hon. Gentleman raises.

ROYAL ASSENT

Mr. Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that Her Majesty has signified her Royal Assent to the following Act:

Appropriation Act 2005

Business of the House

12.31 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will the Leader of the House please give us the business for next week?

The Leader of the House of Commons (Mr. Peter Hain): The business for next week will be as follows:

MONDAY 21 MARCH—Continuation of the Budget debate.

TUESDAY 22 MARCH—Conclusion of the Budget debate.

It may assist the House if I confirm that the Finance Bill will be published on Thursday 24 March. The Bill and the accompanying explanatory notes will therefore be available to Members before the Easter recess.

WEDNESDAY 23 MARCH—Second Reading of the Disability Discrimination Bill [*Lords*].

THURSDAY 24 MARCH—Motion on the Easter recess Adjournment.

FRIDAY 25 MARCH—The House will not be sitting.

The provisional business for the week after the Easter recess will be:

MONDAY 4 APRIL—Second Reading of the Public Service Ombudsman (Wales) Bill [*Lords*], followed by a debate on Welsh Affairs on a motion for the Adjournment of the House.

TUESDAY 5 APRIL—Second Reading of the Equality Bill.

WEDNESDAY 6 APRIL—Opposition Day [6th Allotted Day]. There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 7 APRIL—A debate on defence in the United Kingdom on a motion for the Adjournment of the House.

FRIDAY 8 APRIL—Private Members' Bills.

The details of the business are available on my office website—www.commonsleader.gov.uk. That is for technologically advanced Members of the House, which excludes several of those on the Opposition Benches.

Before I close, I want to thank a number of staff in the House for their hard work during the proceedings on the Prevention of Terrorism Bill last week, particularly the dedicated staff of *Hansard*, who are often here long after proceedings have finished, the Refreshment Department, the Doorkeepers, the security staff, the Public Bill Office, the Vote Office, the Journal Office and the Clerks of the House. I also thank parliamentary counsel who, in their usual way, did an outstanding job.

Mr. Heald: I join the Leader of the House in congratulating the House of Commons staff on their work. He may have seen early-day motion 907 in my name, which adds to the points that he has made.

[That this House expresses its gratitude for the tireless commitment, hard work and assistance when the House of Commons sits long hours of its attendants, cleaning and maintenance services, clerks and assistants, doorkeepers, police, fire and security services, Hansard reporters, the Vote Office, the Table Office, the Library, office keepers, Press Gallery reporters, the Post Office, the Refreshment Department, the Serjeant at Arms Department, the Speaker's Office and all support staff; recognises the considerable demands placed upon them; and praises such professionalism which is a vital part of the Parliamentary process and without which honourable Members could not operate effectively.]

This will certainly not be as exciting a period as many have speculated. Does the Leader of the House have the date for the Second Reading of the Finance Bill?

Can we have a statement about the disclosure of farmers' grants under the common agricultural policy on Monday, given the National Farmers Union's concerns about the lack of notice to farmers and the intrusion into their businesses, and to explain why they have been singled out in this way?

Can we have a statement about violent crime so that we can probe the Police Minister's statement that the crime picture in Nottingham is "pretty good"? Does not that show the naivety of the Minister and the Government at a time when the chief constable has said:

"We are reeling with murders. We are in a long-standing crisis . . . with major crime".

Would not Nottingham be better off with the 740 extra police whom a Conservative Government would provide?

Finally, has the right hon. Gentleman seen early-day motion 945?

[That this House expresses its concern that the House of Lords is having to take on more and more of the work of scrutiny of Bills now that the Government refuses through its guillotining of Bills to give the necessary time to do it in this House; notes that since the Queen's Speech, 32 groups of clauses and amendments have not been debated on the report stage of Bills in this House and in addition, in committee, 45 groups of amendments and 117 clauses and schedules have not been debated; considers that the outcome of the Prevention of Terrorism Bill was a victory for Parliament; and calls on the Government not to seek to reduce the powers of the House of Lords, but instead to give adequate time for debate in this House.]

Does the right hon. Gentleman understand the anger and concern in the House that we are not given time properly to debate important Bills? More than 40 per cent. of the groups of amendments listed for debate on Report and many Standing Committee amendments, new clauses and schedules have not been debated because of severe guillotines—so-called programme motions. Important legislation should not be treated in that cavalier fashion.

Will the right hon. Gentleman make a statement accepting the Procedure Committee's proposals for fair programming and accept that he and the Prime Minister cannot expect Bills that have not been properly debated to become law just because the Prime Minister chooses to have an early election? Does he accept that we are only one third of the way through the parliamentary year and that many Bills are simply not ready to be passed? The Prime Minister may want this place to act like a rubber stamp, but if we are made to nod through bad law, then as with the Budget the country will be left to pay the price later.

Mr. Hain: That was a well-rehearsed pre-election rant. I shall deal in turn with the points made by the hon. Gentleman.

First, I will announce the Second Reading of the Finance Bill when I am in a position to do so. Secondly, as the hon. Gentleman knows, farmers' grants were brought up during DEFRA questions just before I rose to make my statement, and I know that there is an issue there.

Thirdly, on the Nottingham police, crime in Nottinghamshire has fallen by 10 per cent. during the past year with even bigger reductions in vehicle crime, robbery and burglary. Nottinghamshire Members of Parliament have been critical of the chief constable's comments, particularly as there are 102 new community support officers under Labour and the number of support staff has risen by 294 since we came to power. As for the hon. Gentleman's preposterous suggestion that more police officers will be recruited under the Conservatives when they are proposing £35 billion-worth of cuts—

Mr. Heald *indicated dissent.*

Mr. Hain: On "Breakfast with Frost" on 28 November, the shadow Chancellor said the Conservatives would be able to spend:

"about £35 billion less per year ... than Gordon Brown's plans provide for."

He repeated that on the "Politics Show" on 18 January when he said that the Conservatives would spend about £35 billion less than Labour. That is the equivalent of all the police officers in the country, all the nurses in the country and all the teachers in the country. That is what the public will face in Nottinghamshire and throughout the country if the Conservatives win the next election, according to their own promises and their shadow Chancellor.

The hon. Gentleman sat on the Modernisation Committee which produced the report on programming on which the House voted, so he knows that there never was a golden age of parliamentary scrutiny. Prior to programming, whole shoals of clauses would often fly past in Standing Committee or on Report. If he was so concerned about programming, why did the Conservatives this week not vote against two programme motions?

Mr. Eric Forth (Bromley and Chislehurst) (Con): Very good question.

Mr. Hain: I thank the right hon. Gentleman very much.

On Second Reading of the Constitutional Reform Bill this week, virtually no Conservatives were present and they gave no serious scrutiny to the Bill because they are just playing games, as the hon. Member for North-East Hertfordshire (Mr. Heald) knows. He also knows that consistently—*[Interruption.]* On the question of scrutiny, if he is really concerned why did the Conservatives not even turn up to debate the private Member's Bill on self-defence against burglary, which resulted in the Bill falling? The truth is that under this Labour Government the Prime Minister is more accountable than ever, makes more statements and takes more questions from Parliament. The suggestion of rubber-stamping is nonsense.

On the hon. Gentleman's points about forthcoming Bills and what may happen to them in the event of an early election—if there is one—I hope that the Charities Bill, the Disability Discrimination Bill, the Identity Cards Bill, the Child Benefit Bill and a whole number of other crucial Bills of interest and concern to the public will be subject to constructive negotiation so that they can become law, as everyone in the country wants.

Mr. Tam Dalyell (Linlithgow) (Lab): Albeit that the late Robert McNamara metamorphosed from Lyndon Johnson's aggressive Defence Secretary on Vietnam to president of the World Bank, could we have some sort of statement on the British Government's attitude to the appointment of Paul Wolfowitz? I am not necessarily saying that it is a bad appointment, but were the British Government consulted and do they think that it should simply be in the gift of the Americans?

Mr. Hain: I am happy to explain the Government's position on that and I am grateful that my hon. Friend has asked the question. It is for the bank's board to take a decision on the appointment of the president. We should wait and see whether there are any other candidates and wait for the outcome of the process. Obviously, we would be involved in consultations with the US and others about the appointment and we would look forward to hearing Mr. Wolfowitz's views on several issues that concern us, such as debt cancellation, free basic education and other crucial development questions.

Mr. Paul Tyler (North Cornwall) (LD): Can the Leader of the House investigate and make an early statement on the Chancellor's Budget leak to the *Evening Standard* yesterday? The Leader of the House will be aware that a very early edition of the paper, which was certainly printed before the Chancellor rose to his feet in the House, contained considerable detail, including—extraordinarily—details about the Queen Mother's memorial. That information may not be market sensitive, but the Leader of the House will know that on previous occasions Mr. Speaker has had to ask the Chancellor to come and explain what went wrong. Can the Leader of the House investigate that matter?

As the Leader of the House is responsible for the orderly dispatch of business through Parliament, will he review, during a quiet time in the Easter recess, the scrutiny process in and between the two Houses? Is he really satisfied with the way in which they work at present? Does he accept that the major concessions eventually made by the Home Secretary last week on the house arrest legislation clearly demonstrated that the original proposals were flawed? In the end, the Home Secretary accepted major improvements. Is the Leader of the House satisfied that such vital concessions should be made in the other place, and in night-time wrangles in the other place and between the two Houses?

May we have a statement from the Secretary of State for Culture, Media and Sport about the extraordinary position of Lord Birt, who seems at one and the same time to work for a global media consultancy firm and to advise the Government, with paid civil service support, on the future of public service broadcasting?

The Deputy Leader of the House made an interesting statement on Tuesday about the role of the Law Commission in the particular circumstances of pre-legislative scrutiny. May we have a fuller statement on that important issue?

Mr. Hain: I am glad that the hon. Gentleman raises that last point. The Law Commission has accepted our request to look into the issue. As Leader of the House, I have been anxious to promote not only pre-legislative scrutiny, which has taken place on a scale never seen before in the past few years, but post-legislative scrutiny to examine how laws are implemented and what lessons can be learned.

On the question of the *Evening Standard* report, there was no leak from the Treasury. Yesterday's article was entirely speculative and Ministers will address the real issues arising from the Budget statement. I am surprised that the hon. Gentleman did not raise the important issue of the battle lines that have been drawn up on the future direction of the country, between a Labour Government committed to more public investment and maintaining economic stability, as the Chancellor did yesterday, with even some fiscal tightening on the eve of an election—possibly—and the Conservatives, who had pre-election Budget sprees that doled out lots of money and plunged the country into exactly the cycle of boom and bust that we are determined to avoid. The choice is between £35 billion of cuts under the Conservatives and continued investment in economic stability under Labour.

Lord Birt is an unpaid adviser to No. 10. I see no need for a statement from my right hon. Friend the Secretary of State for Culture, Media and Sport.

The hon. Gentleman raised important points about the relationship between the two Houses, how scrutiny can take place and how it can be improved. The behaviour of the House of Lords, with its big "C" and small "c" Conservative majority, calls into question the primacy of the House of Commons. We need to consider the matter. In an age of electronic mail, I cannot explain to members of the public, who find it mystifying, how it took hours and hours between the Lords making a decision and this House being able to transact the subsequent business, and vice versa. We need to speed up our procedures and subject them to a more modern scrutiny processes.

David Winnick (Walsall, North) (Lab): At a time when there is so much emphasis on tackling world poverty and disease, as shown, for example, in the excellent report by the Commission for Africa, would it not be appropriate for the House to have an opportunity to comment on the US nominee for the presidency of the World Bank? Do we take it that the UK will support that nominee? Is my right hon. Friend aware that Mr. Wolfowitz makes his current boss, the US Defence Secretary, seem quite moderate by comparison? We should debate the issue at the earliest opportunity.

Mr. Hain: As I said to my hon. Friend the Member for Linlithgow (Mr. Dalyell), the Father of the House, the nominee will be subject to the normal process. We will want to know, as a Labour Government who are leading the world on debt relief, on international finance facilities—so far resisted by the Americans—and on doubling overseas aid and development budgets throughout the world, where Mr. Wolfowitz stands on those issues. They will be crucial to the World Bank playing a progressive role to eliminate world poverty, rather than a regressive one.

Sir Nicholas Winterton (Macclesfield) (Con): I am grateful to the Leader of the House for announcing what he has about the Finance Bill. Is he likely to be able to say any more about the way in which the House might take the Bill forward, and what might need to be agreed in the event of the Prime Minister announcing a general election?

Will the right hon. Gentleman give the House an assurance—despite, I think, his unsympathetic and, I hate to say it, ill-informed view about programming—that whatever the outcome of the election, the House should have an early opportunity to debate programming? With about 40 per cent. of clauses and schedules in major Bills not being debated, surely this cannot be the way in which the House should proceed, leaving such heavy responsibility upon the House of Lords to do the work that this House should do.

Mr. Hain: On the specific question of what work should be done in the House of Lords compared with the House of Commons, I accept the principle that the hon. Gentleman is expressing. Obviously, we should be in pole position. The hon. Gentleman will understand the difficulties that we have because of emergency legislation and the need to get that through Parliament quickly. I would have liked to give more time for consideration of the Prevention of Terrorism Bill, which was emergency legislation, if that had been possible. In future, I would still like to do that.

I shall announce Second Reading of the Finance Bill in the usual way. I am sure that the hon. Gentleman will welcome that.

I accept—we have repeatedly debated this in private and in public—that the hon. Gentleman and I take a different view on programming. I respect his view. The Modernisation Committee produced a report on the matter. We voted on it and implemented the necessary motions last autumn. The Procedure Committee has also considered the matter under the hon. Gentleman's expert chairmanship.

I still think that there is a big advantage to the House and the public of knowing when chunks of business concerning any particular Bill will be taken and where everybody stands. For example, interested members of the public or groups know that they can go to a Committee on a particular day and a particular time and will hear the subject that especially interests them debated, rather than never knowing whether the debate will take place in the middle of the night or in the early hours of the morning, as happened consistently in the past. It is a matter of getting the balance right. There were big failures under the previous system, but I am always happy to keep the existing system under review.

Mr. Peter Pike (Burnley) (Lab): Can my right hon. Friend possibly find the time to squeeze in a debate on the important issue of the £200 council tax rebate for pensioners that the Chancellor proposed yesterday in the Budget, and on the pie-in-the-sky, cash-limited,

[Mr. Peter Pike]

means-tested amounts that others are proposing? It is important that the House should have the opportunity to discuss these proposals, so that people know exactly what is on offer.

Mr. Hain: My hon. Friend encourages me to see whether I can re-jig the business of the next few weeks, because I would relish the opportunity to debate the Conservatives' fantasy island proposals on council tax, which would actually help the wealthiest pensioners in the homes of greatest value who pay the highest council tax to get the most benefit. Pensioners who pay only partial council tax will get the full £200 council tax refund, tax free, under Labour—

Dr. Julian Lewis (New Forest, East) (Con): Once!

Mr. Hain: Well, obviously for the first year—*[Interruption.]* The Chancellor never ever announces future programmes unless he is in a position to do so, and this is an example of that. We are putting money in to help the poorest pensioners while keeping economic stability constantly in mind. In addition, my hon. Friend the Member for Burnley (Mr. Pike) and the public will want to know that, under Labour's plans, 3.7 million more pensioner households will get a council tax refund than under the Conservative plans. That shows that Labour is delivering for pensioners on council tax, and not the Tories.

Adam Price (East Carmarthen and Dinefwr) (PC): Tomorrow is the second anniversary of the vote on the war in Iraq. A motion of impeachment is before us, and there is compelling evidence that the Prime Minister misled the House in taking us to war. Is it not high time that we held him to account—

Mr. Speaker: Order. The hon. Gentleman must withdraw that remark.

Adam Price: I cannot in all conscience withdraw that remark.

Mr. Speaker: Then I ask the hon. Gentleman to leave the Chamber.

Mr. Gordon Prentice (Pendle) (Lab): My friend will know that responsibility for enforcing parking regulations has been transferred from the police to local authorities. There is huge disquiet in my area about the aggressive way in which Parkwise, which is run jointly by the county and district councils, enforces parking regulations. It is very inflexible indeed. Would it be possible to invite someone from the Office of the Deputy Prime Minister to come to the House and give us an update on how these arrangements are bedding in across the country?

Mr. Hain: I understand the point that my hon. Friend raises, and I know that this has caused his constituents particular discomfort. The Ministers responsible will want to take a close interest in the matter, and perhaps to respond to him so that his constituents can be better satisfied.

On the previous question, I do not think that the debate on Iraq is assisted by stunts that are deliberately contrived to get a headline. The future of Iraq is about building a democracy and not succumbing to terrorism, and I wish that the hon. Member for East Carmarthen and Dinefwr (Adam Price) had made that point, rather than engaging in that particular stunt.

Mr. Forth: Does the Leader of the House realise the extent to which we now have more proper parliamentary scrutiny carried out by the House of Lords—working more days and longer hours, without timetabling by the Government—than, sadly, is carried out by the House of Commons? Is he ashamed of the fact that he and his colleagues have now reduced the role of the House of Commons to that of a Government lapdog, leaving the unelected House of Lords to do the real parliamentary work? When is something going to be done about this, or is the Leader of the House going to continue to allow this shameful parliamentary position to carry on indefinitely?

Mr. Hain: Just because the Conservative party and its allies have a majority in the House of Lords, with which they are able to try to thwart the will of the elected House of Commons, he now wants to invoke the House of Lords in the Conservative party's aid rather than rely on democratic decision making and debate here. On his point about less scrutiny, I just do not accept it at all. I do not accept that the House of Lords subjects legislation to better or more scrutiny. I find that very rich indeed coming from the right hon. Gentleman, who is the biggest filibusterer of all time in the House of Commons and who has no interest in real scrutiny—

Mr. Speaker: Order. I am going to call for temperate language. I have never known the right hon. Member for Bromley and Chislehurst (Mr. Forth) to filibuster. Any time I have been in the Chair, he has always kept within the rules of the House.

Peter Bradley (The Wrekin) (Lab): May I press the Leader of the House on the issue that my hon. Friend the Member for Burnley (Mr. Pike) raised? The Leader of the House referred to the Conservatives' policy on council tax as a fantasy, but it is worse than that: it is a nightmare. When the Chancellor made his very welcome statement yesterday, he may have noticed that Conservative Members raised not two but five fingers, to signify the £500 rebate that they are proposing. Will the Leader of the House arrange for a debate on this issue, so that we can examine these policies? If the Conservatives were to implement their proposed freeze on local government funding for two years, followed by a 1 per cent. increase, it would create a £4.2 billion deficit in local government funding. That would lead either to savage cuts in services, which would affect pensioners and others, or to huge hikes in council tax, which would mean that pensioners would probably have to pay £500 more than they are paying today, rather than receiving £500 back.

Mr. Hain: I very much agree with my hon. Friend. The Conservatives are spraying new policy commitments around like confetti. They are committed to £35 billion of tax cuts—or they would like to be

committed to £35 billion of tax cuts. As the right hon. Member for Wokingham (Mr. Redwood) has said, the initial commitment is just a down payment—I think those were his words. But they cannot deliver, and this is frankly not an honest basis on which to go to the electorate.

On my hon. Friend's specific point, the House might be interested to know the difference between the Conservatives' policy and ours. Under Labour, a household with even just one pensioner will get the £200 tax-free refund. Under the Conservatives, both occupants would have to be of pensionable age to get the proposed refund. That is why many more households will benefit under Labour's policy. Let us take the example of the 40,000 over-65s caring for an adult or disabled child. They would also fall foul of the Conservatives' small print, which states that everyone in the household would have to be over 65 to qualify. The public will make up their minds on this matter shortly.

David Burnside (South Antrim) (UUP): The Leader of the House will be aware that, later today—St. Patrick's day—President Bush will be receiving the McCartney sisters at the White House and expressing strong condemnation of the vicious murder of their brother by members of the IRA in Magennis's bar in Belfast. Members of Sinn Fein were present during the murder. Will the Leader of the House make Government time for a full debate on this matter in the House, on the basis that strong words from President Bush and the Prime Minister are not enough to defeat the criminal conspiracy which is Sinn Fein-IRA, and which is contaminating the body politic in Northern Ireland and the Irish Republic?

Mr. Hain: The extraordinary bravery and determination of the McCartney sisters could well, as the Secretary of State for Northern Ireland has said, unleash a change in the Northern Ireland situation and create the positive prospect of the peace process being permanently cemented in, in a way that we have not seen for a while. We need to encourage that process.

Keith Vaz (Leicester, East) (Lab): Has the Leader of the House had the opportunity to look at early-day motion 938, which concerns the increase in car parking charges at the Leicester royal infirmary, despite the millions of extra pounds that the Government have given to the health service in Leicester?

[That this House notes with grave concern the proposal by the University Hospitals of Leicester NHS Trust to increase the parking fees for hospital staff, patients and members of the public; further notes the increase of £1 for up to an hour, £1.50 for one to two hours and £2 for three hours—up to a maximum of £10 are too high; and calls on the health authority to reconsider this drastic and unnecessary proposal.]

Only this morning, one of my constituents had to rush his daughter to the accident and emergency unit at the infirmary. When he went out to collect his car, he found that it had been clamped. This is an important issue, as it affects the ability of people to visit their relatives in hospital. Could we please have a debate on it?

Mr. Hain: It is an important issue, and I am grateful to my hon. Friend for raising his constituent's concerns. I am sure that the Department of Health and the health authority will want to take a close interest in the matter.

Mr. Andrew Mackay (Bracknell) (Con): The Leader of the House said earlier that we were "on the eve of an election—possibly". Will he confirm that no controversial legislation will be rushed through before then? There is a tradition in the House that, as we approach a general election, only non-controversial Bills are dealt with. Did I hear him correctly when he said that the Identity Cards Bill would be rushed through? Does he not understand that that is a highly controversial Bill, both in this place and out in the country, and that it will not be possible to rush it through because there will be many of us to stop it?

Mr. Hain: It is not a question of rushing things through. The right hon. Gentleman knows that, in such circumstances, there are negotiations between both sides of the House—he may well have been involved in them in the past. The interests of the country need to be put first. I believe that the Identity Cards Bill fits that criterion, as does the Consumer Credit Bill, which protects against loan sharks, and the Charities Bill, which the charities community wants. I am happy to go into a general election, whenever it might be called, with the Labour party advocating an identity cards measure and the Conservatives opposing it. I relish that opportunity.

Mr. David Watts (St. Helens, North) (Lab): Has my right hon. Friend followed the Jamie Oliver BBC programme on school meals? If so, does he believe, as I do, that too many of our children eat high-fat, low-quality meals? Is it not time for tighter standards? Will he ask the Secretary of State for Education and Skills to come to the House and make a statement about what the Department intends to do about the poor eating standards in our schools?

Mr. Hain: I agree with my hon. Friend. We are indebted to Jamie Oliver for championing decent, good diets and good food rather than the junk food that some of our children eat. The public health White Paper addressed that and legislation will follow if Labour wins the general election.

Dr. Julian Lewis: Does the Leader of the House share my profound disappointment at the likelihood that the Parliament will end without a single statement or debate led by the Chancellor of the Duchy of Lancaster?

In the absence of that, may we have a statement from a Law Officer or a Constitutional Affairs Minister on the more serious subject of sentencing policy and some of the awards made by courts? Does the right hon. Gentleman share my astonishment and dismay at the 18-month sentence that was passed on two louts who threw a boy from a bridge to his death by drowning in a river? Does he also share my dismay about the

[Dr. Julian Lewis]

£567,000 award—50 times more than the Criminal Injuries Compensation Authority could award to the family of a murder victim—that a court made to a boy who had trespassed on factory premises, fallen and suffered a brain injury? Does it not sometimes appear that the law has gone mad in this country?

Mr. Hain: Many members of the public would share the hon. Gentleman's view and we need to keep the matter under review. The two cases that he mentioned were of course different, and different schemes were involved. However, he may find an echo of his views not only among his constituents but among many others throughout the country.

John Cryer (Hornchurch) (Lab): The Leader of the House knows that the European Union is keen on using taxpayers' money to pump out the most appalling and nauseating propaganda on its behalf. Only yesterday, I heard that even Learning and Skills Council conferences are being used for distributing free baubles covered in EU symbols and mythology. Is it not time that we had a debate on the way in which the EU uses money for distributing propaganda, especially since the EU is shy about revealing such figures?

Mr. Hain: I have no problem with subjecting that issue to scrutiny. All EU finance should be subject to good scrutiny.

Mr. John Bercow (Buckingham) (Con): As the hon. Member for Cardiff, North (Julie Morgan) and I called last week for Second Reading of the Equality Bill, I welcome the right hon. Gentleman's announcement today.

May we have a debate on the link between hard drug addiction and violent crime? Given that many people who commit violent crime are high on drugs at the time or committing crime to feed their sad addiction, does the Leader of the House agree that such a debate would provide a welcome opportunity for hon. Members to celebrate Conservative proposals to provide drug rehabilitation courses for 50,000 people, thus giving them a chance to turn away from addiction and crime and lead more constructive lives?

Mr. Hain: The hon. Gentleman makes some fair points, apart from those about Conservative spending plans, which nobody believes. He knows that there is a Drugs Bill currently before Parliament. It is due to get its Second Reading in the House of Lords. Let us hope that that measure, which deals with many of the issues that the hon. Gentleman mentioned, can be speeded through in the event that that proves necessary.

Andy Burnham (Leigh) (Lab): Last week's shenanigans in this place left many of my constituents bemused and brought home to them, as the fox hunting debate did not, that an unelected House of Lords can block the will of an elected Government. However, they would be angry if the Identity Cards Bill and the Serious and Organised Crime and Police Bill are blocked by the House of Lords before a general election. Contrary to the comments of the hon. Member for New Forest, East (Dr. Lewis), identity cards are not controversial in my constituency. People want them and they want the legislation to be passed quickly. Will my right hon. Friend use whatever power he has to ensure that those Bills come back to this place so that the elected House can pass them? Will he stop an unelected House, which is controlled by the Conservative party, blocking such vital Home Affairs measures?

Mr. Hain: I very much agree with my hon. Friend. It is clear that Labour stands for the security of this country and the Conservatives constantly put it at risk, not least by their behaviour in the House of Lords.

Mr. Nigel Evans (Ribble Valley) (Con): As the first week when we return after Easter seems a bit thin legislatively—I cannot work out why; perhaps I am a little slow and something is happening that week about which I do not know—would it be possible to squeeze in a debate on education so that we can discuss the problems that my constituents are experiencing? They want their youngsters to go to grammar schools but, if their children fail the exam, they are unlikely to get into the second choice on their list. Several parents fear that happening and therefore put the grammar schools as their second choice but still enter their children for the exam. When their children pass, they are told that they cannot go to the grammar school because they must stick to their first choice. Clearly, if the children fail the exam, they cannot go to their second choice and are told that they must travel many miles outside their area to finish their education. That is clearly an injustice and we must have a full debate on the matter.

Mr. Hain: There are two Second Readings in the week after Easter. That means that it is quite heavy legislatively and cannot be described as thin. Notwithstanding the important problem that the hon. Gentleman has outlined, his constituents will be more interested in his party's plans for £35 billion of cuts.

Mr. Evans: No.

Mr. Hain: The hon. Gentleman says no, but I have just quoted the shadow Chancellor saying, on the record, that that is the case. Implementation of those cuts would put at risk the jobs of teachers and classroom assistants, and close schools in his constituency.

Mr. Tom Harris (Glasgow, Cathcart) (Lab): Four years ago, you gave me the opportunity, Mr. Speaker, of asking my first business question. I chose as a subject the possibility of banning all air weapons. Yesterday in Glasgow, the funeral took place of two-year-old Andrew Morton, the latest victim of an air rifle attack. Does the Leader of the House agree that the time for consultation and consideration has long passed? Will he give a commitment to introduce primary legislation to allow us finally to outlaw those lethal weapons?

Mr. Hain: Indeed. I commend my hon. Friend for the campaign that he led on air weapons and the danger that they pose to his constituents and those in the rest of the country. Air rifle attacks are reprehensible and must be curbed. I am sure that anything that can be done will be

done by the police and the Home Office. The Home Secretary will want to pay special attention to the points that he has made and the campaign that he runs.

Ian Lucas (Wrexham) (Lab): Will my right hon. Friend find time for a debate on the proliferation of nerve gas and chemical weapons? Does he know that yesterday, an event was held in the House to commemorate the 18th anniversary of the bombing of Halabja in Kurdistan? Appalling images were shown of the effect of nerve gas on women and children. Does he appreciate that some of us who voted against the war in Iraq welcome the elections that have taken place and the fact that the Iraqi Parliament has met, and do not indulge in pointless exercises to chase headlines in *The Western Mail*?

Mr. Hain: I very much agree with my hon. Friend, especially as that awful, horrific attack on the Kurds at Halabja was mounted by Saddam Hussein—the very person who would still be in power and able to mount similar attacks had he not been deposed. The hon. Member for East Carmarthen and Dinefwr (Adam Price) seems completely oblivious to that. He would presumably have been happy for Saddam to stay in power.

Points of Order

Mr. Oliver Heald (North-East Hertfordshire) (Con): On a point of order, Mr. Speaker. Perhaps inadvertently, the Leader of the House gave the impression that the Identity Cards Bill and the Drugs Bill had been properly debated in this place. In Committee, 10 groups of amendments to the Identity Cards Bill were missed, with a further six clauses not considered. Two groups of clauses were not considered on Report because of the strong guillotine. On the Drugs Bill, four groups were missed because of the knife in Committee, and a further four out of six were missed on Report. If a Minister—particularly a senior Minister—makes an inadvertent mistake of this sort, Mr. Speaker, does not "Erskine May" require him to come to the House and say how sorry he is for making such a blunder? Would the Leader of the House care to do that now?

Mr. Speaker: I will not be drawn into that argument. Perhaps it is something in which the usual channels could involve themselves.

Mr. Paul Tyler (North Cornwall) (LD): On a point of order, Mr. Speaker. You may recall that when an official without authorisation leaked the contents of the 1996 Budget, the then shadow Chancellor—now the Chancellor—said

> "I condemn this leak and I think nobody can condone the leak of sensitive Budget matters the day before the Budget. I am sure that a full inquiry is going to be mounted."

Have you, Mr. Speaker, received any representations seeking an explanation for yesterday's apparent leak in the London *Evening Standard* before the Budget statement was made to the House?

Mr. Speaker: One of the hon. Gentleman's colleagues and a Conservative Front-Bench spokesman submitted an urgent question to me, which I refused. I do not tell the House why I refuse urgent questions, but the hon. Gentleman may well be aware that the next item of business allows such matters to be questioned, because it is Treasury business. There is nothing to stop anyone from raising the issue—if it is done properly, of course.

Mr. John Bercow (Buckingham) (Con): On a point of order, Mr. Speaker. Is it not incumbent on all right hon. and hon. Members not to refer incorrectly to statements made by other Members? I refer in this context—and I seek your guidance, Mr. Speaker, because it will go on the record in the *Official Report*—to the observations of the hon. Member for Leigh (Andy Burnham) a few moments ago. He wrongly—I am sure inadvertently—referred to comments about the Identity Cards Bill by my hon. Friend the Member for New Forest, East (Dr. Lewis). The reality, however—as the record should testify—is that my hon. Friend made no reference to the Identity Cards Bill. The controversial character of that Bill—which many of us want to be dumped in the dustbin—was highlighted by my right hon. Friend the Member for Bracknell (Mr. Mackay). Ought not the hon. Member for Leigh to correct the record?

Mr. Speaker: I can only tell the hon. Gentleman that the Speaker would be very busy indeed if he had to put right all the inaccuracies that are uttered while he is in the Chair.

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [16 March].

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—*[Mr. Gordon Brown.]*

Question again proposed.

Budget Resolutions and Economic Situation

1.13 pm

Mr. David Willetts (Havant) (Con): Let me begin by drawing attention to my entry in the Register of Members' Interests.

I welcome the Secretary of State for Transport to the debate. My thoughts turned to him this morning as the District line ground to a halt. I thought, "We now have a parliamentary occasion when I can tell the Secretary of State how dreadful it still is." I am sure that he will want to comment.

I welcome the Secretary of State to the debate for another reason. I remember that, years ago, he and I used to debate tax and benefits when he was Secretary of State for Social Security. He may wonder whether the benefits system, the tax system and some of the other issues that we used to debate all those years ago are any different now. I can assure him that absolutely nothing has changed: everything that he used to say, and all the problems with which he was familiar, are still with us. I remember him saying back in 1999:

"I don't want to be remembered as another Secretary of State who tinkered with the system, patched and mended before handing it on to somebody else to do the same."

We have just seen the latest report from the Social Security Advisory Committee, which says:

"Complexity . . . characterises the entire benefits system, and the addition of tax credits, with different rules, merely makes the whole structure more opaque to its customers."

In October 1998 the Secretary of State—the very Secretary of State who is sitting on the Front Bench today—proposed a "fundamental reform" of incapacity benefit. Since then the number of people on incapacity benefit has risen by a further 100,000. In October 1999, the Secretary of State said:

"Incapacity Benefit has strayed from its real role of helping people who have lost their income when they were forced to stop work by illness or disability. It is increasingly being claimed by people who have been unemployed—sometimes for years.

Half the current caseload of IB came onto benefit from unemployment, not from work."

Indeed, the Budget contains proposals to get people off incapacity benefit and into work. I must tell the Secretary of State, however, that since he made that statement in October 1999 the number of new incapacity benefit claimants coming from unemployment has risen from 46 per cent. in 1997–98 to 60 per cent. now. This is yet another problem that the Secretary of State will find—sadly—is, if anything, worse than it was when he left the Department. We now have a scandalous 75 per cent. of young people coming straight from unemployment on to incapacity benefit.

We heard a good deal about pensions in yesterday's Budget statement. I remember the Secretary of State, in July 1998, summoning his full rhetorical powers and saying:

"The time for talking and discussing is coming to an end."

He went on—this is as close to Henry V as he gets—

"We now actually need to implement our programmes".

But what do we have now? What have we had from the Department for Work and Pensions in the past few weeks? "The Principles for Reform: The National Pensions Debate". We have had more debating, more talking, more discussing, six principles, and still no action. The Secretary of State need not worry: everything that he was talking about then still applies today.

It is very good to see the Secretary of State here for this debate. Perhaps the real reason for his presence was revealed in a comment from a Labour strategist in *The Times* this morning. He is quoted as saying:

"We're putting Alistair Darling up to talk about Tory cuts because he is someone trusted by both sides."

In the old days "both sides" meant both sides of industry, trade unions and management—fortunately those days of conflict are over—or perhaps both sides in the House of Commons. But by "both sides" this Labour strategist meant both sides of the Labour party. That is why we have the Secretary of State here.

Of course, the central fissure or divide between the followers of the Chancellor and the followers of the Prime Minister is at the heart of the flaws that run through this Budget. This Budget is a kind of compromise between the Brownites and the Blairites. The Brownite bit is the eye-boggling detail of it all, and the Blairite bit is the emptiness when it comes to any sense of practical measures to make the world a better place. The Budget is Brownite in its detail, and Blairite in its vacuity. I suppose that that is why the Secretary of State can indeed speak for both sides.

Mr. Francis Maude (Horsham) (Con): Can my hon. Friend recall, during his parliamentary career, a Budget debate that has started, at any rate, without a single Labour Back Bencher being present in the Chamber? We welcome the hon. Member for Ochil (Mr. O'Neill), who has just arrived, but he is the first to do so.

Mr. Martin O'Neill (Ochil) (Lab): I am not sure whether that was a point of order, Mr. Speaker. I received a green card from a constituent and went out, but I was here for the opening remarks of the hon. Member for Havant (Mr. Willetts). The right hon. Gentleman may not have been present then, but that is another matter.

Mr. Willetts: My right hon. Friend has made an important point. The Government Benches do seem strangely depleted. It does not look to me as though there is a passionate endorsement of the Budget there. They seem rather tepid in their willingness to come along and support the Government today.

Let me turn to the central Budget judgment, and begin by recognising a point that the Chancellor has made over and over again. The Chancellor's forecasts for economic growth have indeed turned out to be much more accurate than those of outside City forecasters. The Treasury's forecasts of economic growth in the economy have indeed been more accurate than many of the external forecasts. The Treasury says that, because of the performance of the British economy, it is operating close to capacity and growing at about its trend rate. Let us accept that. Let us accept that the Chancellor's forecasts for economic growth have proved more accurate than those of many outsiders.

The question that that raises is: if the Chancellor's economic growth forecasts have done so well, why do we have a budget deficit that, in the latest estimates, is put at £34 billion? The great paradox at the heart of the Budget is that, despite the Chancellor's accuracy in forecasting the growth rate of the economy, he has been hopeless at predicting the size of the deficit in the public finances. The budget deficit deteriorates year after year even as his growth forecasts come in on target.

It is illuminating to look at what has happened to the Chancellor's forecasts for Government borrowing in 2004–05, the financial year that is just coming to an end. In the 2001 Budget, he forecast that, this year, the budget deficit would be £11 billion. In the 2002 Budget, it was forecast to be £13 billion. By the 2003 Budget, the Chancellor's estimate of the financial deficit in 2004–05 rose to £24 billion. In the 2004 Budget, the deterioration carried on and the deficit was up to £33 billion. The latest figure in yesterday's Budget is that public sector borrowing in the year coming to an end is £34.4 billion.

That gets to the heart of our challenge to the Chancellor and his Treasury team about the way they have managed the public finances despite achieving— *[Interruption.]* I welcome the Chancellor to this debate. It is good to see him. He has decided to endorse his own Budget. He missed me congratulating the Treasury on the fact that its economic forecasts for growth had proved to be more accurate than those of the City, but reminding the House that, even while the growth forecasts were being proved correct, the budget deficit year after year was deteriorating. Therefore, this is a Chancellor who is losing control of the public finances. The fact that we are running such a large deficit when, as he always reminds us, we have enjoyed many successive quarters of growth, is the central problem facing the management of the economy and the public finances.

It is not just the Conservative party that is saying that. It is what all outside experts are warning, too. The International Monetary Fund said earlier this month that

"steps are now needed to accelerate the pace of fiscal consolidation to meet the government's budgetary objectives over the course of the next economic cycle".

When the IMF talks about fiscal consolidation, we know what it means: there will have to be either public expenditure cuts or tax increases. The Institute for Fiscal Studies put out a press release today saying that

"to continue to meet the rule"—

that is, the golden rule—

"with as much confidence as the last Budget—would require him"—

the Chancellor—

"to raise taxes or cut spending by £11bn a year during the next economic cycle which the Treasury believes will begin in April 2006."

That is the central question: why is it that the Chancellor is endlessly caught out with his budget deficit forecasts despite predicting accurately the growth of the economy?

The Chancellor says that he does not need to raise taxes but, if we look at the Red Book, it is clear that the Chancellor and the Treasury team are expecting to raise taxes. All we have to do is turn to page 254 of the Red Book. When the Chancellor publishes the Red Book, a good guide is to start at the back—the interesting stuff is all at the back. The first 100 pages do not really say anything; between pages 100 and 200 he is warming up, but some of the tables at the back are quite informative.

Tables C9 and C10 on page 254 show that the Chancellor is expecting his receipts from tax and national insurance contributions to rise from 36.3 per cent. of GDP in the current year to 38.5 per cent. by 2008–09. The Chancellor is expecting his revenues to grow by more than 2 per cent. of the entire national income within five years. He is, of course, expecting an incredible rate of growth in his tax revenues but he thinks that he can achieve that without putting up tax rates. He thinks that that is achieved by some extraordinary process of levitation in which he just collects more and more revenues. It is not so much new Labour as the Natural Law party when it comes to managing the public finances. No one believes that the sort of increases in tax revenues that he shows in his Red Book can be achieved without his having to raise taxes.

What we would like to hear from the Chancellor, even if he will not accept that, is an answer to the following question. He likes talking about prudence, although we notice that there was a little less about it in the Budget yesterday. If he believes in prudence and contingency planning, just assume that he found that that miraculous 2 per cent. of GDP surge in tax receipts was not coming through. Many people outside are sceptical. What would he do then? What would be his response to the failure of tax revenues to match his forecasts? Would he raise tax rates? Would he cut public expenditure? If he believes in maintaining long-term confidence and stability, he has to show what he would do if those extraordinarily optimistic forecasts for tax revenues did not come to pass.

[Mr. Willetts]

We have very clear plans about what should happen to the path of public expenditure. At the moment, public expenditure in 2005–06 is forecast to be £520 billion. The Chancellor plans to increase that by £180 billion by 2011–12. We plan to increase it by £145 billion by 2011–12, so underneath all the hysterical allegations about all teachers and nurses being sacked, which is complete rubbish, what we are talking about is that, whereas for him public expenditure in cash terms grows by 5 per cent. of GDP, under us it grows by 4 per cent.

The Secretary of State for Transport (Mr. Alistair Darling): Will the hon. Gentleman confirm, since there seems to be some confusion on the part of some of his other colleagues who are not here, that the difference between the two spending plans by 2011 would be £35 billion?

Mr. Willetts: We are talking about growth that is £180 billion under the Chancellor and £145 billion under us, and the debate is entirely about how rapidly public expenditure should grow. That is indeed the difference between us.

Mr. Darling: I wonder why the hon. Gentleman cannot use the figure £35 billion, because I think that that is actually the difference. Will he confirm that the difference is £35 billion, as the shadow Chancellor has said?

Mr. Willetts: The growth that the Chancellor plans in public expenditure is £35 billion higher than the growth that we plan in public expenditure. There is a difference because he is planning to increase it by £180 billion and we are planning to increase it by £145 billion. The difference between those two sums is indeed £35 billion.

Mr. Darling: At long last. It is like pulling teeth. Does the hon. Gentleman also agree with the analysis provided by the shadow Chancellor on Sunday morning's "Breakfast with Frost"? As he described it, the difference was vast.

Mr. Willetts: The difference is the difference between a growth rate of 5 per cent. under Labour and of 4 per cent. under us. The difference is that under us public expenditure will grow by £145 billion and under Labour's plans it will grow by £180 billion, so there is a very substantial increase in public expenditure under us, but it is not as enormous as the growth of public expenditure under the Chancellor.

The plans were set out clearly last year, but we have observed with some fascination that the Government have made heavy weather of working out what they are. On 9 November, we had a Labour denunciation of a Conservative plan for an immediate £20 billion cut in spending on vital public services. By 1 December, the Chancellor was saying:

"If a Conservative Administration were in power tomorrow, they would be looking for a total of £70 billion of efficiency savings."—[*Official Report*, 1 December 2004; Vol. 428, c. 654.]

By 2 December, the Labour party website was announcing that it would be publishing analysis showing that the Tories were planning cuts of "a massive £50 billion." By 16 December, it was down to £35 billion. They have changed their rebuttal of our spending plans so often, one wonders whether the exercise was managed by the Chancellor of the Duchy of Lancaster. There is a gap of £35 billion between the increases that we plan in public spending by 2011–12 and those planned by the Government.

Mr. Darling: The hon. Gentleman referred to the plans that were published by the shadow Chancellor last November. Will he confirm that apart from health and education those plans also included a cash freeze in all other departmental expenditure?

Mr. Willetts: No, they did not include a cash freeze in every other Department. Those were not the plans, although it is true that we have fully protected health and education. The right hon. Gentleman is welcome to intervene again on this point, but we have observed three different things that the Government say about our economic plans. They cannot all be true. One thing they say is that there is no black hole in their public finances; there is no problem and no deficit to be plugged. The second is that the Conservatives are going to deliver horrifying reductions in public expenditure. The third is that the Conservatives are not going to cut taxes. Not all three can be true, and they have to decide what they are accusing us of. If the Secretary of State would like to illuminate us about the central critique, we would find that very helpful.

Mr. Darling: I will expand on those matters at some length later, but I am looking at the announcement made by the shadow Chancellor in the autumn when he said that there would be zero per cent. growth in the first two years followed by 2 per cent growth for the remaining years for the period covered by the strategy. That sounds to me like a cash freeze. Does the hon. Gentleman agree with the shadow Chancellor?

Mr. Willetts: The shadow Chancellor was referring to the envelope within which total public expenditure outside of health and education would be managed. It was not a Department by Department cash freeze. That was never intended—

Mr. Darling *rose*—

Mr. Willetts: If I can just finish my sentence, I will give way to the Jack-in-the-box opposite. We never intended it to be Department by Department—we were referring to the envelope within which public spending would be made.

Mr. Darling: I am most grateful to the hon. Gentleman; I think that we are making progress. For the sake of completeness, I should quote the entire paragraph. The shadow Chancellor said:

"I have agreed with my shadow Cabinet colleagues that the baseline for spending across all of these departmental budgets—

outside the NHS and schools budgets—

will be 0 per cent growth for the first two years."

To me, zero per cent. sounds something like a freeze.

Mr. Willetts: My right hon. Friend did not mean that. He meant the total, and not Department by Department. That is the difference between us. He was referring to the totality within which public expenditure is found.

I agree with the Secretary of State that we are indeed making progress. We are planning increases in public expenditure; he is planning even greater increases. By 2011, the gap between the two will be £35 billion. We are planning increases of £145 billion and he is planning increases of £180 billion. He cannot maintain that this is equivalent to the end of civilisation as we know it, as he is trying to imply.

Let me turn to the specific decisions of the Budget, on which I wish to ask some questions. If the Secretary of State cannot respond to those specific questions immediately, perhaps the Paymaster General will do so when she winds up.

On saving, there was an extraordinary moment when the Chancellor boasted that the household savings ratio is now 5.6 per cent., four times that of the United States of America and Canada. Despite his taste for long historical sweeps when it comes to economic statistics—we have heard about the 50 quarters of growth and about growth since 1701—he did not say that he is expecting the longest period of low saving that Britain has seen for at least 45 years. He expects the savings ratio to stay below 6 per cent. from 2004 until 2007. As always with these statistics, they are at the back; it is on page 232. We have never previously had a period in which the savings ratio has been below 6 per cent. for more than two years back to back. We are heading for a low-saving society, but a society that will depend on high levels of welfare.

The reasons why we are saving so little are complicated, but we would be grateful if Treasury Ministers explained in detail the announcement in Inland Revenue press release 21 yesterday, which has caused considerable concern among life insurance companies, and appeared to confirm that the Treasury will be imposing a corporation tax rate on all the with-profits funds run by life insurance companies. It would be helpful if Treasury Ministers explained that.

We would like to hear more from Ministers about what is happening to rates of employment. We have young people still suffering high rates of economic inactivity. When the Government came to office there were 1.082 million young people neither working nor studying nor training—a scandalous figure. The latest figures, out this week, show that the figure is now 1.108 million. The number of young people neither working nor studying nor training is higher than it was when Labour came to office. That is simply not good enough, and we would like to hear what Ministers are doing about it.

As always with this Government, they have set a target— an "ambitious target", as they describe it—of an employment rate of 80 per cent. It is indeed ambitious. The Secretary of State for Work and Pensions said the other day that their aspiration was to increase the 75 per cent. employment rate to a record 80 per cent. The only trouble is that the Government have not decided how they will measure the target, as they say that they need to consider whether the current definition of the employment rate will remain the most appropriate for the future. Some employment rate will be at 80 per cent., but they do not know which one. Perhaps the Secretary of State could explain that to us.

We heard a lot about pensioners in the Budget. Despite the Chancellor's so-called assistance for pensioners with their council tax, we see on page 186 that that is financed for only one year. There is £800 million of expenditure in 2005–06, with nothing in subsequent years. We will have the extraordinary position of pensioners seeing their benefit incomes falling in 2006–07 compared with 2005–06. I should be grateful if the Secretary of State or the Chancellor confirmed the following figures. In 2005–06, pensioners under 80 will have a winter fuel payment of £200 and a council tax refund of £200, adding up to £400 in 2005–06, which may just be an election year. In 2006–07, there is a winter fuel payment of £150, not £200, and a council tax refund of nothing. That adds up to £150 in 2006–07 as against £400 in 2005–06. If I may say so, that amounts to a £250 cut in the annual income of pensioners, which is equal to a fall of £5 per week. Is that what the Chancellor is proposing—a fall in benefits for pensioners of £5 per week in the year after the election? On what basis—

The Chancellor of the Exchequer (Mr. Gordon Brown): What of Tory cuts?

Mr. Willetts: Let me make it absolutely clear in response to that sedentary remark that we are not proposing to take away from pensioners the winter fuel payment or what was announced on council tax. We endorse those policies, but we will in addition increase the value of the basic state pension and help pensioners with their council tax bills. Our proposals will stick with pensioners year after year.

Mr. Darling: The hon. Gentleman is telling us that he hopes to do more for pensioners, so let me come back to the shadow Chancellor's fascinating speech. The next paragraph is as revealing as the previous one that I mentioned. He said:

> "I fully accept that holding programme spending within departmental expenditure limits other than the NHS and schools to a zero increase for the first two years and to what amounts to a zero real terms increase thereafter is a tough constraint."

How, then, is the hon. Gentleman going to do all that he says he will under those "tough constraints"? His difficulty is that he does not have the money to do what he wants to do, and what the shadow Chancellor said rather bears that out.

Mr. Willetts: We have set out clearly how we will finance our pension proposals, and I am happy to debate them with Ministers. We have said that we will abolish the new deal for young people and other new deal programmes, which we believe are ineffective. That is why I pointed out that the number of young people who are not studying, working or training is higher than when Labour came to office in 1997. The new deal is not working, and the Government are failing to make any progress on bringing down unemployment.

[Mr. Willetts]

I shall refer to *Labour Market Trends* of December 2004 and quote the statisticians from the Office for National Statistics, who argued that

"while employment levels have generally been increasing over the past four years, the rate of increase has been no more than in line with population growth, leaving the trend in the employment rate largely flat since 2000, following stronger growth through much of the 1990s".

For all the huffing and puffing, all the welfare to work schemes, tough work-focused interviews and changes to the welfare system, all we have had in the past five years is an increase in employment growth essentially in line with trend. That is all that the Government have been able to achieve. We believe that we can do better by introducing programmes that are much more effective than the new deal.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Is my hon. Friend aware of Blair's forgotten millions? There are 1.1 million 16 to 24-year-olds who are neither in full-time education nor in work. Is not that a shocking waste of the energy and talent of some of the youngsters in this country?

Mr. Willetts: My hon. Friend is quite right. We now have one of the most extraordinary pieces of evidence about how serious the problem is: there are now more young people under 25 on incapacity benefit than on the new deal. Sadly, the figures went up yet again in yesterday's statistics, and there are now more than 160,000 young people under 25 on incapacity benefit—an increase of more than 50 per cent. since 1997. We know what has happened: many of these people are now moving off the new deal on to incapacity benefit, so the new deal has become a revolving door to being on benefits, not off them.

I want to question Treasury Ministers on what they say about tax credits. Once again, we need to look at the small print in order to establish the reality of what is being proposed. Page 193 of the Red Book reveals that the family element of the child tax credit is frozen for a further year at £535. That means no increase in the support that most families get from the tax credit system. The increase is in the child element of the child tax credit, which is means-tested, so the majority of families will not be helped. Will the Chancellor confirm, despite what he said yesterday, that of the 4.25 million families receiving child tax credit, about a half—more than 2 million—will receive only the family element and therefore no assistance? The Chancellor is putting his money into complicated means tests, not into the general payment.

The Chancellor sets great store by the child tax credit, but I hope that we will hear from the Minister who is responsible for the system something about what is really going on with tax credits. *[Interruption.]* Many families have found themselves in financial distress, after being chased—*[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. Let me make it clear to Government Front Benchers that if they want to intervene, they should stand up and do so in the customary way. The continual chuntering is not helpful.

Mr. Willetts: I would welcome the Chancellor telling us about the child tax credit. I believe that its implementation is one of the main causes of financial distress to many families in our country.

Mr. Darling: Is the hon. Gentleman for or against the tax credits?

Mr. Willetts: We are not proposing to abolish the child tax credit, but we have a sensible proposal to tackle the problem. First, I would like to describe the problem briefly, and then I will tell the Chancellor and the Secretary of State how we propose to tackle it. The problem is that many families now find themselves in great financial distress because of the way in which the Inland Revenue first overpaid tax credits and subsequently tried to recover them. That is the problem, and if the Chancellor were at all concerned about the reality of the lives of many British families, he would do something about it.

I received on my desk only this week a report by One Parent Families on the new tax credit system. Let me quote the foreword by the chief executive of that organisation, who argued that the

"delivery of the new tax credits has been problematic. Not only the well-publicised early computer difficulties, but also ongoing difficulties with the administration of a complex system mean that many one-parent families have experienced problems with their tax credit award—28 per cent. of those in our study had experienced an overpayment. These problems risk frustrating the original aims of the tax credit system. Our research found that more than three-quarters of respondents repaying overpayments experienced financial difficulties as a result of reduced tax credit awards."

For most of us in our surgeries over the past few weeks, one of the top five problems has been families who were overpaid tax credits, often through no fault of their own, now facing rates of recovery that have become one of the biggest financial problems that they face. That is the reality of life for many families—

The Paymaster General (Dawn Primarolo) *indicated dissent.*

Mr. Willetts: It is no good the Paymaster General shaking her head. That is what those families experienced. I do not understand why she continues to shake her head—*[Interruption.]* It is the practical experience of many families.

Mr. O'Neill: I am interested in the hon. Gentleman's comments about surgeries. My impression is that Havant is a fairly prosperous part of England, whereas I represent one of the disadvantaged parts of Scotland. There are about 6,000 families in receipt of child tax credit there, and I have to say that I receive very few complaints nowadays, so perhaps Labour seats are treated more favourably than Tory seats. I wonder how many families and people in his constituency are in receipt of tax credits and how many of them have faced difficulties.

Mr. Willetts: I do not particularly want to get into a competition with the hon. Gentleman over poverty and incomes in our constituencies. However, my constituency has an income below the national average,

and my constituents' earnings are significantly below the national average. I tackle many social problems in my constituency, and I am speaking from direct personal experience. Sadly, there are high rates of pensioner dependency on pension credit and of family dependency on child tax credit. I know of many cases in my constituency where families have problems with their tax credits and have to manage on very low incomes. I am referring to their experiences, and I know that many of my hon. Friends—and, I suspect, Labour Members—have had similar problems. A lone parent came to my surgery the other week who had just £5 to help her and her child through the weekend. They had to manage on bread and milk because the tax credit payments had already been stopped. Those are the experiences that many families face.

Of course, the Inland Revenue statistics are scandalously inadequate—I hope that the Paymaster General will tell us a little bit about what is going on—but the reality is that the tax credits are not working. Surely all hon. Members on both sides of the House can accept that, because it is what the Citizens Advice Bureau has written to me about this week, it is what the report is about and it is what the Child Poverty Action Group talks about.

The problem is that overpayments were often made as a result of mistakes by the Inland Revenue, which the families questioned at the time. They were told, "No, you can pocket the money. Don't worry, it is accurate," and the Inland Revenue suddenly come along, six or nine months later, and say, "We are now going to take all this money off you." So a family that is struggling to make ends meet may well find that its income falls very dramatically.

We have a practical proposal, which has been put by other organisations, too, and it does not involve abolishing the child tax credit: we say there should be an amnesty on overpayments in the last financial year. We think that trying to do that adjustment after the financial year is a classic design of the Chancellor. What has happened is his fault; his design is the source of these problems and it is ironic—as he is sincere about wishing to tackle child poverty—that it is his attempt to use the annualised systems of paying child tax credits that has itself become one of the main sources of child poverty today.

The solution is an amnesty on year 1—to write off the situation in year 1—and at least try to make the system work from now on. Otherwise, there is a danger that the system could spiral into a Child Support Agency-type disaster. That is a practical proposal; it would help to make the system work; it is what many outside bodies have called for; and I am happy to have this opportunity to press it on those on the Treasury Bench yet again today. I hope that eventually they will see sense and do something about it, because otherwise they will find it very hard to make the system work. We look forward to tackling the problem.

The Budget, despite all the rhetoric, involves tiny changes in the benefits system for one year, which will not be sustained—it is vote now and pay later. What the Chancellor is offering is taxing oil companies to make a one-off payment for pensioners, after which their incomes will fall by £5 a week, as he takes away the benefits that he announced with such a flourish.

We Conservatives have sustained proposals that will increase pensioners' incomes. We are going to help them by cutting their council tax bills; we are going to boost their pensions and help families by offering them an amnesty from the tax credit mess in which the Chancellor has trapped all too many of them. That is why we oppose the Budget judgment.

1.52 pm

The Secretary of State for Transport (Mr. Alistair Darling): I, too, welcome the opportunity to return to old pastures. It is some years since I last debated across the Floor of the House with the hon. Member for Havant (Mr. Willetts). Some of the things he referred to bring back happy memories. In the olden days, it might have been thought that the shadow Chancellor would open the Budget debate on behalf of the Opposition—that is certainly what used to happen—but, during the last election, I recall that when it became clear from a leak to the *Financial Times* that the shadow Chancellor, the right hon. Member for West Dorset (Mr. Letwin) wanted to cut £16 billion off public expenditure, he disappeared for virtually the rest of the election campaign.

Mr. Maude: Will the Secretary of State give way?

Mr. Darling: I certainly will in a moment.

Obviously, the shadow Chancellor now advocates cuts worth £35 billion, but it is like pulling teeth to get any Conservative Front-Bench spokesman to confirm that. Perhaps the hon. Member for Havant is aware that, throughout London today, it is difficult to find any Conservative Front-Bench spokesman who can bring himself to admit that their policy is to cut £35 billion from public spending. That is probably why the shadow Chancellor has vanished and is not here today.

Mr. Maude: Will the Secretary of State give way?

Mr. Darling: I promised to give way to the right hon. Gentleman, and I will. None the less, I shall then very happily debate with the hon. Member for Havant, not least because he raises a number of matters from our past that I would certainly like to touch on before turning to the Budget debate generally.

Mr. Maude: Does the Secretary of State recollect how Budget debates have changed? The convention used to be that the Chancellor would respond to the points made in the Budget debate. The only Chancellor, certainly in my experience, who has not done that is the current Chancellor, who is not that good at engaging in debate—what he likes to do is come here and roar; responding to the debate is not his strong point.

Mr. Darling: My recollection is that the right hon. Gentleman was one of the many Conservative Members who shadowed my right hon. Friend the Chancellor, and I seem to remember that his predictions were wrong on each and every occasion that he made them. My right hon. Friend the Chancellor has just said to me how much he recalls and relishes those days, when he used to debate with the right hon. Gentleman. In fact, I seem to recall that the right hon. Gentleman predicted a

[Mr. Darling]

recession—a recession that never came—although he now says that he did not do so. My right hon. Friend is happy to debate such matters with anyone. What is more important is that his record bears very close examination, compared with the predictions made by the Conservative party, including those made by the right hon. Gentleman.

Mr. Maude: The Secretary of State says that the Chancellor is keen to debate, but, as I say, every Chancellor before him used to respond to the Budget debate—this Chancellor has never done so. As we know, he never really wanted to be Chancellor; he regarded the job as a waiting room for becoming Prime Minister. Just for the sake of pure historical accuracy, I never predicted a recession; I predicted a downturn, which took place, and a manufacturing recession, which also took place.

Mr. Darling: My recollection is that the right hon. Gentleman was one of a number of Conservatives who kept going on about recessions made in Downing street—recessions that never materialised.

Mr. Maude *rose—*

Mr. Darling: I will give way again later, but there is a difference between a debate and a conversation. I know that the Government are in favour of big conversations and I promise the right hon. Gentleman that I will let him intervene again, but I wish to make the point that the hon. Member for Havant, who opened the debate on behalf of the Conservatives, was good enough right at the start to commend the Chancellor for being right on so many of his predictions. We much appreciate that acknowledgement.

The hon. Member for Havant mentions pensions, but I recall from our last meeting that he was passionately opposed to restoring the earnings link. In particular, I remember him saying on television:

> "I know how many campaigning pensioners would like to see the earnings link restored . . . it is not affordable and it would not be well targeted."

In reply to a point made by our absent friend the hon. Member for Northavon (Mr. Webb) in a debate in the House on 8 June 2000, the hon. Gentleman said that restoring the earnings link was

> "a wild and uncosted policy".—[*Official Report*, 8 June 2000; Vol. 351, c. 440.]

I was somewhat surprised therefore to read a few months ago that he now thinks that it is a jolly good idea to restore the earnings link—but only for four years because he knows that he would not have the money to sustain such a policy after that time.

I also remember the time when the hon. Gentleman said that he wanted to abolish the winter fuel payment and was met by universal opposition, not least from Conservative Back Benchers. Moreover, when they started to look at his pension policy, he had to do a rapid U-turn and change things. His pensions policy has not worked, but it is great pity in relation to his proposals on the new deal that he does not recognise—although he has studied such things and he is generally pretty fair-minded—that the new deal has helped more than 1 million into work. On any view, unemployment is a fraction of what it was 10 or 20 years ago. Youth unemployment, to which he referred, is down as well. We have only to go around our constituencies to see the difference, which is shown by not just statistics, but the evidence. We can see in every constituency that unemployment has fallen.

To listen to the hon. Gentleman, we might think that we were living in a time of mass unemployment. In fact, 2 million more jobs have been created in the past eight years, despite the Leader of the Opposition's predictions about the minimum wage. The hon. Gentleman proposes to get rid of the new deal now, but it would be a tragedy if the new deal were scrapped at the very time when, yes, some people are still finding it difficult to get into the labour market—for example, people on incapacity benefit. My right hon. Friend the Secretary of State for Work and Pensions has made proposals to remedy such problems.

The hon. Gentleman proposes the Australian model, as I understand it, whereby the process of getting people into work is largely privatised. I have visited Australia—no doubt he has done so, too—and I would say two things about that model: first, it is not cost-free, because there is still a cost to the state, even if someone else is paid to put people into work; and, secondly, that model has not been as successful as ours in getting people into work. If we go were to back to higher unemployment, it would inevitably involve higher benefit payments. I remind him that one of the most telling things that my right hon. Friend the Chancellor said yesterday is that, 10 years ago, 75 per cent. of all new expenditure went on servicing debt or social security—the bills of failure—but the position today is completely the opposite. Getting rid of the new deal, which one of the hon. Gentleman's fellow Front-Bench spokesman described as being painful—so much for cuts not making a difference—would be a tragedy for many people in this country.

Mr. Ivan Henderson (Harwich) (Lab): On winter fuel payments, does my right hon. Friend recall, as I do, the years when we campaigned for the wind chill factor to be taken into account? Pensioners had to freeze in their homes for days on end just to get £10, which, in fact, they very rarely got. The Tories said that they would not put VAT on fuel, and then did so. Does he agree that pensioners will not trust the Tories to keep their promise to retain winter heating payments?

Mr. Darling: My hon. Friend is right. I remember in the previous Parliament that the hon. Member for Havant announced a plan to get rid of concessions such as the winter fuel payments and free television licences, which he said were bitty and inappropriate. He had an alternative, but he had to abandon it because his colleagues thought that it would be unpopular. He said that restoring the earnings link was "not affordable" and that it would not be "well targeted", but he has performed a complete U-turn and now accepts the policy. It is possibly no wonder that he has been taken off the case when it comes to writing the Tory party manifesto, but that change of heart is curious, to say the least.

The hon. Member for Havant is also strongly against the state second pension, introduced when I made the reforms to which he referred. It has benefited 18 million people, most of them women and people with broken work records such as carers, but he wants to scrap it. If that happened, 18 million people would be worse off.

Mr. Willetts: First, I want to confirm that we have no plans to change winter fuel payments, which will continue. The Government intend to reduce the amount in 2005–06 and 2006–07, but we propose no changes to the regime. Secondly, I want to help the Secretary of State in respect of our policy on the basic pension and the pension credit. What has changed as a result of Government policy is that pension credit means that we now have the mass means-testing of pensioners. As the basic state pension rises in value, fewer pensioners will need to claim the pension credit. Therefore, the case for an increase in the basic state pension is much stronger when so many pensioners are trapped in means-testing. We propose a practical way of tackling a problem faced by many pensioners today.

Mr. Darling: The hon. Gentleman knows about these things, so he must be aware that we have spent about £10 billion more in pension provision, nearly half of which has gone to the poorest third of pensioners. I am pretty sure that he agreed some years ago that helping pensioners on low incomes and getting them out of poverty meant that more money must be targeted at them. An across-the-board, earnings-linked increase does not help pensioners at the lower end of the income scale. That is why we introduced the pension credit, which has helped to lift pensioners out of poverty.

The Conservatives are entitled to say that that is the wrong policy, but there is no doubt that the pension credit helps something like 3 million pensioners now, and that many of them receive as much as £40 a week extra as a result of all of the things that we are doing. That must be right, given that one of the Government's policy objectives is to get pensioners out of poverty.

Mr. Willetts: We too are keen to help pensioners who are entitled to the pension credit but who do not claim it. We estimate that there are more than 1,000 such pensioners in the Secretary of State's constituency who would be helped by our policy.

The right hon. Gentleman talks about means-testing versus universality. That is a real debate: we have discussed the matter many times in the past and no doubt will do so again. However, the Government have announced a variety of special payments, such as the council tax rebate, which are not means-tested. Those payments are universal, so it is very odd for him to denounce us for a policy that helps all pensioners.

Mr. Darling: It has always been the Government's policy to have a mix when it comes to payments to pensioners. Some, like the winter fuel payment, are universal: some, like the minimum income guarantee, are more targeted; and others, like the pension credit, are designed to help pensioners with modest savings. The hon. Gentleman has referred to administrative problems, but he has given the House the distinct impression that he is against tax credits of any kind. Over the past eight years, I have never heard a Conservative Member speak with any enthusiasm about the extra help offered by tax credits to families, to people going into work and thus moving off benefit, or to pensioners. Whenever Conservative Members talk about this matter, one's distinct impression is that something will have to give when it comes to the tough and painful decisions that must be taken to secure £35 billion in savings, and it is just possible that that something could be the tax credits.

Mr. Maude: On that point, would the Secretary of State advise people on low incomes to save through a stakeholder pension, given that any benefits from that pension would be lost as a result of the extensive means-testing that pervades the system?

Mr. Darling: That is not right. I advise anyone who can save to do so, but the pension credit was designed specifically to change the crazy benefits system that we inherited. Under that system, after a certain point people found that every pound that they earned was docked from their benefit. The right hon. Gentleman's analysis would be correct were it applied to the old social security system. The pension credit was designed to ensure that people knew that they would get a reward for saving. Many people in receipt of the pension credit accept that it has made a big difference. Whatever else the Tories do, I hope that they do not go back to the old-fashioned means test, which trapped people in a way that was grossly unfair and very bad for the long-term interests of the country.

Mr. Ivan Henderson: Does my right hon. Friend agree that the Opposition have not said how much it will cost pensioners to take out insurance policies to pay for their NHS operations? That would be a huge burden, and pensioners who could not afford such policies would end up at the bottom of future waiting lists.

Mr. Darling: Again, my hon. Friend is absolutely right. It is interesting that, whenever one confronts Conservative Members with their party's policies, they emit howls of protest. Yesterday, my right hon. Friend the Chancellor mentioned in passing that the Conservatives propose to make £35 billion in cuts. Their reaction suggested that the Government were making that claim, whereas it is what the shadow Chancellor has promised.

My hon. Friend the Member for Harwich (Mr. Henderson) refers to Conservative plans to pay half the cost of an NHS operation when a person goes private, but that is not the same as half the cost charged by BUPA, for example. The Opposition's policy would take more than £1 billion out of the health service, but my hon. Friend will have noticed the reaction among Conservative Members when he mentioned that. It was not justified outrage so much as worry that they had been found out. Over the next few weeks, I expect that we will be talking about Conservative policies—the £35 billion in cuts, for instance, or their plans for private health—in every constituency in the country. No doubt, the Opposition will want to justify what they propose.

Mr. Paul Goodman (Wycombe) (Con): What about transport?

Mr. Darling: I shall be very happy to talk about transport, and to point out to pensioners the new free

BEST COPY AVAILBLE

[Mr. Darling]

travel provisions announced yesterday, which I think that they will greatly appreciate. I shall also make the fundamental point that we must take the shadow Chancellor at his word and that a cash freeze will be imposed on all Departments, apart from the two that he mentioned. As a result, transport will be one of the victims, because the one thing that it does not need is an expenditure cut.

Mr. David Watts (St. Helens, North) (Lab): Does my right hon. Friend agree that people will be very sceptical about the Opposition's claim to provide a better deal for pensioners and transport, for example, given that both sectors were in decline for 18 years? Does he agree also that people will compare our package for pensioners since 1997 with what happened under the previous Conservative Government?

Mr. Darling: Yes, and that brings me neatly to my next point: people have to make a choice and a judgment in this matter. They can look at what happened in the 18 years up to 1997, or they can consider what has happened in the past eight years. As far as the economy is concerned, I am sure that people remember very well the very high interest rates and mortgage rates that characterised those 18 years, as well as the repossessions and the huge levels of debt. The hon. Member for Havant said that my right hon. Friend the Chancellor's predictions had been wrong, but people will recall that they have been right. His critics have been wrong, year after year.

The Conservatives talk about borrowing. There are two points to make. As my right hon. Friend the Chancellor said yesterday, borrowing is set to reduce. When we compare the amount of borrowing in this country with the borrowing in our competitor countries, our record is very good because we have far less of it. Conservative Members might want to reflect on the fact that 10 years ago—it is curious that none of them mentioned this—their equivalent borrowing was £90 billion. *[Interruption.]* The hon. Member for Wycombe (Mr. Goodman) mutters, but people are entitled to reach a judgment as to whose stewardship of the economy would be better for them. They will choose between a Government who have had eight years of stability and 50 quarters of growth, and who have increased investment in public services, and the Conservative party, whose entire economic policy collapsed in ruins in 1992. Again, I remind the House that when the Conservatives were in power, 75 per cent. of all new expenditure went on debt and the cost of unemployment. Not much more needs to be said about their record.

The Chancellor set out our Budget choice, which is to lock in stability—not to put it at risk—and strike the right balance between affordable tax cuts and the essential long-term investment that this country needs. As our economy is strong and continues to grow, he could do more to help hard-working families and pensioners. At the same time, in response to the huge challenges we face, in common with other countries, from the developing economies in China and elsewhere, he has provided additional investment in education, skills and science.

That is our choice and what we are laying before the country. There is another choice, of course, which is to repeat the mistakes made by past Conservative Governments—the same mistakes that the Opposition propose today. Far from investing, they have promised—this is not a claim—to cut £35 billion over the next six years. Worse than that, they have promised to spend money they have not got and to give tax cuts they cannot afford. Inevitably, that would lead to more spending cuts, increased borrowing and higher interest and mortgage rates. That is the indictment against them. They would undermine the stability that we have built up over the past eight years that is enabling us to help people while investing in education and infrastructure, which we need for the future of this country.

The contrast between the two parties has never been so great. We have given more help for pensioners. To listen to the hon. Member for Havant talk, people would think that we had done nothing for pensioners. We have increased the money that is going to them. In 1997, I think they got £69 a week. By 2007, that will be £119, which is in addition to the winter fuel payment and other payments. Equally, we are giving money to families who need support. Again, the Chancellor set out clearly how, with the money available, he could do more through the tax credit system to raise the effective rate of income tax for many low-income or middle-income families, which must be in their interests as well as the interests of people in the country as a whole.

Mr. Willetts: Will the Secretary of State confirm that the winter fuel payment will be £200 in 2005–06 and £150 in 2006–07, and that the council tax payment is £200 in 2005–06 and zero in 2006–07? Are those the Government's figures and plans?

Mr. Darling: The hon. Gentleman well knows that announcements on the winter fuel payment and council tax benefit are made annually, as, indeed, are announcements on many payments. In contrast to what the Conservatives say, it is pretty clear that we have a long record of giving additional help to pensioners. We have made clear our position on the winter fuel payment and on help with council tax. The Tory party's policy and record is poor on such things. He promises to restore the earnings link for just four years. Then it stops. What happens after that? Perhaps he does not know, but if he can tell me, I will share that knowledge with the country.

Mr. Willetts: The right hon. Gentleman has set out plans that show a payment on council tax for only 2005–06, after which the figures for subsequent years are zero, zero. The help does not carry on beyond the first year. We have proposed an increase in the pension linked to earnings, not prices, throughout the lifetime of the next Parliament. Provided that we can carry on identifying savings, we will keep on increasing the basic pension by the rate of increase in earnings.

Mr. Darling: That brings us to the heart of the matter. The Conservatives have promised money to some pensioners—not all—who are paying the council tax, but they cannot afford to do that because they do not have the money to finance the tax cut. They are promising to produce the money immediately after an

election, when they could not possibly have identified any savings. In any event, as we have shown, the savings that they have identified in the James report do not stand up. Some £21 billion—two thirds—of them are already banked and spent elsewhere. One measure, which relates to my Department, is to privatise the theory part of the driving test, but the Conservatives actually privatised that in 1996. They cannot privatise it twice.

Mr. Watts: Does my right hon. Friend agree that it is hard to believe that the Conservatives will restore the link, because they decided to do away with it? They kept it for, I think, four years and then scrapped it. Any pledge that they make for four years is likely to be scrapped and pensioners would be worse off. Will he also address the problem of the poorest and oldest pensioners—something that the Conservatives have not mentioned in anything that I have seen? As I understand it, the Tory plans would plunge the oldest and poorest pensioners into poverty again.

Mr. Darling: My hon. Friend makes two points. The announcement yesterday of our proposals to help pensioners is fairer, better and benefits far more of them. What is more, if the measures are put in place and carried through, as we fully intend them to be, pensioners will know that, in addition to the £200 winter fuel payment, there will also be £200 by way of the council tax rebate. We have a clear record on that over the past few years. He is right to say that the Tory record on helping pensioners is patchy and, in some cases, worse than that.

We have been retuning to the same point on and off. When the shadow Chancellor says:

> "I fully accept that holding programme spending within departmental expenditure limits other than the NHS and schools to a zero increase for the first two years and to what amounts to a zero real terms increase thereafter is a tough constraint",

we have to wonder how, at the same time, Conservative spokesmen can say that they will spend money here, there and everywhere—leaving aside the spending commitments that we know about. As I said, the shadow Chancellor said last Sunday that the difference between us was not small, as the hon. Member for Havant tried to say, but vast. If it is vast, that implies he knows that it will have some effect.

The shadow Defence Secretary has expressed concern about some of the payments. Others have described them as "painful", with regard to getting rid of the new deal, and, last November, as "tough." They cannot have it both ways. Either the reductions do not matter, as the Conservatives try to pretend, or they do. The truth is, as anyone who has ever looked at the consequences of such things knows, if expenditure is frozen, it is necessary to cut back from day one. That is the problem facing the Conservatives, which is probably why so many of them run away from the policies when we remind them of them.

Time and time again, the shadow Chancellor has said that he intends to hold down spending, resulting in—it is worth spelling this out so that people understand it—a reduction of £7.5 billion in 2006–07, followed by a reduction of £16 billion, £22 billion and £27.5 billion, rising to a reduction of £35 billion. No one is going to tell me that that would not make a difference.

As Secretary of State for Transport, I know that, if a Chancellor came to me and said that our expenditure was to be frozen, steps would have to be taken immediately to start laying people off or cutting programme expenditure. It is disingenuous for the Conservatives to suggest that their policy somehow does not matter. One wonders why, as recently as Sunday—surely the policy must still be in force—the shadow Chancellor was able to describe the reductions as vast. How does that square with what the hon. Member for Havant said today? We should be grateful to him, because he confirmed that the difference is £35 billion, which some Conservatives are trying to deny. In addition, the Conservatives have uncosted commitments of about £15 billion. It would be interesting to take a tour around the country to discover what they would do. Presumably those commitments would have to be paid for by more cuts in expenditure, but no one should be in any doubt that they would make a big difference.

Mr. O'Neill: Is my right hon. Friend not being a little unfair to the Opposition, as they also have plans for selling off national assets that have not yet been recorded in his Domesday book? For example, is it not the case that the trust ports, on which recommendations are made in the James report, have yet to be pulled out of the hat?

Mr. Darling: My hon. Friend is right. I have missed out that aspect of Conservative policy. The hon. Member for South Suffolk (Mr. Yeo), the Conservative transport spokesman, will correct me if I am wrong, but I believe that he went to Dover and said that his party would sell off the trust port. The last time that the Conservatives broached that idea they had a spot of bother in the town, and my hon. Friend the Member for Dover (Mr. Prosser) is very grateful for that intervention.

Mr. Tim Yeo (South Suffolk) (Con) *rose—*

Mr. Darling: No doubt the hon. Member for South Suffolk (Mr. Yeo) will confirm that it is Conservative policy to sell off the trust ports, particularly Dover.

Mr. Yeo: I am happy to confirm that that is our policy and that the proceeds, which are expected to be well in excess of £100 million, will be invested exclusively in improving the road and railway infrastructure around Dover. The Government, of course, cannot match that promise.

Mr. Darling: The hon. Gentleman must face up to the fact that, according to the shadow Chancellor, his budget is frozen. He will not have any money to spend on those things. The shadow Chancellor has made it abundantly clear that his budget is frozen. As a result, the hon. Gentleman will find that he will have to make cuts to all aspects of transport spending. The amount of the freeze is equivalent to what we have spent on strategic roads over the past three years. He says, however, that he will make it up by selling off the trust port in Dover.

Mr. Yeo: For the avoidance of doubt, we shall make it clear to every single voter in Dover—indeed, as we speak, my future colleague, Mr. Paul Watkins, is

[Mr. Yeo]

engaged in that very task—that we will invest the proceeds from the sale of the trust port for the benefit of the people of Dover in infrastructure improvements, which are outwith the transport budget that we will inherit. The Secretary of State has just confirmed that the Government do not have any plans to spend any money upgrading Dover's infrastructure.

Mr. Darling: I am pleased to hear that the Conservatives intend to go around Dover promising to sell off the trust port, as that will be music to ears of my hon. Friend the Member for Dover. As I said, the Conservatives had a spot of bother with that policy last time around. I noticed that the hon. Gentleman did not deny that he has a frozen budget—*[Interruption.]* We have dealt with that already. Is he saying that the shadow Chancellor made a dreadful mistake and has changed his mind? I remind him that the shadow Chancellor said that he had agreed with his shadow Cabinet colleagues, including the hon. Gentleman, that

"the baseline for spending across all of these departmental budgets"—

they do not include the NHS or schools, but do include transport—

"will be zero per cent. growth for the first two years."

That amounts to a freeze. I can see that the hon. Member for South Suffolk is consulting to see whether or not it does. If budgets are frozen, cuts must be made as surely as night follows day. Opposition Members all have the same problem, as they have signed up to a policy that means cuts in public services.

Mr. Yeo: I do not have that problem at all. It is perfectly clear that the shadow Chancellor was referring to the overall total across all Departments. I shadow two Departments—the Department for Environment, Food and Rural Affairs and the Department for Transport. I have accepted a cut for DEFRA, but the transport budget is protected. The shadow Chancellor was referring to the overall total: the budgets of some Departments will go down, but other budgets, including health and education, are maintained and we will match the Government's expenditure on transport. However, I acknowledge that I have accepted a cut in DEFRA's budget.

Mr. Darling: I sympathise with the hon. Gentleman, because when one confronts any Conservative spokesman about the shadow Chancellor's freeze for all Departments they all say, "It applies to everyone else except me." There is a point at which that policy does not stand up.

Mr. Mark Francois (Rayleigh) (Con): Has the right hon. Gentleman read James?

Mr. Darling: I have read the James report all right. Before I even opened it and read the first page, I had the pleasure of listening to the Leader of the Opposition, who told Mr. David Frost that £21 billion was already committed to continue work being done by the Government. Even before the Conservatives get going, they must find £21 billion extra. I refer again to an oddity of Conservative policy and their plan to privatise something that has already been privatised. It is not clear that one can privatise things twice but, if one can, where on earth would the savings come from?

Mr. Watts: Does my right hon. Friend agree that the hon. Member for South Suffolk (Mr. Yeo) must be terrified? Last time that the Tories sold off an asset—the railways—they had to spend the next few years bailing out the system and putting billions of pounds of taxpayers' money back into the system to make it work.

Mr. Darling: My hon. Friend is right. The Conservatives' record on transport is not good, but their record on the railways was appalling. The country paid a high price in both transport and cost terms as a result of privatisation. I do not want to misrepresent the hon. Member for Havant, but I believe that he said a couple of years ago that his party's privatisation of the railways was not one of its finest moments. The country as a whole takes a dim view of it. Railtrack must be one of the most monumentally expensive failures in the history of the railways.

Mr. Gordon Brown: Like the poll tax.

Mr. Darling: Indeed, that was another unhappy time for the Conservative party. We have a strong economy, but what concerns me and ought to concern every hon. Member and citizen of this country is that we face huge challenges in future. There are huge developments on the other side of the world. Unless we prepare for the future and improve our education, science, skills and infrastructure the country will not be able to maintain its competitive position. That is why maintaining public expenditure and essential investment are important and, at the same time, we should do everything that we can to help families in this country, which is what we are doing. As I said, there are two approaches—first, a strong economy, stability and helping families or, secondly, the Tory cuts, the undermining of stability, and a return to the boom and bust of the 1990s. To my mind, the choice is clear, which is why I believe that most people, not just in the House but in the country, will support the Budget of my right hon. Friend the Chancellor.

2.27 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I have listened with great interest to the debate, particularly the part on helping pensioners. I was also interested in the exchange about help for working families. The Paymaster General is in the Chamber, and she will know from the lengthy correspondence that we have had regarding a number of my constituents that, whatever the rights or wrongs of the credits system, there are serious problems with its administration. A number of my constituents have received large sums of money and have thought that that was the answer to their prayers and difficulties. Naturally, they proceeded to spend that money, only to find that they have been asked to return it six months later. It is quite shameful that some of the most disadvantaged people—in many parts of my constituency there is serious deprivation and poverty—should be given money only for the Government to demand its return with a series of

threatening letters from the Inland Revenue. I very much hope that the Paymaster General will look into the cases that I sent to her.

Turning to pensioners, there are two measures that the Government could introduce that would have an immediate benefit for pensioners throughout the country. First, they should not tinker with council tax but scrap it altogether and replace it with local income tax, based on the ability to pay. That would be of great advantage to many of the worst-off pensioners and to many other people, who would be relieved of that tax burden.

Mr. Darling: Perhaps the hon. Gentleman can help us. How much does he expect income tax to rise as a result of that proposal?

John Thurso: The top rate of tax will go up to 50 per cent. for those earning £100,000 or more. I believe—I say this from memory—the amount of income tax is equivalent to 3.75p, but I might be a little bit out. On that basis, over 70 per cent. of households in Britain will be better off.

Mr. Watts: Is it not the case that under the hon. Gentleman's proposals, some of the richest people in Britain would pay no local tax at all?

John Thurso: Not as far as I am aware. Anybody who owns a property—I imagine that the richer people own larger properties—will fall within the ambit of the tax.

Mr. Watts: Is there not a large group of rich people who do not pay income tax and who, under a local income tax-based system, would pay nothing towards the cost of local services?

John Thurso: As far as I am aware, anybody who earns an income in this country is taxed on it. If the hon. Gentleman knows of a method of legally avoiding such tax, I would be grateful if he would pass it on to me.

Mr. Watts: I am grateful to the hon. Gentleman for giving way again. There are thousands of rich people who live off the assets from their capital and who do not pay income tax, but pay capital gains tax or capital tax. Under the Liberal Democrats' proposals, those people would not pay any contribution to local services. I understood that those on the hon. Gentleman's Front Bench accepted that.

John Thurso: Anybody who lives purely on asset disposals will not have an income and—the hon. Gentleman is right—it will not be taxed, but the number of people who fall into that category is extremely small.

The second change that would help our pensioners is a move to a residence-based pension, removing the link to national insurance. Above all, that would help to deal with the discrimination that exists against women pensioners, which is one of the most disgraceful aspects of our current pensions policy.

I, too, welcome the presence of the Secretary of State for Transport, not that I have ever had the opportunity of debating with him anything other than the two portfolios that we share—transport and Scotland. I welcome him today in his capacity as Secretary of State for Transport. Very often, transport is seen as one of the political also-rans. It is one of the issues that does not get up the polling agenda, so I am grateful to see the right hon. Gentleman at the Dispatch Box today.

Since I took on the transport brief nearly two years ago, one of the comments that I have frequently received—I heard it again this week when I attended the transport committee of the CBI—is a desire expressed by both business and ordinary people for matters of transport policy to be sorted out in Parliament. They want a system that is reliable, safe and affordable, and that works, and they cannot see why we spend so much time arguing about it on a party basis, instead of arriving at common-sense solutions. I therefore intend to use this afternoon to speak about transport matters, rather than other matters that have been raised. It is an extremely important issue—I believe the right hon. Gentleman and I share that view—and one that needs to be taken seriously.

As is often the case with the Chancellor's Budgets, he kept back a little gem till the end. We are getting used to that. Just when he has gone through the difficult bits with all the numbers, there is a little sparkle in one of the last paragraphs. In yesterday's statement it was in the penultimate paragraph, when the Chancellor announced free local travel on buses for pensioners and disabled people, which I warmly welcome. It has been Liberal Democrat policy for four years, it was in our last manifesto and it was a pledge made in our pre-manifesto document published last autumn, so I am delighted to see that the Government have adopted it. The Liberal Democrat Transport Minister in Scotland has already enacted it, and it is nice to see the rest of the United Kingdom catching up.

I am not surprised to see the policy popping up as a Government commitment. There is a long tradition of the Government adopting Liberal Democrat policy. It began—let me get this out of the way—in 1997, when in his first announcement the Chancellor said that he was giving independence to the Bank of England—a policy that had been in our manifesto for that election and upon which we had fought, and on which there was not a word in the Labour party's manifesto. It was an extremely sound move and one that we were happily able to applaud.

Mr. Watts: I am grateful to the hon. Gentleman for giving way once again. May I inform him that free bus travel for pensioners was not a Liberal Democrat idea? Labour-controlled Merseyside has had a free bus service for pensioners for some years, and when the Liberal Democrats took over Liverpool, they suggested that it should be scrapped.

John Thurso: Ours was the first party to adopt the policy as national policy, and the first party to implement it in national government in Scotland. We are delighted that the Government have followed that lead and will now be introducing it for the rest of the country.

Mr. John Bercow (Buckingham) (Con): The hon. Gentleman and those on the Government Front Bench indulge in an orgy of self-congratulation about the provision of free bus travel at peak times. It is all very well for free bus passes to be made available, but there

[Mr. John Bercow]

needs to be an adequate supply of buses, which there may be in urban areas. All too often, to the damning indictment of the Secretary of State for Transport, that is not the case in rural constituencies such as mine.

John Thurso: The hon. Gentleman makes a fair point. One of our policies is to do everything possible to continue to support rural transport. There are areas of the country that are extremely poorly served, and I shall come to that a little later in my remarks.

A striking example of transport policy is the concept of the not-for-profit company to run the railways. We proposed in our manifesto at the last election that Railtrack should be made a not-for-profit company. Around that time, my right hon. Friend the Member for Ross, Skye and Inverness, West (Mr. Kennedy) asked the Prime Minister at Prime Minister's questions about that concept, and the Prime Minister replied:

"I do not know what the right hon. Gentleman means by a not-for-profit organisation"—[*Official Report*, 14 February 2001; Vol. 363, c. 308.]

Lo and behold, eight months later Railtrack was gone and we had Network Rail which, as far as I can see, is a not-for-profit company. I look forward confidently to further Liberal Democrat policies being adopted by the Government.

In the magnanimous spirit in which I started this afternoon, let me welcome the announcement in the Chancellor's Budget statement that Mr. Rod Eddington has been charged with drawing up a long-term strategy—according to *The Times* today, post-2015—for our roads, railways and air travel. As I have often said in the House and outside, it is abundantly clear that one of the most critical tasks for Government is to draw up a long-term strategy for transport. Good transport links are vital to the success of our economy, and it is our economy that drives our transport requirements.

The days when each mode could grow in isolation on a purely predict-and-provide model must be over. Such a strategy is both wasteful of resources and doomed to fail. What we need now is integration and a wise use of resources. Perhaps most important of all is the contribution that long-term strategic planning can make to our climate change goals and to our emission reduction targets. Carbon emissions are a resource that must be used wisely. With transport responsible for about a quarter of the UK's emissions, there is real scope for reduction through long-term strategic planning.

Here again perhaps Liberal Democrat policy can help the Government and Mr. Eddington. The biggest single issue that we face that will have a major impact on the country's finances is the fact that transport lacks capacity. Whether on roads, rail or air, we will need both to manage existing capacity and to create new capacity.

Miss Anne McIntosh (Vale of York) (Con): I am listening carefully to the hon. Gentleman, and on the question of capacity, the Liberal Democrats pride themselves, in their words, on being an effective Opposition. I am delighted to see him joined by his hon. Friend the. Member for Torridge and West Devon (Mr. Burnett), but where are the rest of his party to support his policies this afternoon?

John Thurso: I believe that they are all out in the field effectively opposing as hard as they can.

Let me finish the point that I was making before the hon. Lady intervened. The key must be that resources are used wisely so that modes complement each other rather than compete as they have done in the past. To take the example of the railways, it is estimated that capacity on the east coast main line will run out around 2014. The Liberal Democrats have committed to the principle of a dedicated high-speed rail network, beginning with a north-south route. Such a link frees capacity on the existing network for more freight and local services.

Mr. Darling: I saw that commitment. How much will it cost and how will the Liberal Democrats pay for it?

John Thurso: That is a fair question, to which I shall come in a moment. As I said, such a link frees capacity on the existing network for more freight and local services, but very importantly it also provides time-competitive journeys as an alternative to domestic aviation, freeing slots at airports.

I have noted with interest that in a number of speeches that he has made outside this place the Secretary of State has started to talk quite seriously about that proposal, and I am delighted that he is taking the concept seriously. He rightly puts his finger on the critical point, which is: how much will it cost and how can the finance be raised? In order to arrive at the answer to both those questions, a period of due diligence and a feasibility study must clearly be undertaken. The Atkins report, which I am grateful to the right hon. Gentleman for putting into the Library, is a sound beginning, but much further work remains to be done. It would be pointless to say that it will cost £8 billion, £80 billion or £800 billion, when one simply does not have a relevant idea. My question to the right hon. Gentleman is that, given that he has now begun to take it seriously outside Parliament, what resources will his Department put into that feasibility study to find out what the benefits are and examine the quite sound business case that is evolving for such a link?

Mr. Darling: The hon. Gentleman is right that I have said on a number of occasions—I said it at lunchtime today—that successive Governments have spent a long time fixing the transport problems of the past and we now need to fix the problems that we face in the future, which is one reason why I have asked Rod Eddington to help. He has a lot of experience in this area in different parts of the world. Of course we will devote adequate resources to that, but the point on which I want to press the hon. Gentleman is that some of his Liberal colleagues in Edinburgh have erroneously given the impression that the Liberal party has signed up to build this link. As I listen to the hon. Gentleman, his policy and mine do not seem dissimilar. Both of us say that we need to consider the matter, but a lot more work needs to be done before we can sign any contract.

John Thurso: I have committed to what was in our motion at the Liberal Democrat party conference last autumn, which is the principle of a high-speed line and to undertaking the necessary due diligence. It would be quite irresponsible for anyone, on any infrastructure investment, to stand up and say, before they know how much it will cost and what the benefits will be, that they will go ahead with it. I am sure that the right hon. Gentleman will agree that had proper studies been done on the Eurotunnel or the west coast main line we might have had better answers.

Mr. O'Neill: There is a Liberal-sponsored plan to have a railway from Edinburgh to Galashiels, which I understand is about 30-odd miles long and single track. That will cost £150 million of taxpayers' money at present-day prices. Simple arithmetic would suggest that it would be almost as cheap to try to get a rocket to the moon as build a two-line track going 400 miles for trains travelling at far higher speeds.

John Thurso: The hon. Gentleman should know that simple mathematics are not always a help in such circumstances. Very different costs can be arrived at for building TGV track, depending on the basis used for the analysis. I see no reason why sound British engineering companies that we are all proud of cannot at least rival if not improve on the costs in France.

The Secretary of State rightly made the point that we need to be looking at the long term, and he and I broadly agree on that. He also mentioned having fixed some of the short-term problems, but one such problem that really does need to be fixed is the fit-out of the Thameslink box. To have that station fitted out at a cost of £60 million or £70 million—a pretty small investment—would be a tremendous advantage for those who have had to put up with the blockade of that line for the last year or two. That short-term fix would be well worth it.

Mr. Watts: Does the hon. Gentleman agree that many hon. Members could come forward with major transport schemes that they would like to see in principle, but one of the problems is that we do not have the resources to build them? Does he further agree that one major reason why a system can be built in France much more cheaply than in Britain is the planning process there? Are the Liberal Democrats suggesting that we adopt the French planning process, which basically says that because a scheme is in the national interest it will be built without any public inquiry?

John Thurso: One thing that always impressed me about the French system is that it makes it clear that anyone affected by a scheme is compensated well above the market price. We might well learn a lesson from that, because if we could save a couple of years by paying people reasonable compensation, we might develop our infrastructure faster.

Let me get off the railways and have a chunter down the road for a bit. I hope that Mr. Eddington will consider replacing our antiquated system of fuel duty and vehicle excise duty with distance-based charging. I notice that one of the resolutions on the Order Paper today is a procedure and money resolution for the lorry road-user charge. I believe that it is the Government's intention to bring this in within the next two years. It must be right to consider distance-based charging, not in addition to fuel tax but as a replacement for fuel tax for motoring. In my constituency the cost of motoring is up to 15p a litre more than in the south because of the price of petrol and diesel. We have no alternatives and we have no congestion. Why do my constituents have this unfair taxation when it could be replaced by a much simpler system? I very much hope that progress will be made on that point.

In particular, I hope that the Secretary of State will ask Mr. Eddington to consider freight movement—a matter that has already been discussed this afternoon. We lack capacity in our ports and on our roads, and we can create some capacity on our railways. We need an integrated strategy to bring those together. Integrated rail freight stations are a key part of the mix.

I have welcomed free travel for the elderly and disabled, and the commitment to long-term planning—both Liberal Democrat commitments—and I want now to touch on one or two points of detail of the Budget as it relates to transport. Rather as my right hon. Friend the Member for Ross, Skye and Inverness, West said in his Budget response, this is a bit of a sticking-plaster Budget. Instead of promoting long-term solutions, it has looked at the short term. For example, I welcome the announcement that more environmentally friendly vehicles will benefit from relatively low vehicle excise duty, but it does not go far enough. Why was the opportunity not taken to put a real division between the big gas guzzlers and the more environmentally friendly vehicles? At a time when the real cost of motoring has fallen by 6 per cent. in real terms since 1997, why not take the opportunity to make that difference?

I regret the Government's decision to freeze air passenger duty, which is, in effect, a cut in real terms. I regret even more the fact that they did not take the opportunity to move away from APD, which was conceived not as an environmental tax, but simply to fill a hole in a Conservative Budget, and introduce an airport tax.

On fuel duty for cars, I believe that the Government have got it right. The current high price of oil is helping to achieve the environmental aims. While that oil price remains high, there should be no reason to increase those duty rates. I am very concerned, however, that the Chancellor should have chosen to put a whopping 23 per cent. increase on red diesel. That is a major cost increase for farmers and crofters, many of whom are in the process of digesting the changes brought about in structural funds. Such an increase is a cost burden that they could well do without. Incidentally, red diesel is also used by trains, so the cost of our railways will also increase.

In conclusion, the detail of this Budget is short term. It is about votes and not solutions, and it will be seen as a missed opportunity. The challenge for us all in this place is to deliver long-term sustainability and good planning for transport. The Liberal Democrats are ready to engage in that process and deliver it for Britain.

2.52 pm

Mr. Martin O'Neill (Ochil) (Lab): A pre-election Budget is always going to be very thin in content for the simple reason that, if there is to be an election in spring

[Mr. Martin O'Neill]

or early summer, there will never be time to deal with the matters that the Government might want to include in a Finance Bill. Those of us who have laboured on Finance Bill Standing Committees will know that that is one of the good things about pre-election Budgets, as the Finance Bill will necessarily be very short, although I am not offering myself as a volunteer for such a Committee at this stage in my parliamentary life.

I was thinking today that the first Budget announcement that I listened to, unfortunately from the Opposition Benches, came at a time when I had won a seat from the Scottish nationalists. I was sitting with my right hon. Friend the Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes), who had got rid of an Independent Labour candidate, and the pair of us still believed that we had won the election in a manner of speaking. It was only when Lord Howe got to the part of his Budget speech where VAT was increased to 17.5 per cent.—*[Interruption.]* I am sorry, it was increased to 15 per cent. at that time, although it went up to 17.5 per cent. in another Tory crisis. Nevertheless, it went up from a relatively small amount to 15 per cent., while we saw income tax being cut and interest rates rising. There was a sharp intake of breath on the Labour Benches; we began to realise that the other side had won the election, and our delusions were over in that respect.

This Budget has been rather different. The fact that it is the ninth Budget of a Labour Chancellor is itself something of a novelty. That period has been characterised by the stability of the British economy; it has to be said that Labour Chancellors have not always presided over periods of stability. One can recall in respect of the Budgets of the 1960s and 1970s that, after much-promised and lauded largesse in the first 18 months after an election, there followed periods of stricture, cuts and political heart rending. Eventually, an almost giveaway period followed before an election. Indeed, those of us who are old enough will remember the big debate that took place in March 1970, and continued for years afterwards, about whether Roy Jenkins destroyed his chances of the premiership by having too conservative a Budget and being too restrictive with the public funds after the two years' hard pounding that he had been given since devaluation.

It is interesting that, on this occasion, the Chancellor is being attacked not because of the rate of inflation or economic growth, but because he has somehow not been successful enough in forecasting the rate of deficit. He has been successful enough in that he has kept within the parameters that he has laid down and been able to defy his critics. We have gone through a pre-Budget ritual in which we have been told by people such as those in the ITEM—independent Treasury economic model—group that the forecasts are way out of line. We have been told by others—I am not talking here about the forecasting institutions or bodies—that the Chancellor is lying and that the fiscal gap will be too high, so taxes must rise.

Yet, when the Chancellor stands up and gives the figures with the authority of the Treasury, people begin to retreat. I know that there are those who would like to believe that the Treasury will tell lies at the behest of a Chancellor. If that were the case, confidence in the City of London and UK financial institutions would be in large measure destroyed. People who have argued that there should be independent assessments or audits of Treasury statistics at the time of the autumn statement should begin to realise the import of such suggestions. I realise that the "Thomas the Tank Engine" school of economics that we have just had to hear about is not too interested in such an approach to economics, but there are some on the Liberal Benches who question the integrity of Treasury Ministers and the Treasury itself.

If anyone were to pay any attention to those people, there would be a serious detrimental effect on the British economy. Their enthusiasm for the euro, for example, has never created a sense of caution about the fact that it might be dangerous to think out loud about monetary policy and the value of the pound against the euro. I realise that Labour Members are perhaps partly to blame for the decision to go into the exchange rate mechanism at the level at which the Conservatives entered it, wrongly in my view, in the late 1980s. At that time, if we had argued the point and sought divisions in the UK political consensus in favour of joining, it would have been to the detriment of the country. It was therefore correct that we bit our lip and chose not to express any public fears about the figure at which we entered, as we believed that it might still be possible to have some kind of managed devaluation at a later date.

Mr. Maude: I am listening carefully to the hon. Gentleman's thoughtful and reflective speech. Does he recollect that, whatever the interest rate at the time, successive shadow Chancellors always called for it to be 0.5 per cent. lower?

Mr. O'Neill: I take the right hon. Gentleman's point. We can arm-wrestle over interest rates, but we should not speculate about currency. Although the two are linked, they are not inextricably intertwined in the context of political debate. The point that I am trying to make is that it is easy for peripheral parties to talk flippantly about aspects of economic and monetary policy, because nobody gives a damn about what they say or pays any attention to them. It is dangerous continually to carp at and criticise the way economic forecasting is done, particularly as the general thrust of these forecasts seemed, by and large, to be accurate.

Mr. Mark Field (Cities of London and Westminster) (Con): I entirely accept the hon. Gentleman's view that it would be wrong to suggest that there was dishonesty on the part of the Treasury, and I hope that no sensible commentators in the House would do so. However, he will accept that much of this is down to interpretation, and the Chancellor's interpretation is that there will be substantial growth rates in the years ahead. He has been proved right about growth rates in the past, just as many of us have been proved wrong. Equally, does the hon. Gentleman accept our concern that if the economy were to continue growing as it has in recent years over the next three or four years, along the lines that he has suggested, that makes a mockery of the interpretation, or perhaps misinterpretation, of the so-called £35 billion of spending cuts that would need to be made according to the projections in our own economic outlook?

Mr. O'Neill: On growth rates, we have been successful in growing at a time when the growth rates of most of

our trading partners and competitors have not been as good, although they are beginning to improve at an encouraging rate. That tends to suggest that growth rates, coming from a firmer base, will reflect a healthier European and world economy in which we will be able to play a substantial role. In that sense, we contend that our figures are feasible within the constraints that we have. The hon. Gentleman and I are both talking about guestimates, but he is using conservative figures, with a small "c" and a large "C". We were able to extract from the hon. Member for Havant (Mr. Willetts) today the fact that spending would be in the order of £35 billion less than what we would do in the way of increases over the suggested period.

Mr. Bercow *rose—*

Mr. Michael Fallon (Sevenoaks) (Con) *rose—*

Mr. O'Neill: I will take an intervention from the hon. Member for Sevenoaks (Mr. Fallon) and then I had better try to make some progress, although I know I have plenty of time.

Mr. Fallon: I am grateful to the hon. Gentleman, and we are enjoying his speech. He is right to say that one should not carp where the Chancellor has been proved to be right—and he has been right on economic growth. However, there is one matter on which he has been consistently wrong for more than four years, and we have wrestled with it on the Treasury Committee—his forecast for tax revenues. We are not accusing him of dishonesty, but if he is wrong because he is overly optimistic or because he has been ill advised, it is a very serious matter that, four years in a row, the tax revenues have not come in as high as he has forecast.

Mr. O'Neill: They have not. As Robert Burns would say:

"But facts are chiels that winna ding,
An' downa be disputed".

I suppose that I shall have to write that out in longhand for the *Hansard* writers.

I take the hon. Gentleman's point. We must recognise, however, that, for example, there was a late surge in tax revenues in this financial year, that such things are sometimes difficult to forecast, and that, as the Chancellor said yesterday and as has been repeated fairly widely in the press, one advantage that the Inland Revenue has over most of the rest of us is that it has inside knowledge of the operation of companies, and there does seem to be a healthier mood. The figures offered by bodies such as the Engineering Employers Federation, the banks and the energy players tell us that many major contributors to revenues are showing far bigger prospective returns than they have done for some time. Therefore, in the next 18 months to two years, there is every prospect of sustaining this growth. Whether we can go beyond that, I do not know, and it would be a very rash person who tried to do so. All that I am saying is that so far we have had growth.

We have not had spot-on figures on tax revenues in every year, but equally we have not had anything like the deficits that occurred prior to 1997. As I am sure the hon. Member for Sevenoaks is aware, those would have been of the order of £90 billion in 1997.

Mr. Bercow: I am sorry that the hon. Gentleman is standing down at the general election; it was a great privilege for me to serve under his excellent chairmanship of the Select Committee on Trade and Industry in the last Parliament.

Given the growth rates of which the hon. Gentleman is inordinately proud and the point that we have reached in the economic cycle, does not he think that it is a matter for concern that the Government are sharply overshooting on public borrowing, and that that is all the more serious in light of the Chancellor's worst policy decision, his best being the independence of the Bank of England—the decimation of the British savings industry?

Mr. O'Neill: I thank the hon. Gentleman for his compliment. I enjoyed working with him on the Select Committee, where he was an assiduous colleague and, in the non-partisan atmosphere, followed the evidence—something that he does not always do when he is cast in a partisan role on the Conservative Benches.

We are not yet at the point of overshoot; we are still within the parameters. Let us not paint too gloomy a picture. We may be hanging on by a thread, but hanging on we are, and that must be taken account of.

Mr. Bercow *rose—*

Mr. O'Neill: Did the hon. Gentleman make a second point?

Mr. Bercow: I am grateful for the opportunity to repeat it. I asked whether the hon. Gentleman accepts that the treatment of the British savings industry, in the form of the abolition of the tax credit on dividends, was the Chancellor's single worst decision.

Mr. O'Neill: Well, it has not harmed the profitability of some of the major banks, and it has added considerably to Government revenues at a time when it had been argued that there was a gap—

Mr. Bercow *rose—*

Mr. O'Neill: I do not intend to sustain this debate, because I am talking about the 2005 Budget, not the 1997 Budget. All I would say is that this was an area in which the taxman's hands had never been dirtied, and the Government chose to go into it. It was associated with other difficulties in the pensions industry. It could be argued that the cap on pension contributions was an equally significant factor in the medium to long term, in that companies may have made contributions to works pension schemes and the like that they did not have to make, because although the funds were oversubscribed, the cap was probably sustained for an unduly long period. But I do not want to spend too much time drilling down into the last decade of British economic history.

We are under no illusions that our trading partners and competitors have not been buying from us in the way that we should like. Britain has been at a

[Mr. O'Neill]

disadvantage among players in the international economy as a result of the world recession, yet we have been able to keep reducing unemployment and to keep growing, with the prospect of future improvements. However, those are no grounds for pre-election largesse on a scale that Governments of all parties have previously indulged in.

One matter in which we can take some pride is our unwillingness to increase direct taxation. I know that there have been stealth taxes, but before 1997, the then Chancellor raised them to an art form from which my right hon. Friend the Chancellor learned some lessons. However, there are occasions when taxes, even stealth taxes, must be mitigated, and the handling of the council tax for pensioner households this year is a significant and helpful advance. More than 10,000 pensioner households in my constituency will benefit.

The grey vote is an element of the electorate that frustrates all politicians because we cannot satisfy it. At a recent council election in my constituency I was talking to a retired man who told me that he was paying more in council tax than he had paid in mortgage repayments prior to clearing his mortgage. In some ways that is a meaningless statistic, but it is important to him and an important fiscal concept. I was not slow in telling my colleagues about that. They lost control of the council at the election, but have since regained it and are doing rather well. They took account of the cavalier approach to local taxation of some local authorities, which, if the Government say they can increase it by 5 per cent., shamelessly increase it by 4.9 per cent., regardless of the consequences. That is dangerous, and more astute and prudent councils are learning to avoid doing that. There is a pressing social problem of elderly people on fixed incomes paying a disproportionate amount of their income in council tax, so the Chancellor's move is welcome and I hope that it will be sustained.

When the Government addressed fuel poverty, they continued to honour their commitment and increased the winter fuel payment. I hope that that will happen with council tax. However, it is understandable that no Chancellor will commit himself to unlimited consequences. Historically, social security payment rises are announced in the autumn statement, so we must wait until then to find out whether it will continue.

I am pleased that the winter fuel payment has been sustained at £200, and I hope that the £150 will be subject to adjustment. Some of us question the profits made by British oil and gas companies, but it is difficult to establish how much of those profits comes from activities in the North sea, and whether there is a case for a windfall tax. The early payment of corporation tax by those companies will make an impression on their budgets and should provide elbow room for the Government to help the fuel poor.

I am not sure about the terms of the scheme for free bus travel for pensioners. The Liberal Democrats introduced that in Scotland, but the scheme there is half-baked. Having reached the age of 60 a few weeks ago, I obtained my over-60s bus pass, but travel is free only after 9.30 in the morning. I am not sure whether the largesse of the Scottish Executive extends to funding it beyond that, but the scheme keeps buses on the road for the whole day. I wish that more over-60s went to discos and late-night drinking facilities in Edinburgh, because we might then have buses after 7 o'clock at night. One problem with the scheme is that it is fine during the day, but buses after 7 o'clock at night are not as frequent as we want. Perhaps I am being unreasonable and perhaps the grey vote element is coming out in my thinking. However, for those areas of the country that do not have concessionary fare schemes for the elderly, the Chancellor's announcement is particularly worth while.

It is interesting that after more then 30 years we are beginning to consider raising the school-leaving age. The Chancellor did not expressly refer to that yesterday, but his attempts to provide financial support and assistance for young people who stay at school after 16 suggests that the ground is being prepared for raising the school-leaving age. I do not want the position here to be like that in Germany, where youngsters go to school at the age of 6 or 7, leave at the age of 19, spend five, six or seven years acquiring a degree and a diploma, eventually join the labour force at 29 and expect to retire within 30 years. That has been a problem for the German economy, but we ignore at our cost the possibility of extending education provision in this country. One of the great achievements of the past eight years has been the extension of nursery care and pre-school facilities and the inventiveness with which we have considered how to accommodate and educate our teenagers. However, there are difficulties. I was a teacher when the school-leaving age was raised in the early 1970s. It was done speedily and thoughtlessly, although it was well intentioned. It did not carry the teaching profession with it and there were not sufficient resources. It improved the life chances of some youngsters but caused problems in the education system. The rather cautious way in which the Government are approaching the matter now—providing money for financial assistance and changing course content and the nature of the education—is important. The way in which we educate our young people will enable us to take advantage of the real economy.

One problem for the Treasury is that we tend to spend a lot of time on the fine detail of tax and spend but not on the generation of revenue. It is important to give proper weight to the requirements of a knowledge-driven economy, and it is encouraging that the Budget gives proper weight to technology transfer. That has been a vexed question. The Government made a bold stab at trying to get good ideas out of the laboratory and into the workshop and production plant, but the definition of a profitable business and the treatment of capital gains on the shares that were created by spin-off companies were not successful. I welcome what I hope will be the last, and a successful, stab at getting it right.

We have lost out during the past year or 18 months in the number of spin-offs that we could have had. We have the frustrating situation in the United Kingdom of publishing more accredited research papers than almost any other developed industrial nation. Excluding the United States, our higher education system provides more serious research than any other, and often at lower cost. That research is rarely taken on to the patent stage, so we miss out in several areas of the knowledge-driven economy. Therefore, it is important that the Chancellor has looked again at the issue to get the structure right. If we can create the right climate for biotech work and

stem cell research, and if we can develop new drugs and promote medical advances, that will form one of the economic cornerstones of our future prosperity.

I welcome the way in which the Budget was presented, and the balance that it struck. I listened with ill-disguised incredulity, therefore, to the hon. Member for Havant going on and on about the problems with the child tax credit. Some difficulties were experienced at the beginning, and they were dealt with in a ham-fisted way, but in my constituency there has been a sizeable reduction in the problems with overpayment followed by clumsy retrieval. I welcome the fact that my right hon. and hon. Friends on the Front Bench have not lost heart and have continued to improve the child tax credit. At one time, my constituency had a long-term unemployment rate of 20 per cent., so it is pleasing to see how many families have experienced a dramatic change in their circumstances as a consequence of encouragement through the tax and benefit system to take up employment.

If Bill Clinton said anything that is worth repeating, it is that we should give people a hand up, rather than a handout. The reward for employment is directed at those who are in the most accessible, and therefore most poorly paid jobs, and they are the ones we have to keep faith with and keep encouraging to stay in work. The kind of work they do is often interrupted, because it is cyclical. At some times of the year, they are incredibly busy, and at other times rewards are scant. That leads to difficulties with the child tax credit, so we need to make it clear that greater sensitivity should be shown by the tax authorities. They need to take a more relaxed attitude towards repayment. We need not go as far as writing off overpayments, as has been suggested, but we could extend the period of repayment and retrieve the money more gently. The problem often affects people who have incredible difficulties making ends meet and organising their lives. For them, getting the kids fed and to school and then getting to work are three major tasks before they even start work. We have to persist with the child tax credit and improve it for far more people.

Pension credit also has to be continued. Those who wish to modify it or get rid of it must have been deaf to the stories that I used to hear from people with a nugatory pension from a badly paid job, or from those who had saved a wee bit, or had been made redundant at age 63, or who had bought their council house. By their lights, they had been careful and astute in handling their money, and they resented being penalised by the benefits system. Those people felt hard done by and isolated by the brutal cut-off of the poverty trap, and we have attempted to change that. The issue has not been resolved completely, but we should encourage the Government in the right direction, not expose them to the carping criticism that we heard from the hon. Member for Havant this afternoon. He is an agreeable man, and he always tries to sugar the pill, but he cannot resist the political dig. I always feel that he is trying to take us back to the dark days of the 1980s, when the leaderene—his goddess—was in charge.

I am coming to the end of my speech, because I realise that many of my colleagues wish to speak—at least, on the other side of the House. However, this will almost certainly be the last speech I shall make in a Budget debate, so I shall share a memory of the dark days of opposition. I used to sit, often late at night, with John Smith and my right hon. Friend the Chancellor. John Smith would bang on about the responsibility of a Labour Government to combine economic efficiency with social justice. It has been a great source of pride for me as a Member of Parliament that we have been able to fulfil John's ambition. Over the past eight years, we can take great pride in the reduction in unemployment, the maintenance of low price inflation, the sustaining of economic growth and the ability to distribute the rewards of those efforts to achieve more justice and fairness in our society, which were missing in large measure for a long period before. We can commend my right hon. Friend the Chancellor on this Budget and previous ones, which have helped to achieve those objectives, and we can use this Budget as a springboard to another period of Labour government after the election, whenever it is held. It may be only a few Thursdays from now.

3.27 pm

Mr. Francis Maude (Horsham) (Con): It is a pleasure and privilege to follow the hon. Member for Ochil (Mr. O'Neill). I do not know whether that was his last speech—in this place, at any rate—but he distinguished himself and we shall miss him. I liked two aspects of his speech in particular. One was his horror at the suggestion that my hon. Friend the Member for Havant (Mr. Willetts) might have made a political point, which is of course an abhorrent idea to Members of Parliament, especially Front Benchers. I share the hon. Gentleman's concern about such a development. I also relished the reflective, calm and measured way in which he addressed the subject, because that is the spirit in which Budget debates should take place, even those on the likely eve of a general election. I wish to make my observations about the Budget in a similar spirit.

I start by declaring my interests as they appear in the register. I was intrigued by the way in which the Budget was delivered. We are all connoisseurs now of the Chancellor's manner and style, and I faced him across the Dispatch Box on several occasions in the last Parliament. I do not know if I was the only one to sense that some of the Chancellor's élan, verve and enthusiasm had gone. We saw a bit of the old bombast and braggadocio—not to mention plenty of hubris—but I sensed that nemesis might not be far away.

In a strange way, it was significant that he got it over and done with as quickly as he did. It was almost the shortest Budget speech that there has been. It was almost as though the right hon. Gentleman could not wait to get out and away, and away out of No. 11 as well as away from the House of Commons, which he is generally so keen to do.

In the early days of the right hon. Gentleman's chancellorship, there was always the sense that he conveyed that he had magically discovered the secret of perpetual motion—that he was the first Chancellor who had discovered that we could somehow abolish the business cycle, that we could have everything and that it would all be fine. I sensed yesterday that the right hon. Gentleman is now beginning to understand that perpetual motion does not exist, that there are balances in an economy and that we cannot achieve everything all the time.

I think that we all enjoyed the Chancellor's pleasure, not very well concealed, at the fact that he has presided over—or was at the Dispatch Box and in No. 11 when

[Mr. Francis Maude]

they came around—50 quarters of uninterrupted growth. The right hon. Gentleman slightly glossed over the fact that the first 20 or so of those 50 quarters took place before he got anywhere near No. 11. Even if he takes the credit for the quarter in which he moved to No. 11—the second quarter of 1997—I think that possibly even his own sense of self-regard might cavil at such a claim. Surely the right hon. Gentleman can claim credit for only 31 of the 50 quarters.

It is worth reflecting a little on the record of growth in the 20 or so quarters and the 30 following those. Was it better or worse before the following 30? I am not seeking to make a partisan point. As far as one can make sense of the numbers—it is not easy to do so—it seems that the situation is about the same. There is roughly the same level of annual growth before and after the right hon. Gentleman's chancellorship. It can be argued that it was slightly higher before, but I do not want to rest on that.

We must consider the Chancellor's main boast that he has "locked in" low inflation and low interest rates. It is right that we should give the right hon. Gentleman full credit for the decision to make the Bank of England independent. That move was overdue and, with hindsight, we should have done it a long time ago. There is no doubt that that decision has delivered lower interest rates than we had before, albeit that that has happened during a period when interest rates globally have fallen. I do not think that the Chancellor would take credit for all of that. However, we are now in an environment of much lower interest rates.

In such an environment, lower interest rates, and the expectation that the market certainly has that lower interest rates will continue into the future, should surely have delivered higher growth, not growth at the same level that existed before such an important decision on the Bank of England was made. The lower interest rates following on from that decision should have delivered higher productivity growth because the cost of capital for businesses was reduced. Therefore the ability to invest in higher productivity should have been increased. We should now be in a virtuous cycle in which the trend rate of growth has decisively risen, but that is not so. The trend rate of growth is roughly the same.

Early on in the right hon. Gentleman's chancellorship, mainly to make his public finance figures work, he claimed that the trend rate of growth had risen by a quarter of a per cent. He has quietly dropped that assertion in this Budget because it was manifestly not true. The trend rate of growth is roughly the same as it was before. Why, given a much better and more benign interest rate environment, have we not seen the trend rate of growth rise? Is it that circumstances in the world economy—the world economic environment—were decisively more favourable before 1997? I do not think so. My assessment, reading the OECD figures, is that the average by which UK growth exceeded the OECD average from 1993 to 1996, when the period of uninterrupted growth began, was about 0.5 per cent. The UK outperformed the OECD average by half a percentage point, on average, during that period. Since 1997, the UK has still exceeded the OECD average, but only by 0.1 per cent. There was certainly not a more favourable external environment before 1997—if anything, the reverse.

It is important for us, in a calm and measured way, to reflect a little on what is the difference that, since 1997, has more than outweighed the clear benefits to the economy and to business—the wealth-producing and wealth-creating sector of the economy—of systemically lower interest rates. I suggest that the answer is that other things have changed in that time and have actively restrained growth.

We have seen much more regulation. I do not claim for a second that previous Governments were guiltless in increasing regulation. Indeed, I say that as a Minister who was responsible for deregulation for some of my time. We all know that there is an inevitable tendency for Governments of all colours and in all circumstances to have an in-built tendency to do things that involve spending more public money and to regulate more. That is because of the desire to do something to show that we have responded to something. We are all conscious of that tendency and it has to be guarded against. A responsible Government have to guard against the tendency to allow public spending, along with regulation, to be ever increasing.

I welcome what the Chancellor said yesterday about his intention to curb the growth in regulation, but I do not think that it amounted to more than curbing it. However, we should acknowledge, and the right hon. Gentleman should acknowledge, that a belated attempt is being made to alleviate the damage that has been caused to the wealth-creating sector by the constant accretion and the constant increment of regulation and more regulation.

There is some sensible reason for having most regulations and there are not many that are completely stupid and pointless, but it is their cumulative effect that is so damaging. It is the lack of proportion in the way in which they are conceived, executed, implemented and enforced that causes the damage.

Mr. Bercow: My hon. Friend is right to point to the cumulative impact rather than the individual significance of each regulation. Does he agree that one of the problems to which the Government seem insensitive is that the impact of regulation is especially damaging to small and medium-sized enterprises, which cannot bear the cost so readily as larger organisations? Would not Ministers be wise to follow the example of the United States, where the Regulatory Flexibility Act and the Small Business Regulatory Enforcement Fairness Act exercise some brake on the tendency to increase regulation?

Mr. Maude: My hon. Friend makes a good point and I am grateful to him for doing so. It is worth reflecting on what he says being a possibility. It is right that regulation bears disproportionately hard on small businesses, which tend not to respond to consultations because they are getting on with running their business. Before the 1997 election, when I was out of Parliament, I chaired the deregulation taskforce. My hon. Friend the Member for Tunbridge Wells (Mr. Norman), who similarly was out of Parliament, was also a member of the taskforce, and so was my hon. Friend the Member for Sevenoaks (Mr. Fallon). We are all in our places today. It is deregulation day today. There is a gathering, a reunion. One of our recommendations was that,

instead of having a reactive consultation programme on new regulations, the Government should go out and actively research the views of small businesses.

Big businesses are set up to respond to consultation; they have consultation departments. Indeed, there is often an almost deadening conspiracy between Whitehall and the public affairs departments of big businesses, in which one lot will produce a consultation paper and the other lot respond to it. I sense that many big businesses are quite content with high levels of regulation because they increase the barriers to entry and the threshold for competitors.

I have not yet had the opportunity to study the recommendations produced by David Arculus and what is now called the Better Regulation Task Force—the successor to the body on which we sat—or the report by Philip Hampton. I gather, however, that they revisit some of the recommendations that we urged on the Major Government eight years ago—recommendations that I freely confess sometimes fell on deaf ears.

Dawn Primarolo: I have been listening carefully to the right hon. Gentleman, and I acknowledge the cumulative effect of regulation. Most regulation is about inspection. I presume, therefore, that he would agree with the proposal that—in looking at regulation, at the inspection behind it, and at the impact of regulation—using a risk-based analysis is a far better way to proceed, in terms of having contact with business when necessary. Does he also agree that there needs to be a full discussion on this issue, with business as well, as has been suggested by Digby Jones?

Mr. Maude: I do not dissent from the principles that the right hon. Lady sets out. Her analysis is broadly right, but I would enter certain caveats. This is a matter of great concern, and I hope that we shall be able to pursue it in this debate. One caveat is that, while it is certainly helpful for a business to be visited by only one inspector rather than 10, we know from experience that inspectors often require businesses to do conflicting things. For instance, a building regulations inspector might tell a business to put a door in, only for a fire inspector to come along and tell it to take it out again. The one-stop shop has benefits, but I would counsel caution in that regard. When we combine inspectorates, it is very easy for them simply to become a much bigger, more treacly bureaucracy with higher costs. The tendency for inspectorates and enforcement agencies to become self-financing means that the fees and costs to business will then multiply. So I do not disagree with the right hon. Lady, but I urge caution in relation to that proposal.

Mr. Peter Luff (Mid-Worcestershire) (Con): On risk-based assessments, does my right hon. Friend agree that the regulations governing business pop up not only in the Department of Trade and Industry and the European Union but all over the government machine? One example is the risk-based assessment involved in the provisions of the Licensing Act 2003. Circuses will have to comply with the Act, but fairgrounds will not. Where is the greater risk of public disorder—at a fairground or at a circus? Circuses could be destroyed by the Act's requirement for a licence for every circus and every venue, while fairgrounds will get off scot-free. The Government talk the talk, but they do not always walk the walk.

Mr. Maude: That is a very fair point. My hon. Friend asks a good question, but I do not have the answer.

I do not want to dwell on regulation, but the Chancellor seems to have had a bit of a deathbed conversion on the issue. Having done very little to stem the flow of regulation over the past eight years, he has suddenly spotted the fact that it is a bit of a problem. My concern is that the state is beginning steadily to take an ever-larger share of the nation's income to spend on the nation's behalf, and to intrude more into the nation's life. Regulation is one important aspect of that, in regard to wealth creation.

Mr. O'Neill: I have been listening to the right hon. Gentleman's analysis of the impact of regulation on economic growth. Are there any other areas that he is proposing to explore? I would have thought that the damage done by the low value of the euro against the pound for about two and a half years retarded a lot of our manufacturing capability, and that that would have been a major contributory factor to the lower level of growth in 2001, 2002 and 2003.

Mr. Maude: There is no evidence to show that the reversal of that has contributed to a huge manufacturing revival. Manufacturing industry—indeed, any exporting industry—in any country has to cope with the vicissitudes of exchange rates. It has often been said that the huge growth in Japanese exporting took place at a time of steady appreciation in the value of the yen against world currencies.

My point is about the general tendency for the state's take from, intrusion into and share of national income to increase. Its share of national income is 45 per cent. this year—up 8 per cent. from its low point and still rising. That has an impact on Britain's competitiveness. It has been well trawled and often repeated that Britain has fallen from No. 4 to No. 11 in the world competitiveness league. That reflects something real that is going on: businesses now experience more difficulties in creating jobs and wealth here than they did previously. There is clearly some correlation between the larger state and slower growth. That is not absolutely iron-clad but it is generally true.

Let us consider the United States, Australia, and, closer to home, Ireland. In all those countries the state's percentage share of national income is in the mid-30s. Those three countries have significantly higher growth than Britain. It is not difficult to explain why. The wealth-creating sector here has to work harder to create the wealth and the jobs to grow further.

After inflicting such constraints on the economy, the Chancellor now comes along and says that he will alleviate them. After giving us the headache, he now offers an aspirin. Although that is welcome—deathbed conversion is better than none—it is late in the day and there are anxieties about whether the current rate of economic growth can continue.

The Labour party made much of productivity when in opposition. Labour Members said that they were determined to increase it, but that has not happened. As

[Mr. Maude]

I understand it, productivity is rising at about half the rate at which it was increasing when the Government came to office. That should not be the case because we are in a much more benign interest rate environment for investing in productivity and improving plant and process.

It is always interesting to note what is not mentioned in the Budget papers. One has to look hard to find any figures that relate to productivity in this year's papers. What is called the Red Book, because it used to be red, includes a large chapter entitled, "Meeting the Productivity Challenge". There is therefore at least a recognition that a problem exists. However, the Government have not recognised that they are part of the problem and of the reason for the fall in productivity growth, which is so important to consider, since they came to office.

My central point is that there is no bigger prize for the economy than steadily getting an extra 0.5 per cent. of economic growth, year after year. If the trend rate of growth increases, the Government are enabled to do much more. All the arguments about whether the Conservatives will spend £35 billion less than Labour pale into insignificance compared with that. They become academic if there is 0.5 per cent. or 0.25 per cent. growth.

The difference between the parties is that we believe that public spending should increase by a little less than the speed at which the economy is growing and the Labour party is content for public spending to increase, year after year, by a little more than the economy. That is a malign development for the economy and is likely to depress the trend rate of growth, no matter to what the rest of the economic environment points.

Our approach is likely to increase the trend rate of growth, and that is the biggest prize that there is for the country and the Government. Much has to be done to enable that to happen. The state has to be restrained in its spending and regulations. Savings must increase, but the savings ratio has halved since the Government came to office. What is happening? We all know about the raid on pensions and the reduction in the real value of individual savings accounts. The hon. Member for Ochil declined to be drawn into a discussion about the effect of the raid on pension funds in the first Budget that the Chancellor introduced. It may be just coincidence that the acknowledged deficit in pension funding today is roughly equivalent to the accumulated tax take from pension funds introduced at that time, but it does not strike most people as coincidental. There is a real penalty there. The savings ratio has fallen, and nothing in the Budget will increase it.

My hon. Friend the Member for Havant referred to the deficit, and a number of my hon. Friends and others have talked about the fallibility of the Chancellor's forecasts for borrowing. He might just squeak into compliance with the golden rule within the cycle, but as it is up to him to decide when the cycle begins and ends, that is pretty meaningless. If he is right in his predictions of growth in the economy, we are still in the upturn of the economic cycle. It is very worrying that there should be such a large structural deficit in the public finances at this stage in the cycle.

Why has this come about? Not because taxes have not risen; they have risen, and continue to rise. The Chancellor had the idea that he had somehow discovered the secret of perpetual motion—that he could keep the economy growing by endlessly throwing taxpayers' money into the machine. He is rather like the man on the fender of the steam engine desperately shovelling coal into the boiler to keep the engine going. The coal that he is throwing into the boiler is, of course, public money—taxpayers' money. It is public spending, ever increasing. Week in, week out, the public sector jobs supplement in *The Guardian* becomes larger. It is not possible to go on increasing the burden of the state that the wealth-creating sector must carry.

One of the damaging things that the Government have done—this too results from their belief that they have discovered the secret of perpetual motion—arises from their declared intention, before the 1997 election, not to raise taxes. As the hon. Member for Ochil pointed out, that led to a tendency to impose stealth taxes, which in turn led directly to a huge increase in the complexity of the UK tax system. Furtive attempts are made to hide the taxes that have been imposed, which creates that complexity. The annual Finance Act was not a slim volume when I was a Treasury Minister all those years ago—or, let us admit, an enjoyable read—but it was very much thinner than it is nowadays.

The complexity makes life more difficult for the wealth-creating sector. It creates jobs, yes, but for tax lawyers and tax accountants. That is not to the good of the economy, although it is to the good of their economy, perhaps. The Inland Revenue's budget for administering the system has more than doubled in real terms in the last five years. Capital gains tax has become easily the most complicated tax: the Inland Revenue itself could not work out how to implement it. There is a huge amount of confusion.

That is partly to do with the Chancellor's obsessive tinkering with detail—his delight in micro-engineering. But, as I have said, it was also driven by a constant need to raise taxes by stealth. There is also a further implication to consider. There was an exchange earlier about the lack of buoyancy in tax revenues, and the fact that the Chancellor's revenues had consistently under-delivered. I think that that too has something to do with complexity. A good tax system is simple, transparent and open, with low tax rates.

Mr. Fallon: And compulsory.

Mr. Maude: Absolutely. If there are low tax rates and simplicity, people do not object so much to paying, and in a transparent system it is much less easy to avoid paying. The only people who suffer as a result of that are those in the tax avoidance industry. The economy benefits because people do not mind paying tax, and will bring wealth-creating activity here. The system is easier to administer, so there is less of a cost burden.

The Government's revenues are more buoyant. It is a benign cycle, but complexity now permeates. It is shot right through the tax system. It is one of the reasons that tax revenues are consistently under-delivering, which is compounding the Government's problems.

My last point flows from that. It is about honesty in politics. A huge number of people feel alienated from the political process. That is commonplace now. They

react against the hysterical exaggeration in which we tend to indulge in this place, and outside. In truth, there is a relatively slight divergence in the trajectory of the public spending that the Labour party project and that we commit to, but it reflects a difference in the underlying character of a Government, who are defined by the aggregation of all the small decisions day by day.

Labour wishes to convey the sense that the Conservatives have a slash-and-burn approach to public services, which is manifestly not the case. When I was an Opposition Front Bencher debating the pre-Budget report of 1999, I said in terms that the Conservatives supported the increases in health and education spending. Half an hour later, the Chancellor said precisely the reverse—180 degrees, black and white. It is difficult to conduct serious political discourse in a way that the public can engage with and respect if a reluctance to engage with the truth and to respect opponents pervades the system. I also remember the Government's dogged refusal to accept that the tax burden was rising until the Prime Minister let that out inadvertently.

In the interests of democracy I urge that the argument be conducted on an honest basis, without exaggeration or hysteria, so that we can offer the country a civilized, sensible choice, not a choice between extremes. This is certainly the Chancellor's last Budget. It is a fundamentally dishonest one because he has not come clean about the state of the public finances. At the risk of relapsing into soundbitery, I have to say that if people vote for the Budget in the House and in the country, they will pay later.

3.57 pm

Mr. Archie Norman (Tunbridge Wells) (Con): I draw hon. Members' attention to my declaration in the Register of Members' Interests.

I arrived in the House about eight years ago. About the time of the then Budget, I made my maiden speech on the subject of enterprise and competitiveness to an audience of about the same number of hon. Members as I find in the House today. In fact, I rather flatter myself that, over the eight years, I may have picked up an extra hon. Friend or two to listen to what I have to say.

It is a great pleasure to follow my great friend, my right hon. Friend the Member for Horsham (Mr. Maude), and the hon. Member for Ochil (Mr. O'Neill), both of whom made thoughtful and measured speeches. Overall, this is a fairly unimpactful Budget full of comparatively superficial measures. The hon. Gentleman described it as thin in content.

Mr. Luff: Perhaps that lack of impact explains the lack of Labour Back Benchers in the Chamber.

Mr. Norman: That is a good point. I imagine that the lack of Labour Members reflects their enthusiasm for the Budget. Perhaps the Minister would like to comment on that when she sums up.

Dawn Primarolo: I assume that Labour Members are taking the good message out to the constituencies and that the lack of Members on the Conservative Benches indicates that they feel that there is nothing to criticise in the Budget.

Mr. Norman: I am not sure whether we can fruitfully pursue this subject. The numbers on either side reflect the strength of feeling about the Budget, which will be reflected in the debate. As the hon. Member for Ochil said, the Budget is thin in content, as is perhaps unsurprising immediately before an election. It is unusual in that it does produce a slight increase in taxation; I think the Chancellor described it as "fiscal tightening." Much of that increase in the burden is borne by the business community, which again reflects on competitiveness.

The Budget continues the Chancellor's relentless theme of the strength of the economy and the importance of maintaining and building national competitiveness. We see in the public finances how his plans for public expenditure absolutely depend on improvements in competitiveness, because it is only thereby, from corporate revenues and profits, that the revenue will be generated to pay for the continued growth in public spending. As the hon. Member for Ochil said, in a very statesmanlike way, the public finances are hanging by a thread—his words not mine.

Over the past eight years, according to the World Economic Forum, we have fallen from fourth place in the world competitiveness league table to 11th. My right hon. Friend the Member for Horsham has said that, in terms of annual productivity growth, the average under the last Conservative Government was 2 per cent. per annum. Over the last seven years, the average has been 1.5 per cent. during a period when, if anything—because of the stage of the economic cycle—productivity growth should have been higher, not lower.

The pillars of the Chancellor's argument about competitiveness revolve around education, research and development, science, investment in public infrastructure and the regulatory burden. I want to concentrate on those pillars in my speech. They reflect the way in which the argument is laid out in the Red Book.

Both sides of the House support the continued investment in education, which is fundamental to our future competitiveness. There were many aspects of what the Chancellor said that we welcome, including, in my case, the investment in Sure Start, which has been beneficial. I am interested in the allusion that he made to extending the school-leaving age, if that ever proved to be affordable. I welcome the investment in capital spending in further education colleges after some years of decline. The performance of FE colleges is mixed and the numbers in further education workplace learning have declined in the last few years.

Digby Jones of the CBI has pointed out that there is a decline in the commitment to science in schools and that the numbers of children taking science-based subjects after 16 has declined. In addition, pass rates and standards in mathematics in schools have declined and we are witnessing a decline in the performance of most of our universities in the world league table. It is hard to conclude that there is anything in the Budget, or anything happening more broadly, that will lead to significant improvements in competitiveness.

On the second major item identified in the Red Book as related to competitiveness—research and development—the poor record of this country in that area continues. I recognise entirely that that is not a trend that started with this Government—it preceded them—but there has been no tangible reversal in the underspend of British industry on it compared with

[Mr. Norman]

what happens in other countries. Last year, according to the Red Book, we invested 1.9 per cent. of GDP in research and development, which represents a decline as a percentage of GDP against the previous period. The Red Book anticipates that it will grow by 2 per cent. less than the rate of GDP, so we expect research and development to continue to decline against GDP in total and against our major competitors. We start from a position where our research and development expenditure is lower than that of most of our major competitors including France, Germany and the United States. The position is not strong and is getting worse, yet the Government say on page 63 of the Red Book that investment in research and development must rise if we are to improve our competitiveness. The score card on R and D is depressing, though I recognise that it is not an easy problem to solve. I support the position taken on research credits, but R and D is a serious problem that must be tackled more seriously than it has been in the Budget.

The third subject that I want to deal with is public services and the public sector balance, to which my right hon. Friend the Member for Horsham referred. My particular theme is public sector absorption of resources. The Chancellor's projections on the growth of the economy and his views on the anatomy of that growth are very clear. However, rather than seeing an enterprise- and business-led recovery in economic growth, we are seeing the reverse. GDP growth is not being led by business, but driven by a growth in consumption and an increase in Government expenditure.

In fact, on the Government's own projections in the Red Book, consumption is intended to account for about a third of the future growth in GDP—incidentally, a rate that almost certainly means continued dissaving by private individuals and a further diminution in the amount that private individuals put aside for their retirement and the future. Of the 3 per cent. annual GDP growth, only 0.5 per cent. is the result of business investment. The Chancellor is seeking to create a future growth pattern in which the public sector continues to grow, private individuals continue to dissave and business sector growth is comparably slight. That is why so many people are worried about the future generation of tax revenues from corporate profitability.

As a percentage of GDP in this country, business investment is either declining or static and growing far more slowly than Government investment in capital. According to page 71 of the Red Book, the lack of business investment in comparison with Government investment is a cause of Britain's low productivity growth. Much of the analysis in the Red Book is right, but the problem is that nothing in the Budget will deal with it. The public sector absorption of resources is such that there will come a time when even a Labour Chancellor must assess the right balance and question the extent of continued growth in the state sector of the economy and in state employment.

At the moment, the vast bulk of new jobs created in the economy are driven by the Government, and more and more employment is based in the Government state-run sector. According to most estimates, it currently accounts for about 25 per cent. of all jobs—both direct and indirect. According to the Red Book, it will inevitably grow further, despite the Gershon efficiency savings that the Chancellor mentioned, because they will be completely overwhelmed by the number of new public sector employees. Yet that sector of the economy is associated not just with the lowest rate of productivity growth, but with declining productivity, so it acts as a drag on the economy.

I venture to suggest that the public sector also accounts for the worst employment practices and the lowest work force morale. It is by far the weakest management sector and has by far the highest trade union membership, which may or may not be a measure of the state of morale and management practices in that sector. More than half of all trade union members in Britain are in the public sector. Presumably, that is why the Chancellor wants to shove £65 million into an absurd union academy, which should be paid for by the unions and their officials, not by other taxpayers, most of whom are hard-working people who have chosen not to join a union.

There is nothing in the Red Book or the Chancellor's measures to address the problem of the declining productivity of the public sector or to deal with the weakness of the management and stewardship of our major public services. I want to make it clear that I am not an opponent of public service management or public servants. Neither am I dismissive of the challenge to make public services better run, better places to work and a better means of servicing our citizens, but we cannot tackle that unless more serious attention is given to public sector productivity and unless we are more measured about how much money and future employment goes into the public sector. Otherwise, the sector will act as a considerable drag on productivity in the economy as a whole.

As long as we continue to drive the economy using public sector investment and employment and private consumption, it is inevitable that, in addition, the trade deficit will go up—it is now £57 billion—because those are very import-intensive ways of spending money. In aggregate, the pattern—the anatomy—of economic growth as forecast and intended by the Chancellor is, if anything, weakening our future competitiveness.

That brings me to the last pillar of the competitiveness strategy: the regulatory burden. I confess that I was thrown into consternation by the Chancellor's speech because he appears, as my right hon. Friend the Member for Horsham suggested, to have embarked on a damascene conversion of monumental proportions immediately before the general election, by announcing that he is going to adopt the Hampton report—in full, I believe—and the Arculus report, both of which are good, comprehensive and far-reaching in their consequences. I am tempted to assume that it is an attempt to convince the business and enterprise sector that the Chancellor has seen the light, given that this is, in all probability, his last Budget. I hesitate to suggest that there is an element of shallow electioneering involved, but we have heard quite a lot of it before in Budget speeches—the Chancellor talking about the number of regulations he is going to withdraw and how he is going to turn back the tide of regulation, but in reality we see nothing but the reverse.

It is interesting that the Hampton and Arculus reports, both of which the Chancellor has apparently accepted in full, reflect the extent of the regulatory mess that we have got into. Indeed, the Hampton report refers to 674 bodies now administering regulations for enterprise in Britain, and to 600,000 inspections by 63 different national regulators affecting British business. It refers to 2.5 million forms filled out by small businesses on regulatory matters and 2.5 million further forms that they have to fill out to appease the local authority inspectors. That is an absolute torrent of paperwork, which is a tax on business time and, as my right hon. Friend the Member for Horsham said, it is particularly penal for small businesses and detrimental to innovation and creativity, to business change and to new business start-ups.

The chambers of commerce calculate the cost of regulation as £34 billion in aggregate. That figure is endorsed by the Arculus report and it has arisen under this Government. The Arculus report makes the point that, if we take the figure of £34 billion, then for a relatively modest investment and if it is possible to roll back these measures, there would be a 1 per cent. dividend benefit to gross domestic product by reducing the very regulation that the Government have imposed. By adopting the two reports, the Chancellor is talking about the most amazing revolution in thinking and behaviour by a Government who have shown absolutely no such inclination to date.

The two reports are not just general in their recommendations but also very specific. Perhaps when the Paymaster General sums up the debate, she will tell us whether the Chancellor has discussed the issue with his ministerial colleagues. I shall be interested to know whether they, too, are as committed as he is to implementing the reports, both of which have timetables for implementation. I should be interested to hear whether that includes not just the principles but the timetables, including actions that are scheduled later this year, in the event of the Government being re-elected, as well as the Bills that the Arculus report calls for, which have to be introduced in Parliament.

One of the Arculus report's central recommendations is the principle of one in, one out, so that for every new regulation that the Government produce, including all the benign proposals for better maternity and paternity benefits and so on, one should be withdrawn. Many Conservative Members will be very interested to hear what is on the Chancellor's shopping list of regulations to be withdrawn to compensate for those already planned for inclusion in the Labour manifesto.

Arculus also calls for a new Bill on deregulation orders to be brought in this year. I should be very interested to know whether that will be delivered, and to hear how progress will be measured. The two reports use rather statesmanlike language to make it clear that progress on reducing regulation of business and thereby improving competitiveness has been negligible to date.

I wholeheartedly welcome what the Chancellor had to say on deregulation, but I hope that the House will forgive me a degree of scepticism about whether anything will happen. I suspect that if the Chancellor moves from No. 11, as is widely expected, the content of both reports will vaporise, and we will hear no more of them.

In summary, the Budget is fairly thin in content but it is fair to say that, over the eight years that I have been in the House and the Chancellor has been in post, there has been a continued decline in competitiveness. I do not want to overstate that, as Britain is still a good place to do business and its economy is still performing reasonably well, but the biggest factor in that decline has been the growth in regulation. Although there appears to be an intention to reverse that, most people are, like me, extremely sceptical about whether anything will happen. The growth in the public sector is a growing drag on the economy, in terms of productivity and employment practice.

I hope that the next Budget, whoever the next Chancellor may be, will take much more serious steps to implement the recommendations from Arculus and Hampton, and will adhere to the timetable set out in those reports. The challenge is to restore competitiveness through education, investment in science, deregulation and an improvement in public sector performance. That challenge must be taken a great deal more seriously than is the case with this Budget.

4.17 pm

Mr. Peter Luff (Mid-Worcestershire) (Con): It is a great privilege to follow my hon. Friend the Member for Tunbridge Wells (Mr. Norman), and the hon. Member for Ochil (Mr. O'Neill), who spoke a little earlier. Over the years, I have heard many maiden speeches in this Chamber, but those were the first more or less valedictory speeches that I have heard. They were both elegantly constructed, and they constitute an important contribution to the debate. Those who made them will have cause to remember them with pride if they have to leave this place in the next few weeks.

I was pretty disappointed by the Budget speech. It seemed to be an undignified shopping list of proposals, whose aim was more to upstage the Chancellor's Cabinet colleagues than to offer a serious contribution on the economy. I welcome the announcement that a memorial to the Queen Mother will be raised using funds from the sale of a commemorative coin. It is a good idea, but I am not sure that it was appropriate for a Budget speech.

In addition, the Chancellor announced the establishment of the sporting academy. That initiative will grab the sub-headlines, but the funding allocated for the academy is substantially less than the amount robbed from the sports lottery fund to pay for health and education initiatives that should be paid for by the taxpayer. Sports have been short-changed by this Government and this Chancellor, and nothing announced yesterday changes that.

I applaud what has been said by other Opposition Members about the honesty of the Chancellor and the Government. It is right and proper that the differences between the parties should be expressed robustly in this place, but those differences should not be caricatured. I do not agree with what the Government have said about Conservative policies. The impression that they have given is profoundly wrong and the exact opposite of the truth, as my hon. Friend the Member for Tunbridge Wells said. That is unhelpful for good political debate.

[Mr. Peter Luff]

It is absolutely, totally and completely wrong for the Government to claim that Conservative policies would lead to £35 billion in cuts in public services. The Government know full well that of the money we plan to save, £23 billion will be reinvested in those self-same public services. It would still be disingenuous and wrong for them to claim that £12 billion—the difference—is to be cut from front-line public services. But it is utterly, totally and completely wrong to cite the £35 billion figure. There is no intellectual, moral or political justification for that whatsoever. There are words I could use to describe what the Chancellor of the Exchequer said on the "Today" programme this morning about that, but you would not allow me to use them, Mr. Deputy Speaker. I think that the House knows what I mean. The claim is untrue. No Labour Member who wants to earn the respect of his or her voters at the coming election should dream of using that figure.

Conservative spending plans would increase by 4 per cent. compared with Labour's 5 per cent. So we are talking about increases. The more interesting intellectual criticism by some commentators is whether the cuts are sufficiently robust to measure up to the international challenges posed by developing low-tax and low-wage economies, such as China and India. That is a much more interesting argument. I happen to think that we have got the balance right, but I would take that criticism and explore it. Instead of that, Labour Members rely on something that is simply not true.

Mr. Kevan Jones (North Durham) (Lab): Is it not a fact that the hon. Gentleman's Front-Bench spokesmen argue that real-terms spending will be down £35 billion? On "The Daily Politics" show on BBC 2 on 18 January, the shadow Chancellor said:

"Our plans provide for us to continue growing public spending a per cent. slower each year than Labour and by the end of the" economic cycle "we'll be spending . . . £35 billion less than Labour."

Where will the money come from if not from the health service and other services from which people in my constituency have benefited in the past eight years?

Mr. Luff: I am glad I gave way. The hon. Gentleman's comments form a natural introduction to the next section of my speech. We can happily trade quotes. The chairman of the Conservative party said this morning:

"We have made clear in our spending plans for 2007–08 we have identified £35 billion of savings, we will re-invest £23 billion in priority services, the NHS, police, schools, transport and we will save money by cutting waste. It is all very explicit."

Some services would be cut, some of which the Prime Minister often names in Prime Minister's questions. Some £666 million would be saved from the new deal. That is the right thing to do. Youth unemployment was falling faster under the Major Government than it has under this Government. The new deal is not value for money. The Small Business Service will be scrapped, saving £496 million. Good, I say. I go around manufacturing, engineering and service sector businesses in my constituency, and no one has a good word to say about most of the Department of Trade and Industry's services. There are a couple of exceptions to that. The manufacturing advisory service is valued and will be kept. Those services that do not deliver value for money, however, will go. We are not cutting valuable front-line public services. We are making sensible economies to ensure that taxpayers' money is spent well.

We would save £18 million by scrapping the regional chambers. Not many of my constituents would cry into their beer about that, because the regional chambers are a complete waste of money. I have a list, ranging from £3 million saved from the budget for the judicial appointment commission, £45 million from the Department for Culture, Media and Sport "Culture Online" website project, and £98 million from ending the over-30-month scheme, to £1 billion saved from the Office of the Deputy Prime Minister by abolishing the intrusive local government inspection regimes. Those schemes are nothing but micro-management of local government from Whitehall. They do not improve public service delivery, but harm it. They are the opposite of what we should be doing, which is driving power down to local communities. The cost of enforcing the Deputy Prime Minister's will on local authorities and overriding local will is £1 billion a year.

Mr. Mark Field: At the risk of encouraging my hon. Friend to continue his enormous list, may I tell him that one of the most important cuts for most Londoners would be at the Office of the Deputy Prime Minister? Over the past five years, there has been a ludicrous duplication of roles, with a large number of employees at the Greater London assembly considering strategic London issues under the auspices of the Mayor of London, and an increase in the number of employees and expenditure in the ODPM in the form of the Government office for London. I can assure the hon. Member for North Durham (Mr. Jones) that there will be no loss of front-line services for Londoners.

Mr. Luff: My hon. Friend's intervention speaks for itself, and I agree with him.

Mr. Kevan Jones *rose—*

Mr. Luff: I am happy to give way to the hon. Gentleman, although he has not been here for much of the debate. Before I do so, however, there is one serious risk for a politician—believing one's own propaganda. He should not believe the propaganda that he has brought with him to the Chamber.

Mr. Jones: I choose to believe in the fact that youth unemployment in my constituency has gone down by 85 per cent. since the Government came to power. May I tell the hon. Gentleman that I have not been in the Chamber this afternoon because I have been attending a Committee considering delegated legislation? The hon. Gentleman listed a number of organisations. My maths is not brilliant, but the total was less than £2 billion. He needs to account for about £33 billion. Can he explain how he will reach that figure?

Mr. Luff: I am tempted to do so, as I have brought the list to the Chamber. It would, however, be rather tedious to go through it, and I would prefer to dip in and out and select illustrations. I am happy to share the whole list

with the hon. Gentleman after our debate. It is not a state secret, as it is on the party's website, so he can look at it if he wants to. I shall give a few more examples: strategic health authorities will go, saving £617 million. The role of primary care trusts will be changed radically, saving £637 million. The number of quangos at the Department of Health is a scandal, and £651 million can be saved by slimming them down. That is a saving of roughly £1.9 billion, which can be used to pay for the salaries of doctors and nurses. I therefore advise the hon. Gentleman against pursuing that argument because he will lose it if he engages in it honestly. It is only by refusing to engage in it honestly that he has a chance of winning it, but I do not think that he will succeed even then.

On the subject of honesty, I listened carefully to the Chancellor yesterday, and I was disappointed. Sometimes, he is capable of being gracious and courteous. For example, on international debt and development, he has often paid tribute to his Conservative predecessors for their role in creating consensus on those important matters, and I welcome that. However, when it comes to the golden economic legacy, he is less than generous.

When I go home in a couple of hours, I shall get off the train at Worcester Shrub Hill station and I will see a Labour party poster showing the faces of Lady Thatcher, John Major and my right hon. and learned Friend the Leader of the Opposition. Under the pictures of Lady Thatcher and John Major appears the word, "recession", and under the picture of my right hon. and learned Friend appears a simple question mark. That is about as disingenuous as it gets, because an honest Labour party poster would say under the photograph of Lady Thatcher, "Cured the sick man of Europe". Under John Major's face, it would say, "Created the golden economic legacy that the Government inherited". Under my right hon. and learned Friend's picture it would say, "Building the better Britain we deserve". That would be the correct poster to display outside Worcester Shrub Hill station. *[Interruption.]* Labour Members may jeer, but that is another example of them believing their own propaganda.

My right hon. and learned Friend the Leader of the Opposition, in his excellent reply to the Budget statement yesterday, cited Tom Bower's biography of Gordon Brown, which was published by HarperCollins in 2004. Mr. Bower describes a meeting in the Treasury shortly after the election:

"'These are fantastically good figures', the official concluded. 'The state of the economy is much better than predicted.' Eyes swivelled to Brown. 'What am I supposed to do with this?' he snarled. 'Write a thank-you letter?'"

That is a nice idea, but those figures have underpinned many of the good things that the Government have done. I accept that they have done good things, although they have also done monstrous things, outrageous things and silly things. The golden economic legacy, however, has enabled the Government to proceed.

The Chancellor conveys the impression—and did so again yesterday—that he inherited a dreadful economic situation in 1997. In her excellent pamphlet, "Whatever happened to the golden legacy?", Ruth Lea says that

"he likes to give the impression the country was floundering in a swamp of economic chaos prior to 1997. Nothing could have been further from the truth."

More importantly, she goes on to say that

"the economy is not currently performing as well as it did when it was under the Major Government. This is because the current Government's policies have hindered rather than helped business and have undermined competitiveness."

That thesis underlies Ruth Lea's excellent paper. She says that there are two main reasons for the economy's strength. First, the supply-side reforms introduced in the 1980s, including trade union reform, privatisation of the utilities and the reform of the tax system under Lady Thatcher, underpin our new economic success.

The second reason, which is perhaps more interesting for Labour Members, is

"the post-ERM transformation in macro-economic policy designed to deliver low inflation and economic stability."

Many of us were wrong about that. We believed in the exchange rate mechanism and thought it was a good idea. I remember that I did—*[Interruption.]* My hon. Friend the Member for Sevenoaks (Mr. Fallon) is right to say, "What?". I freely confess, it is on the record, and I now admit that I was wrong. I wish the Labour party would admit that it was wrong and abandon its still lingering love affair with the single European currency, although I was interested to hear the Chancellor say yesterday that he would not be revisiting the five tests. That, at least, is something.

Growth was higher on average over the Major years than it has been under the present Government. The balance of payments was roughly in balance by 1997 and is now in catastrophic deficit. Unemployment was falling faster than it has under the present Government and productivity growth was higher than under this Government. Inflation was brought under control by the previous Government. The Chancellor was particularly outrageous on the "Today" programme this morning when he said that inflation was built into the system when he inherited it. That is simply not true.

Mr. Tom Watson (West Bromwich, East) (Lab): What about interest rates?

Mr. Luff: If the Whip on duty wants to know about interest rates, I am happy to quote from Ruth Lea's pamphlet, which states that

"interest rates were falling quickly—the official base rate was down to 6 per cent. by May 1997. And yields on long-dated gilts were already beginning to fall in response to the lower short-term interest rates and the lower inflationary expectations."

Perhaps most worrying of all is our slide down the competitiveness table. The World Economic Forum and the Institute of Management Development show that we have transformed one of the most competitive economies in the world into one that now languishes a long way down the league table. It is a scandal that that has been allowed to happen. Crucially, the public finances are nowhere near as strong as they were. It is common wisdom—we all know, on both sides of the House—that a massive black hole is opening up.

The list of bodies that believe that is enormous. The Institute for Fiscal Studies, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the ITEM Club, the National Institute of Economic and Social Research and the Centre for Economic and Business Research all say that there will be a big problem with the public finances after

[Mr. Luff]

the coming election. It genuinely is a vote now, pay later Budget, and it is about time the Chancellor was more honest about that.

There is one thing that the Government did right, and they will be remembered for it. When the history of the Government is written, as it will be in a few weeks, it will become clear that the independence of the Bank of England was the defining moment. By that one move the Chancellor of the Exchequer succeeded in—to use his words—locking in the legacy that he had inherited. But it is an interesting question how well the Bank of England managed the policy. We do not know. Although the Bank appears proficient at the process, it has not been the most taxing time to conduct the analysis.

Sir Alan Budd, who was a member of the Monetary Policy Committee between 1997 and 1999, judged the policy development as follows:

"After the election of May 1997 we saw the establishment of the Monetary Policy Committee with the responsibility for controlling inflation and with the power to set interest rates for that purpose. That has been a brilliant success, but I want to repeat my point it was able to build on a very good foundation."

What an important point that is.

Briefly—because at least two of my hon. Friends want to contribute to the debate, although I notice no one on the Government Benches wants to do so, which is interesting—on council tax, a £200 one-off election year bribe is not good enough. Some changes to the system to provide long-term security for pensioner households is needed. I was hugely amused by what the Chancellor said about buses in the penultimate paragraph of his peroration in the Budget. He said:

"It is now time with the resources available to legislate so that in every community of the United Kingdom there is, from next year, free local bus travel for every pensioner and every disabled person too."—[*Official Report*, 16 March 2005; Vol. 432, c.269.]

As always with the Chancellor, it is the small print that matters.

The Red Book states:

"Budget 2005"—

that rather ugly modern wording—

"continues this policy"—

that is, pensioners sharing in national prosperity—

"by announcing free off peak local area bus travel for those aged over 60".

The words "off peak" did not feature in the Chancellor's conclusion of his Budget, but it is an important qualification. If a pensioner's hospital appointment or doctor's appointment is at 9 am, tough. They will have to pay just the same, in the Chancellor of the Exchequer's nirvana. What does "local area" mean? Moreover, the measure does not come into effect immediately but in a year's time. Who will pay for this? A city council such as Worcester, which I know well, will find it extremely difficult to find the money to fund the scheme. It is already monstrously short-changed by the Government.

Finally, the Chancellor refers to

"every community of the United Kingdom".

I have news for the Chancellor: many communities in my constituency have no buses. What good is free bus travel if there are no buses to catch? That is the real scandal. The money should have been used instead to develop innovative, community-based transport schemes that would benefit all elderly people without access to cars and the young people in rural England who are caught without proper transport.

I suspect that I have spoken almost long enough—*[Interruption.]* I am grateful to my hon. Friends for their encouragement. Perhaps they will spare me two or three more minutes on the subject of schools. I disagree about the desirability of starting school at the age of three. Yesterday in his speech the Chancellor trumpeted a 15-year compulsory education system, but I think that he is wrong to do so. The experience of Scandinavia shows that starting school later can be better for the intellectual development of children. We should be discussing raising the school starting age to six, not lowering it to three. I accept that for working mothers proper child care provision is important, but the idea that some kind of academic process begins at a very young age is outrageous. Bribing young people to stay on at school when they want to leave and get out into the work force is equally wrong. I do not share this great love affair for the 15-year compulsory education system.

Dawn Primarolo: Will the hon. Gentleman give way?

Mr. Luff: I give way to a Minister whom I greatly admire.

Dawn Primarolo: I am speechless. The hon. Gentleman read from what he claimed was source material on the economy. Given the points that he has just made about children's access to nursery education, has he ever studied any of the British or international research showing the huge benefits of nursery education to the development of young children through their entire school education, which must be good for raising skill levels? Why does he choose to ignore that bit of evidence?

Mr. Luff: I have studied some of the evidence about which the very able and talented Minister speaks. The loss of play in the early years of children's development is a matter of great concern. Children need to go to school—playschools, playgroups and other pre-school arrangements—to learn to socialise and play, and the way in which academic pressures are being forced down to a very young age group is profoundly disruptive. Academic studies in Scandinavia show that beginning the academic process later is better for children's development. Those studies are there too and I invite the Minister to look at them.

I must conclude by making a point about school funding. The Chancellor made great play of this yesterday in his speech. He spoke about the extra money that he is giving to head teachers in primary and secondary schools, and I am glad that he is finding a bit of money here and there. How much better if he had used that money to narrow the growing monstrous and unfair funding gaps between shire counties in particular and the national average. I do not deny that Worcestershire county council has had real-terms increases in school funding, but those increases are significantly lower than those of its neighbours and significantly lower than the national average, and the gap is growing.

My constituent Helen Donovan has written an excellent letter to the Prime Minister that he should have received by now. She met him during a visit that he made to Worcestershire. He was not terribly keen to meet her, but she persuaded him to do so using her own very particular charm, and she has written him this excellent letter since. She says:

"You quoted the increased figure of £680 per pupil per year for Worcestershire children since New Labour came to office. For the same period Warwickshire has received £910, Gloucestershire £800, Herefordshire £850 and Birmingham £1,170 per pupil per year increases. Worcestershire has again fallen further behind our neighbours as well as the Shires Average payment."

She points out:

"There are many cases of Worcestershire schools bordering their Birmingham counterparts, (some only 1 mile apart), who receive £750 per child less per year in funding, and yet who have a large percentage of their pupils who actually live in Birmingham. So they live in an LEA who receives the extra funding, but go to school in an authority that doesn't."

How much better it would have been if that money, which was used to get cheap headlines yesterday, had instead been used to address that fundamental unfairness.

There is no doubt this Budget is deeply flawed in its detail and in its strategy. It is indeed a vote now, pay later Budget.

4.39 pm

Mr. Michael Fallon (Sevenoaks) (Con): I draw the attention of the House to the interests recorded in the Register of Members' Interests.

There is something of a valedictory air about today's debate. I pay tribute to the hon. Member for Ochil (Mr. O'Neill), who I think is leaving us shortly, and to my hon. Friend the Member for Tunbridge Wells (Mr. Norman); they made statesmanlike contributions that I shall certainly not attempt to follow. There was also an almost valedictory air—I think that my right hon. Friend the Member for Horsham (Mr. Maude) picked it up—about the Chancellor's speech yesterday, a slight sense that this is as good as it gets and is about the best that he can do.

That is important, because the structural imbalances at the heart of the public finances are now clear for all to see. Public spending is rising faster than growth in the economy as a whole. For five years—four years and this year—the Chancellor has been wrong, because he has been over-optimistic about the tax revenues that he seeks to generate. The deficit itself keeps on growing, which spells danger and trouble ahead. It seems to me that borrowing and taxation must inevitably rise. We are therefore justified in focusing yet again on the rules that the Chancellor has set himself and the point at which the cycle must end.

It may well be that this Budget is the last in the present cycle and that the Chancellor will claim definitively that he has kept his golden rule. I would like to enter three strong caveats. First, at the moment, it is for the Chancellor to measure the start and end of the economic cycle. I think that that is wrong; he should not set his rule and be master of where the cycle ends. It is as though Sir Alex Ferguson can decide when a match ends. Many other Budget assumptions are independently audited by the National Audit Office, and I think that this particular assumption should be measured independently, although I make no judgment as to whether the NAO is the right body to do it. There is already some dispute about when the cycle is ending. The Bank of England clearly believes that it is ending a little earlier than the Chancellor thinks, and the matter should be established definitively and independently.

Secondly, there is now a great deal of evidence that the rule itself is being fudged. I was suspicious right back in the early days, when we suddenly saw some money for nurses' training lifted out of the Community Fund. I was certainly a lot more suspicious a few weeks ago, when suddenly, happily, the Office for National Statistics rebranded some £3 billion-worth of roads maintenance and declared it to be capital investment. I do not think that that does any service to the ONS. It simply strengthens the case already made by my right hon. Friend the shadow Chancellor for making the office truly independent of the Treasury, which currently funds and controls it.

Intriguingly, the Treasury was able to get the right answer out of the ONS on roads maintenance, but it has not yet got the wrong answer out of it on the question of the classification of Network Rail. You may recall, Mr. Deputy Speaker, that we have raised that matter before in the House. The preliminary position of the ONS was that the new arrangements for Network Rail did not change its view of Network Rail's status. However, I shall quote an e-mail from the ONS dated 14 February, which was sent to me as Chairman of the Treasury Sub-Committee, the scrutiny body for the office:

"HM Treasury and Department for Transport have yet to finalise the new arrangements for Network Rail and associated bodies and so we are not yet in a position to be able to review our classification decision."

We are talking here not about £3 billion of roads investment, but about some £20 billion that might be moved inside the public accounts. Where such large sums are concerned, it is extraordinarily important that the basis on which they are dealt with is as independent as possible. That is why the ONS needs urgently to be moved out of the sphere of Treasury control and established independently.

I should also like to see a closed period similar to those that companies operate for the making of adjustments in the run-up to the end of the financial year. Those of us who follow these matters are bound to be suspicious of the serendipity involved in this sudden announcement. This morning, the Statistics Commission confirmed that the ONS had been considering roads maintenance for a couple of years, yet was suddenly able, just as we approached a Budget and the end of the financial year, to move £3 billion across. The hon. Member for Ochil said that we had got within the golden rule, but were hanging by a thread, by the skin of our teeth, or whatever. The gap is £6 billion, and £3 billion of that is down to the decision by the ONS. That is how close we have come. In the private sector, decisions on matters such as moving something out of the profit and loss account, the extent to which one depreciates capital, and the extent to which one capitalises new items and classes them as new rather than replacement have to be signed off properly by an independent auditor whose professional judgment is on the line. That is not happening in the case of the public accounts, and I would like to see such matters dealt with more openly.

[Mr. Michael Fallon]

The two bigger issues that still hang over our public accounts are the remaining private finance initiative liabilities, which represent a formidable sum of money, and public sector pensions. On PFI liabilities, you will know, Mr. Deputy Speaker, that the Treasury Committee has repeatedly called for those to be properly listed—not tucked away in some supplementary statement to the estimates or the Consolidated Fund, but listed here and now in the Red Book so that we can see the liabilities for the years ahead. We still have only the table of the payments that may have to be made, not the full extent of the liabilities; and of course those future commitments are building all the time.

I would apply the same argument to public sector pensions. I know that there are arguments for keeping the liability for public sector pensions off the public balance sheets, and that that is done in other countries. However, it seems to me that the commitment is there and that it is compulsory, whether in relation to a local authority or one of the mainstream public services or other public bodies. As the private sector has had to accept these new reporting obligations on pension liabilities, we shall have to look again at the way in which pension liabilities in the public sector are taken on board in the public accounts.

I turn to regulation. As a keen student of *Hansard*, Mr. Deputy Speaker, you will recall the speech that I made exactly one year ago, on 17 March 2004, in which I called for a 25 per cent. cut in Government regulation. That was not my idea—it was the result of the Treasury Sub-Committee's research into the administrative costs of tax compliance and our visit to the Netherlands, where the Government had set themselves a target of reducing the burden of administrative compliance by 25 per cent. over four years and had introduced a model for measuring the actual costs for every kind of business in every sector—small, medium and large, agricultural, industrial, distribution and so on.

Yesterday, we witnessed what my hon. Friend the Member for Tunbridge Wells called a damascene conversion—in terms of words, but not quite in terms of a commitment. The Hampton review, which, like the Arculus review, I welcome, suggests that the number of forms that regulators send out could be reduced by "perhaps 25 per cent." That is not a ringing commitment to slash this particular burden. Nevertheless, it seems that there is finally an awakening to the seriousness of the problem. I should tell the Paymaster General and the Chancellor that, as my right hon. Friend the Member for Horsham said, other Ministers and ex-Ministers have wrestled with the problem. It is not enough to publish good intentions and targets. Deregulation will not work unless it becomes part of the culture of Government, which is why the suggestion of regulatory budgeting introducing new regulations only if old ones can be replaced—is so important. It is also important to engrain throughout Whitehall the culture of seeking alternatives to regulation and to drive the process at a senior level in Government.

Plato wrote in "The Republic" that lawmakers are too often unaware that they are slashing away at a kind of hydra and that for every head they chop off, another appears. That is what we have with the Arculus review. The Chancellor wants a new Bill to deregulate faster. He wants to put more on the statute book to get rid of more from the statute book. We are bound to observe who created the additional burden of regulation, who helped to unleash the flood of European Union directives by signing up to the social chapter that we resisted, and who set up all the inspectorates and regulatory bodies that will magically be merged or will suddenly be found to be unnecessary. We wish the Government well in that task.

One of my criticisms of the Chancellor's approach to spending is that, although the adoption of three-year spending reviews was welcome, they never turned out to be that. First, they were every two years, and additional spending decisions have been announced in the pre-Budget report and the Budget almost every year since the introduction of comprehensive spending reviews. Yesterday was no exception. Suddenly, extra funding was made available to schools; extra funding was made available for council tax; extra funding was made available to the health service. Spending was settled back in July at the time of the last CSR, but suddenly those areas are found to be in urgent need of additional public finance. That depresses me because the process should have been more established and permanent.

Throughout the Government's spending patterns, we hear the refrain that additional resources should be accompanied by real reform. I see no signs of that real reform in the delivery of public services. I shall give the House some examples. Eight years after the Government came to power, we still have the disgrace of mixed-sex wards at Kent and Sussex hospital—eight years after a manifesto commitment to abolish them. At exactly the same time as a constituent complained to me about being pushed on to a mixed-sex ward at that hospital, I spotted in *The Sunday Times* of 9 January an advertisement by the Kent and Medway strategic health authority for a director of future work force at a salary of £90,000 a year. On one hand, there are not enough nurses on the front line and there are still mixed-sex wards; on the other, more and more money is going into back-office salaries, unnecessary bureaucracy and the bloated remuneration and pensions of the bureaucrats behind the front line.

I shall give a second example. The House will recall the grim days of the fire service strike two and a half years ago. It concerned the Government's necessary proposals to rationalise the fire control centres. There were some 44 centres, which were separate from the police and ambulance control centres. The Government appointed a commission to consider the matter and it was decided that the centres should be rationalised, with only eight regional control centres across the country. It was a classic example of more money being put into the fire and rescue service, accompanied by reform and rationalisation. How many of those eight regional control centres are operational today, two and a half years after the dispute ended? None. How many are being built? Again, the answer is none. I am informed by *Property Week* for 4 March that the very first site—the site only—is believed to have been chosen in the north-east of England. None will be operational, even with a fair wind, this year. So real reform has not accompanied the additional resources.

My third example is public sector pay. We were told, and have been told for two years, that it will have a regional and local dimension. Public sector pay will, we

were told, properly reflect local labour markets. I have seen no evidence of that yet; indeed, plenty of evidence points in the opposite direction.

The fourth example is education reform. A great work force reform was promised to ensure that teachers had more time to prepare their lessons and more time away from their pupils. That has been promised for some eight years, but the National Union of Teachers has still not agreed the contract, and this morning we read that the National Association of Head Teachers has walked away from that contract.

The professionals—the doctors, the teachers, the nurses and the police commanders—desperately need reform. They are in favour of reform. The reform that they want is to be allowed to get on and deliver the job, with the help of the extra resources that have been put in. They want the Government to start keeping their side of the bargain.

We heard bits about taxation yesterday, but we did not hear about the greatest stealth tax of all. The failure to index allowances has dragged more and more people into tax. Indeed, more and more people have been dragged up from the lower band into the higher band. That has had a huge fiscal effect, and the Chancellor should have recognised and promulgated that fact. He prefers to pretend that the tax burden has remained the same, but fiscal drag has spread and deepened the burden across hard-working families so that more of them end up paying more. That is the answer to the question posed by my hon. Friend the Member for Havant (Mr. Willetts), when he wondered how the tax revenues could take a greater proportion of GDP in four years' time without taxes rising. The Government assume that they can continue to play the same trick of moving people up the tax bands.

There were a few give-aways in the Budget. Some were real give-aways that told us far more about the problem they sought to solve. There was the announcement of the sudden subsidy of council tax. Why should the Government suddenly want to help people pay their council tax? It is because this Government have put up council tax. Of all the local authorities in England—district councils, county councils and police authorities—Sevenoaks district council has had the worst settlements over the past seven years. In fact, it is one of six out of 424 authorities that have had no increase at all—the settlement has actually been cut. The amount per head has been reduced from £56 in 1997 to £54 in the current year. As a result, Sevenoaks district council, which raised £2.8 million back in 1996–97, has this year had to raise £6.3 million. That is almost a threefold increase. That is the second biggest stealth tax of all. Council tax has increased enormously. It is no use now the Chancellor trying to delude people into thinking that he is tackling the problem by a sudden handout. That sort of deception applies particularly to pensioners.

Pensioners have lived through many Governments and many pre-election give-aways. They will know that the £200 payment is a one-off payment. It is an election payment. There is no guarantee that it will ever be repeated. They have evidence on which to base that view. We all remember in this place that taxes were reduced slightly just before the 2001 election. We know also, for a certainty, what happened after that election, when taxes were increased again. The second principal tax on earnings, national insurance, was increased without warning. Why look at the crystal ball when we can simply read the Red Book? As my right hon. and hon. Friends have said—I make no apology for repeating this—this is a vote now, pay later Budget.

5.1 pm

Mr. Mark Field (Cities of London and Westminster) (Con): The spectre of an imminent general election ensures that this will not be a Budget for the economic purists—but which Budgets can be truly described as economic rather than simply political? To be honest, the combined economic horsepower of this place would perhaps be insufficient to warrant a one-day Budget debate at the best of times if that were the case. It is right, therefore, as my right hon. and hon. Friends have done, to focus on the politics of the Budget. To a large extent, it is a stand-still Budget. It is a make-weight Budget before, presumably, a further Budget or financial statement after the general election, whatever the result of that contest.

Twelve months ago, when I last spoke in a Budget debate, I focused my comments on the emergence of China and India as economic superpowers of the future. Rather like my hon. Friend the Member for Sevenoaks (Mr. Fallon), I wonder whether we should not give too much credit to the Chancellor's new-found enthusiasm for taking on board a number of our own ideas. However, his enthusiasm is rather welcome. I slightly regret my party's reluctance to embrace the much more important aspects of the global economy in considering economic and related matters over recent years.

It is right to look forward to Britain's place in a fast-changing global economy in 20 or 30 years' time. We should also examine the issue of relative competitiveness, where the Chancellor's record has been considerably less positive. I would echo the comments of a number of my right hon. and hon. Friends, and particularly those of my right hon. Friend the Member for Horsham (Mr. Maude) and my hon. Friend the Member for Tunbridge Wells (Mr. Norman).

We must look back at some of the lessons that were learned from the economic management of the 1980s and the early 1990s. Regrettably, the Government and the Treasury have never fully acknowledged or recognised them.

I return to commenting on China and India. The Chancellor has only recently returned from a trip to China. It is almost impossible to go to that country now and fail to be inspired and excited by what is happening there. It is a country with 1.3 billion people. There are 23 cities that are larger by population than London. It takes up about 40 per cent. of the world's cement and a third of the world's steel. We have seen only this morning the profits, for the first time in almost a decade, of Corus. That is largely the result of an explosive expansion in demand for steel from China.

I was a member of a parliamentary delegation that visited China about six months ago. It was truly awesome to see in Beijing the power of the English language. I had envisaged that most of the shop signs would be in Cantonese or perhaps Mandarin. Nothing could have been further from the truth. More than two thirds of shops in Beijing had English signs all over

[Mr. Mark Field]

them. All schoolchildren in those 23 cities that are larger than London learn the English language from the age of seven. We in this country have an enormous advantage, in that the native language here is the world language, and we must ensure that we maximise that advantage in relation to the growth of China in the next 20 or 30 years.

My hon. Friend the Member for Chichester (Mr. Tyrie), who is on the Front Bench today, went with me on a parliamentary delegation to India about 18 months ago. He is a great friend and fan of India from his student days, or so he told us on that visit. The sheer energy of the place is almost infectious. Our economy benefits from the institutions that were created there under British rule, including the passion for private property, the notion of the rule of law and the idea of the sanctity of contract. All those institutions, along with the power of the English language, give us an important competitive advantage over so many other countries in the G8. Above all, there is the capacity, the willingness and the ability of so many of India's 1.1 billion people to work hard and make their way. Representing the City of London, I look with great pride on the trading links that have existed between us and China and India over recent centuries. Because of them, and because of the cultural and language links that I have described, we should be looking towards those countries as the future, and I respect the fact that the Chancellor also raises his sights in that direction.

Depressingly, we often regard the global economy as a threat, rather than focusing on the opportunities to which I have referred. I regard the emergence of China and India, and the continued dominance of the United States of America for the foreseeable future, as a great opportunity for this country, but we must also face some stark economic facts. As several of my hon. Friends have pointed out, one thing that was missing from the Budget statement was the facing of such realities. It was inevitably a stand-still Budget, a vote now, pay later Budget, but it should also have been a Budget that had an eye towards the future. This country will succeed in a global economy only if we become increasingly competitive.

Our massively unfavourable cost base—compared with that of the developing world—means that manufacturing in this country will continue to decline, save only in those sectors with high value-added, highly skilled jobs. It is no use Labour Members moaning about the precipitate collapse of our manufacturing base while supporting the notion of a 35-hour week, an ever rising minimum wage, 12 months' maternity leave and a vastly expanded public sector. They need to realise that these are different sides of the same coin.

We must assess what we need to do for the future. I appreciate that the Chancellor spoke in great detail about education yesterday, as did my hon. Friends the Members for Mid-Worcestershire (Mr. Luff) and for Sevenoaks earlier today. In looking at the whole issue of education, the focus seems to be on either school education, which is important, or higher education. There seems to be a debate about whether 35 or 50 per cent. of those in their late teens should go to university.

However, the real debate should be about further education and lifelong learning. The idea of a job for life has certainly gone for ever, but for that quartile of the population who will never go to university—and who will perhaps never aspire to do so—to be safe in some sort of employment for the rest of their lives and therefore have full economic opportunities, there must be significant investment in, and a realisation of the importance of, lifelong learning and further education. I predict that it will be the norm for people to have three, four or perhaps five careers during the course of their normal working life. That will also apply to university-educated folk.

As pensions have been mentioned, I emphasise that a normal working life is likely to extend well into people's 60s and possibly beyond. Education does not end at 18 or 21. It may well be every bit as relevant to people in their 50s, and indeed their 60s, as they retrain for a new career because their most recent career has been outsourced to a developing country. I accept that my party is equally to blame for the lack of such debate, but it should be the education debate of the future.

The debate about university education is important, because without fully fledged independence for many of our universities, we run the risk of an increasing brain drain starting at 18. My most worrying conversation in 2004 was with the warden of Dulwich college after I had spoken briefly to that highly esteemed school's political society. He said at that juncture that a small trickle of boys leaving school at 18 were going straight to American universities. He reckoned that the trickle would become a flood in the next few years. His great worry was that the competitive advantages of the great universities—Oxford, Cambridge, Imperial college and the London School of Economics—was diminishing compared with that of the United States of America.

We need to have an open and honest debate about education if we are not to experience great disadvantage. It would be a tragedy for some of the brightest and best to leave our shores, not—as perhaps happened in the past—in their 20s and 30s, to find fortune abroad, but, in our global economy, in their teens, never to return. I hope that we will have a much more open debate on such matters. I suspect that that will not happen in the next seven weeks in the run-up to a likely general election. Whatever happens in the election, those issues are crucial for us in the decades ahead.

The watchwords for our economy should be flexibility, dynamism and global reach. I accept that the Chancellor, at least in his words, recognises their importance. However, I fear that the Government's policies are set to impair private sector productivity and relative competitiveness, which are so important. The great boom in competitiveness in the United States contrasts sadly with events in this country in the past three or four years. Even the decline in the relative competitiveness of the lamentable French and German economies since 1997 happened at a lesser rate than ours. My hon. Friends bandied several figures about earlier. It was said that we had slumped from fourth to 11th in the international competitiveness league.

Mr. Fallon: They are facts.

Mr. Field: My hon. Friend rightly upbraids me—they are important facts. The public sector in this country is

fast expanding—there have been some 583,000 new jobs in the past seven years, according to the Office for National Statistics. I confess that I do not believe everything that I hear from the Office for National Statistics—my local authority in Westminster has fought an ongoing battle, which it has almost won, about that body's census figures—but there is little doubt that the large-scale explosion in public sector jobs has led to an increased tax take that cannot be the right way forward. That growth of the public sector appears incompatible with the goals that the Chancellor of the Exchequer set out.

In my capacity as shadow London spokesman, I want to refer to transport, which is one of the set subjects of today's debate. Although I have always supported the notion of Crossrail through the capital, there remains no indication about the source of the funding for it. That is all the more depressing because Second Reading of the Crossrail Bill is likely to take place before an election is called. Although I have some concerns about aspects of the route that have a constituency relevance, I have supported the idea, and it is therefore depressing that, when London is the most important economic base in the country and a global capital of which we can rightly be proud, we are starved of important investment when we desperately need it.

I appreciate that we are running out of time and that the hon. Member for North Durham (Mr. Jones) wants to say a few words, but I want briefly to mention the African economy. I know that we will expand on the subject in the months and years ahead. The Chancellor seems partly to have taken over the international development portfolio on top of all his other responsibilities. As well as emphasising the importance of aid to Africa, we need to encourage trade. We need to persuade both the United States and our partners in the European Union of the key importance of opening up our agricultural markets, among others.

Debates here make this clear, but there is a growing public consciousness, which is almost at fever pitch, that our blithe failure to put action where our will is cannot be tolerated much longer. We talk about trying to help developing countries, and about debt cancellation and aid, but we really need to build up trading links. That will be an important part of the Treasury's function in the years ahead.

I welcome some aspects of the Budget, but I agree that it is a stand-still Budget. Debt has been mentioned by several of my hon. Friends, and I think there are worrying times ahead. Growth has been on target in recent years but revenues have not, which suggests that difficult decisions will have to be made immediately after the general election, whatever the result.

I approve of the positive and international outlook that was at the heart of some of what the Chancellor said, but we must set right the direction of our own economy if that is to be more than a mere aspiration. We must look beyond the shores of not just this country but the European Union. The European debate may or may not rage on the stump over the next seven weeks, but in my book the real worry is not that there are too many little Englanders in this country but that there may be too many little Europeaners. We live in a global world, in which we should be proud to play our part as a traditional trading nation.

5.16 pm

Mr. Kevan Jones (North Durham) (Lab): I apologise for not being here at the beginning of the debate. I have been on two statutory instrument Committees. The Whips clearly want to keep me busy, on the basis that the devil makes work for idle hands.

I have heard some thoughtful speeches. As usual, the hon. Member for Cities of London and Westminster (Mr. Field) made a very thoughtful contribution, which did not deal with the issues in this Budget alone. I agreed entirely with what he said about some of the broader issues relating to the global economy. Unfortunately, we sometimes see the British economy as a goldfish bowl with the rest of the world outside. I should like to hear more thoughtful speeches like the hon. Gentleman's from other Conservative Members.

I also listened carefully to the hon. Member for Mid-Worcestershire (Mr. Luff), who described what I can only term the Tory Valhalla that existed in the 1980s. I must disabuse him of that view: in my constituency and many other northern constituencies it was no Valhalla, but a nightmare. The local economy was ripped out of the region by a Government who were hellbent on revenge—certainly in the case of the Durham coalfield, because of the defeats that it had inflicted on them in the 1970s. That had a dramatic effect not just on the economies of northern constituencies such as mine, but on daily life. The fabric and the basic structure of many villages and communities were ripped out overnight as their main employment base disappeared, with no prospect of anything to replace it.

Not content with the insecurity suffered by people who were losing their jobs, the Government were ensuring that people lost their homes as well. Interest rates were sky-high in the 1980s and 1990s. In my constituency, unemployment—especially youth unemployment—rose to unacceptable levels. I intend to remind people—although those in North Durham will not need much reminding—of the effects that the last Tory Government had on many former mining communities.

Investment is now making a real difference in constituencies like mine. When I was elected in 2001, Chester-le-Street hospital was located in the old workhouse. It was a damned disgrace that in 2001 the health service was provided from an old workhouse. It was a sad fact that when the nurses had to move into temporary accommodation, it was better than that at the existing hospital. We now have a £9 million brand-new community hospital, of which we can be proud. It is not just providing excellent care using modern facilities but leading to a reduction in waiting lists. In the County Durham and Darlington Acute Hospitals NHS Trust area, waiting times were running at between 18 months and two years for orthopaedic operations. They are now down to less than six months. I am told that if people are prepared to go on an emergency list, they can get their operations done even more quickly, so the investment is making a difference in communities such as mine.

Reference was made earlier to the new deal. I know that it was opposed by the Conservatives and the Liberal Democrats—we should remind the electorate of that—but in my constituency long-term youth unemployment has gone down 85 per cent.—a real change. The other day, I looked up how many people in my constituency

[Mr. Kevan Jones]

have been unemployed for more than 12 months. The figure has gone down 84 per cent. in the past five years. Those are not just boring statistics. People's lives are being changed.

In the Durham coalfield in my constituency, people were losing their jobs and were being put on incapacity benefit and written off by the system. The investment that we have now put into the new deal for young people and into encouraging people back into work is making a real difference. It is giving people a sense of purpose again. They can be proud of their communities.

I pick up on the point that was made eloquently by the hon. Member for Cities of London and Westminster about access to higher education. I agree that it should be everyone's aspiration to get into higher education but, in parts of my constituency—for example, South Stanley, the social fabric of which was destroyed in the 1980s—staying-on rates are still appallingly low and persuading people to go on to higher education is difficult. That will take time, but we should not shy away from the fact that it needs to be done. Those people are very intelligent but the aspiration is not there. To open up the world of opportunities that the hon. Gentleman has described must be an aim. I will certainly pursue it to ensure that people seize the opportunities that lie in higher education.

I have described my constituency on many occasions as a rural one with urban problems. It has some deprived areas but also some wealthy areas. When I talk to people in the more affluent parts of my constituency, they too are content with what has happened in the past eight years. A stable economy and low interest rates have made a real difference to them. They trust the Labour party to manage the economy. I remember the 1980s pamphlet that was written by the Fabian Society entitled, "Will Labour ever win again?" We can perhaps change that now to "Will the Conservatives ever win again?" I am sure that they will make some recovery in the next few weeks but, importantly, the argument was that the Labour party was not trusted with the economy. If there is one thing that the Chancellor has done, working with the Prime Minister, it is to ensure that the Labour party is seen as economically competent. The electorate realise that.

That is one thing that we need to remind people of in the next few weeks. We also need to remind them of what went on before. For my constituency, going back to those bad old days would be a complete disaster not just for people living in poorer parts of it, but for hard-working families who are benefiting from the prosperity and the stable economy that we have created, with low interest rates, low unemployment, and job security.

All that has meant that people can invest in purchasing a new home, but I now have a problem in my constituency: house prices are rising. We must do something to allow people to get on to the housing ladder. The announcement in yesterday's Budget on stamp duty will certainly help. Likewise, the announcement a few years ago that certain parts of my constituency were exempt from stamp duty allowed people to get on the housing ladder. We should not forget those facts.

For pensioners, the Budget's proposals on free bus transport will be welcome in my rural constituency, although, as the hon. Member for Mid-Worcestershire said, there are problems with accessing bus services. That is a bit rich coming from the Conservatives who deregulated the system in the first place. Perhaps we need to look at re-regulating certain parts of the service in areas such as mine to guarantee bus services. If one lives in a rural village in my constituency and has no car, a bus service is not a luxury; it is a necessity to get to work.

The free bus service will be welcomed by many of my constituents. An old lady called Annie Bell from Waldridge Fell comes to my surgeries. She is in her 80s and has asked for years when she would get a free bus pass. I am sure that she will be in my next surgery welcoming the announcement.

The measures for pensioners need to be viewed in context. There are many complaints about what the Government have done for pensioners, and I make no excuses for what we have done to tackle the poverty that many poorer pensioners faced. If one talks to those pensioners, some will say that they have never had so much money in their lives. Our policies have changed their lives, particularly those of women with no works pension who have had to rely on the state pension. The Government can be proud of that, and many constituents remind me of that.

Pension credit has helped a lot of people with a small occupational pension, which was welcome, but we must recognise that council tax is a problem in some areas for those on a fixed income. I welcome the announcement of the £200 assistance, which is a far better option than what is being proposed by the Liberal Democrats in terms of a local income tax. In my constituency, two people on average earnings will certainly pay more under a local income tax than under the present system, but the system needs radical change. We must look at options, but the thought of giving my local authority access to people's wage packets horrifies me. Once the electorate know about the proposal, they will reject it.

Let us consider the support that the Government have given to young families and working parents. During the last summer recess, I was proud to open the Stanley Sure Start centre, whose aim is getting the basics right and giving support to parents when they need it. It is a fantastic facility. It may seem like the nanny state to some people, but in my constituency the social fabric was wiped out in the 1980s when industry went. Giving support to parents and making sure they can get training, access to benefits and the support they need is vital.

I was knocking on doors on Saturday in a village in my constituency called Quaking Houses, and I want to tell the Minister how a woman's life has changed. She is a single parent who now works in the local Asda. She gets £70 a week in tax credits, which she said has given her her dignity back. The fact that she is not claiming benefits and is going out to work to support her children has ensured that she now has opportunities that were not on offer before. She told me that she thought that the Tories would take it all away, and I told her that they certainly would. She is one person who will vote Labour in the next few weeks, as will many others like her who have benefited from what the Government have done.

We need to remind people that the minimum wage was opposed by the Opposition parties on the grounds that it would cripple local industry and cripple jobs. Over the next few weeks, I shall be reminding the Liberal Democrats that they opposed a measure that has made a real difference in my constituency and in the north-east where, thanks to the minimum wage, some 111,000 people have had a pay increase.

John Thurso: Let me tell the hon. Gentleman that I had the honour of steering that legislation through the other place on behalf of my party, and I supported the minimum wage from the moment of its introduction to the moment of its arrival in law. I have always felt that it is a good piece of legislation.

Mr. Jones: That is another good example of the Liberal Democrats doing one thing in one place and another thing in another place. I do not question the hon. Gentleman's recollection of events, but the Liberals clearly opposed the minimum wage, as they opposed the new deal. Those policies have made a real difference in constituencies such as mine. I believe that the Liberal Democrats are trying to make inroads in the City of Durham constituency, so we will be reminding its low-paid workers that the Liberal Democrats opposed the minimum wage. We need to remind people of what the Liberal Democrats do in this House. Those Members should not be allowed to say one thing in this place and something quite different when they express themselves in their "Focus" leaflets, issued in different parts of the country.

I shall end on that point. As the hon. Member for Cities of London and Westminster said, there may not be much intelligent debate on the intricacies of the economy over the next few weeks, but the important thing is to remind the people of this country—I shall certainly be doing so in North Durham—that the Government have delivered a stable economy. That is why we have been able to put extra investment into public services, which has made a real difference. I am proud to support the proposals in this year's Budget.

5.32 pm

Mr. Andrew Tyrie (Chichester) (Con) I draw attention to my entry in the Register of Members' Interests.

The hon. Member for North Durham (Mr. Jones) described the great improvements that have occurred in the north-east over the past few years. I once fought a parliamentary seat near his but, unsurprisingly, did not win it. I think that he would agree that the improvements predate 1997, beginning in the early 1990s and clearly evident through that decade. The arrival of Nissan in Sunderland is one example. He also made an important point about the improvement in the standard of living of a good number of pensioners on low incomes.

The hon. Member for Ochil (Mr. O'Neill), who looks relaxed in his place, gave a characteristically measured and reflective speech, though I take issue with several of his points. He said that we should accept at face value the figures provided in the Red Book. I wish that we could, but the working families tax credit was misclassified and there is the curious accounting regarding the private finance initiative, not to mention serious flaws in the forecast of tax revenue estimates and many other curiosities. The recent road maintenance reclassification is another example. I shall deal with those problems in more detail.

The hon. Gentleman also said that stealth tax and even council tax increases sometimes need to be mitigated—that, I believe, was the word that he used, and I agree with him. I regret that the mitigation announced in the Budget would, if the Government were re-elected, last only for one year.

My hon. Friend the Member for Sevenoaks (Mr. Fallon) made an interesting and typically forceful speech, in which he alerted us to the shortcomings of the Government's arrangements for auditing the cycle. He also mentioned the crucial role that changing the culture will play if we are to bring downward pressure to bear on regulation when we get back into government.

My hon. Friend the Member for Cities of London and Westminster (Mr. Field) made a wide-ranging speech based, among other things, on his trips to China and India. I am envious of his trip to China. He was right to say that that is where the future lies—not so much working out how to sort out our competitiveness within Europe, but thinking about how to sort out Europe's competitiveness globally.

My right hon. Friend the Member for Horsham (Mr. Maude) also gave an interesting speech and made a powerful point when he noted the shrinkage of discussion on productivity in the Red Book—compared with previous years, it does not seem to be going so well—and the importance of understanding what really creates growth in an economy. It certainly is not micro-management and the micro-tinkering that we have had from the Chancellor in recent years.

My hon. Friend the Member for Tunbridge Wells (Mr. Norman), who is a good friend of mine, will be a great loss to the House. I am very sorry that he is going. It is rare to have someone who is so successful in another walk of life bringing his experience to this place. His points about the Hampton and Arculus reports were well made and he spoke with authority about the regulatory burdens on businesses. Whoever wins the election, that is something that needs to be addressed.

My hon. Friend the Member for Mid-Worcestershire (Mr. Luff) spoke with passion about education, among other issues. He mentioned the school starting age and bribing people to stay on at school, as he put it, which prompted a learned debate about academic evidence on the value of playtime in Scandinavia. I do not know the answer to the question—I am just not qualified to comment—but I noted what was said.

I acknowledge the success of the UK economy in recent years and agree that the Chancellor has taken one or two good decisions, such as giving the Bank of England full independence, which I had long supported in principle. I regret that the Chancellor cannot bring himself to give credit where credit is due. He talked about 50 successive quarters of growth, 19 of which came in a Conservative period, and it is only reasonable to say, too, that another nine or 10 after that were largely, and very directly, to do with that legacy, not least because the Government's monetary and fiscal stance were both largely set by the previous Administration.

BEST COPY AVAILBLE

[Mr. Andrew Tyrie]

The central issue in the Budget is whether the public finances will be sustainable in the long term. The key question, therefore, is whether taxes will have to rise afterwards. The fact that we are even asking that question after 50 successive quarters of economic growth tells us that the Chancellor has taken a risk with the public finances: for five years in a row, with more to come, he has been increasing public spending by more than the economy has been growing, and hoping that taxes will grow fast enough to pay for it.

As far as I know, there is only one instance in the post-war period in which the threats to the public finances of a major western economy were increasing at the end of such a long period of growth: it was the United States in the late 1960s, and of course, the threat to its public finances was caused by the Vietnam war. I worry that we could be heading for a serious financial threat to our fiscal position—it is not yet clear, and I am not making a prediction, but I certainly worry about it. It is certainly extremely worrying that we should be facing that threat at this point in the cycle, with a rising deficit.

Since the Chancellor's pre-election giveaway of £4 billion in 2001, there have been forecasts every year for the public finances that have repeatedly been over-optimistic, particularly on corporate revenues. The Chancellor now forecasts a current budget deficit of more than £16 billion—£6 billion up on his forecast the previous year. It is worth noting what the Institute for Fiscal Studies said about that this morning. It said:

"the key question confronting whoever is Chancellor after the election remains the same . . . is it plausible to expect the current budget balance to improve by 2.2 per cent. of national income . . . by 2009–10? . . . is it prudent to expect revenues to go up by £27 billion over the same 5-year period without fresh tax raising announcements?"

That is the key economic question ahead of the election. The IFS has done the House a favour by supplying an answer. It states:

"We think that to achieve these forecasts requires the Chancellor to raise taxes or cut spending by £11 billion a year."

Other commentators, such as PricewaterhouseCoopers, have said much the same thing.

There have been large increases in taxation that amount to a massive breach in trust, given that the Prime Minister said that the Government had no plans to raise taxes at all. The further increases already mapped out have hardly been mentioned in the debate. Page 255 of the Red Book shows the clear rise in the tax burden that is taking place. The economy is growing, but the share being taken in taxation is already forecast to rise. We are left to hope that, if Labour wins the next election, people will experience the curve flattening out towards the end of the next Parliament. Even those increases in the tax burden will not be enough to fill the black hole in the accounts identified by outside commentators.

How does the Chancellor think that he would fill that gap? He was asked that question on the "Today" programme this morning. I paraphrase him only slightly, but he replied, "Don't worry. We're going to carry on growing above trend growth for another year yet, and that will plug the gap."

I shall not second-guess that prediction, although almost all outside commentators have done so already and concluded that the Chancellor is being over-optimistic. However, does the right hon. Gentleman really believe his own forecast? This year, under its rolling review programme, the National Audit Office was due to audit the Chancellor's growth assumption, but tucked away in the Red Book is the admission that he has instructed the NAO not to audit the growth forecast this year.

That admission destroys the last vestiges of credibility in the Chancellor's claims that he was putting the Budget assumptions out to independent audit. What credibility can an audit have when the person being audited can tell the auditors what to look at and what to ignore? That strikes me as absolutely extraordinary and it reveals the promise to put the forecasts out to the NAO for audit to be the political and confidence-tricking gesture that it really was.

The Red Book is full of smoke and mirrors. Just over a year ago, the Prime Minister said that the cost of administering the public sector was falling as a proportion of total spending. Last year's Red Book contained a bar chart that purported to show that fall. When Opposition Members were finally able to get hold of the statistical series behind that chart, we found that the first half contained figures on expenditure for the UK as a whole but that, to achieve the downward slope that backed up the Prime Minister's claim, the second half of the chart contained the figures for England alone. In other words, it was what amounted to a falsified chart.

I wanted to know, therefore, whether the chart had reappeared this year. As far as I can tell, it has not: on show in 2004, it was scrapped in 2005, and has disappeared altogether. The truth is that administration costs are higher than in 1997. The Prime Minister did not tell us what was really going on. Unusually, perhaps, the Chancellor tried to cover that up in the Red Book for a while, but has now decided not to bother any more.

How many other charts, tables and so-called facts in the Red Book are constructed on similar lines? I do not know. What I do know is that the Conservatives will do something about the problem when we come to power. We will bring some trustworthiness back to the Red Book, which will be shorter and much more honest. We will make the Office for National Statistics truly independent, so that no Government can fiddle the figures in the way that many allege that the Government have done recently.

We will create a fiscal projection committee that will assume sole responsibility for official fiscal projections, supervised by the Comptroller and Auditor General of the NAO. When he wants to audit the growth assumption, he will be able to do so. Unlike this Governme[illegible] who stand him down from that when it suits the [illegible]ncellor, the Conservatives will make sure that h[illegible]sponsible for ensuring that the fiscal com[illegible] done its work properly.

T[illegible]ree things for which the Budget will be reme[illegible] First, the Chancellor, despite himself, had to co[illegible]at there was and is a black hole in the accoun[illegible] Secondly, he confirmed that there will be further increases in taxation if Labour is re-elected. That is what the chart on the tax burden says on page 255. The combination of those two factors means that there will almost certainly have to be further tax rises to fill that gap—the black hole—that will remain in the accounts.

The third thing for which the Budget will be remembered is the most blatant piece of electioneering in a pre-election Budget. We have had a hand-out to pensioners to relieve them of some of the burden of council tax bills, but for one year only. What a re-run of 2001 that is: modest cuts in taxation followed by tax rises immediately afterwards, except far worse this time because they will fall on a vulnerable group—pensioners. I hope that the electorate see through that. I think that pensioners will see through it. It is our duty to ensure that they do.

5.46 pm

The Paymaster General (Dawn Primarolo): This concludes two days of Budget debate. The right hon. Member for North-West Cambridgeshire (Sir Brian Mawhinney), who is retiring from the House after 26 years of service, was at times critical of the Government, but he had the good grace to welcome many parts of this and previous Budgets. I pay tribute to him. Not only has he been a courteous Member, but his contributions to seeking peace in Northern Ireland and to the early work that the Conservative Government did on world debt, on which my right hon. Friend the Chancellor has built, were substantial. I am sure that all hon. Members will miss his contributions.

My hon. Friend the Member for Glasgow, Shettleston (Mr. Marshall) is also retiring after 26 years. He described how, over 18 years of a Conservative Government, he saw the destruction of his and his constituents' hopes and aspirations. My right hon. Friend the Member for Llanelli (Denzil Davies), who is retiring after 35 years, made a typically combative speech, while explaining thoughtfully, as others did, the challenges that we face from China and India.

My right hon. Friend the Member for Airdrie and Shotts (Mrs. Liddell), who, with me, became a Minister in the Treasury in 1997, made an eloquent speech on behalf of her constituents. Hon. Members on both sides of the House will miss her greatly, but we wish her luck in sunnier climes as she moves to another part of the world to take up other public duties. I also congratulate my hon. Friend the Member for Ochil (Mr. O'Neill) on his characteristically reflective but at times blunt speech on Government policy. None the less, he demonstrated his experience and excellent stewardship of the Select Committee on Trade and Industry. His final comments were forcefully made about the importance of and the need for investment in skills and a knowledge-based economy, and of ensuring that we rise to the challenge that the global economy poses.

My right hon. Friend the Member for Dumbarton (Mr. McFall)—the distinguished chairman of the Treasury Committee—the hon. Members for Arundel and South Downs (Mr. Flight), for Grantham and Stamford (Mr. Davies), for Orpington (Mr. Horam), for Ribble Valley (Mr. Evans) and for Billericay (Mr. Baron), my hon. Friends the Members for Wolverhampton, North-East (Mr. Purchase), for Wolverhampton, South-West (Rob Marris), for Nottingham, South (Alan Simpson) and for Hayes and Harlington (John McDonnell) and the right hon. Member for Fylde (Mr. Jack), and the right hon. and hon. Members who spoke today, have all contributed to the Budget debate.

A number of points have been made today about the Government's strategy, but it ill behoves the hon. Member for Chichester (Mr. Tyrie), who was an adviser to a Conservative Chancellor who got the economy into a terrible mess, to start lecturing the Government about how to proceed. Let us look at each of the allegations in turn, starting with the allegation that our tax revenue forecast was not accurate. Opposition Members need to look at the figures very carefully. Net taxes and national insurance contributions have come in on target since the pre-Budget report. Furthermore, the public finance statistics released in February 2005 for January show that the underlying fiscal position remains sound, for example, in relation to the PBR forecast for year-on-year growth of 3 per cent. The total corporation tax receipts have grown more quickly than expected with year-on-year growth in that period. The tax revenues will rise automatically each year as the economy grows, more people are in work and are earning more. That is a sign of economic success and increased national prosperity.

We have an economy in which more than 1.8 million extra jobs have been created since 1997. Every year commentators say that our forecasts are wrong, but every year Treasury Ministers demonstrate that the Chancellor's forecasts are correct. If the hon. Member for Chichester wishes to cite commentators, I suggest he cite all of them, including the Goldman Sachs economic research group, which said in March 2005 that

"we do not think there is a black hole in the public finances".

Mr. Tom Harris (Glasgow, Cathcart) (Lab): My right hon. Friend will be aware that today 310 job losses were announced in a factory based in my constituency that is part of the Weir Group. Given the tremendous efforts that the Government have made to help manufacturing industry, what comfort and support can they offer my constituents and the company which, as well as making that announcement, has plans to move out of my constituency?

Dawn Primarolo: I am sorry to hear that. It is another example of the challenges of globalisation. As the hon. Member for Cities of London and Westminster (Mr. Field) pointed out, globalisation can be an opportunity, but it also offers huge challenges. I am sure that the Scottish Executive and the Department for Work and Pensions will do all that they can to work with my hon. Friend and assist his constituents.

The right hon. Member for Horsham (Mr. Maude) said that the debate needed honesty. I shall answer his questions about regulations, but also return to the honesty of the Opposition and their £35 billion cuts to the public sector. His speech was mostly thoughtful and considered. The Government have established the Panel for Regulatory Accountability to scrutinise regulatory proposals, and we have accepted proposals in the Better Regulation Task Force report to reduce the administrative burden on business. We have also accepted the recommendations of the Hampton review. Before the Hampton and Arculus reports, there had never been a survey of the regulatory landscape by any Government. This Government are the first to address cumulative administrative burdens. He asked how that would be taken forward. The Departments have plans in place to reduce the administrative burden by pre-Budget report 2006, and the Panel for Regulatory Accountability will set a target or targets against which to deliver. With regard to Hampton, Departments will have 18 months to develop a plan for integration, and the full transition will take place within four years.

[Dawn Primarolo]

regard to Hampton, Departments will have 18 months to develop a plan for integration, and the full transition will take place within four years.

I am sorry that the hon. Member for Tunbridge Wells (Mr. Norman) is also retiring. He has not been in the House a great length of time, but has made important contributions during that period. Members in all parts of the House will be sorry to see him leave. He always makes thoughtful and challenging points, as he did today. He spoke about growth. In recent years, GDP growth has become more balanced, with the composition shifting away from private consumption. More recently, investment and export growth has been picking up. Business investment growth has picked up convincingly, rising for seven consecutive quarters and rising by almost 5.5 per cent. in 2004, the fastest rate in six years. He went on to speak about manufacturing. Conditions have been picking up recently. Official data show that manufacturing output grew in six of the past eight quarters, and output was up 1.3 per cent. on the previous year in 2004.

On competitiveness, I ask the hon. Gentleman to read the reviews. The KPMG review said that the UK's competitive framework was the third best in the world. In September 2004, the World Bank ranked the UK as No. 1 in Europe and seventh in the top 20 countries in which to conduct business. The OECD said that the UK's economic and administrative regulations were the lowest in the OECD. That is not a recipe for an uncompetitive nation. As we know, when we look at the figures for tax and undertake international comparisons, whether with the G7 or with our European partners, we see that the UK's level of taxes is competitive, below the European average and competitive with most of the economies with which we seek to compete for jobs.

The economy is enjoying the longest period of growth since records began. Whereas every other G7 country experienced at least one quarter of negative growth in the recent world downturn, Britain did not. The economic fundamentals are sound. That is why my right hon. Friend the Chancellor was able to announce continued investment to modernise our primary and secondary schools, increase payments to head teachers so they can spend more in their schools, support young people to stay in education, increase help to hard-working families, help with the £200 winter fuel allowance to pensioners and give local free bus travel.

Compare that with the Conservatives. What is on offer? I come back to the point made by the right hon. Member for Horsham. Let us have a little honesty. According to their medium-term expenditure strategy, their proposals will cut £35 billion from front-line services. That was admitted by the hon. Member for Havant (Mr. Willetts), supported by the hon. Member for South Suffolk (Mr. Yeo), who confirmed that both his Budgets had been frozen in the first two years and that he would take money from the Department for Environment, Food and Rural Affairs, should he ever be a Minister, and transfer it to the Department for Transport. From their very mouths came the admission that they would cut £35 billion.

It is about time the Conservatives told the British public the truth. What they are interested in is cutting public services without telling members of the public why they are doing so and dressing it up as extra choice or extra services, when the truth is that it is the decimation of public services—the very things we need to be a competitive nation, create more jobs and invest in our children. It is about time the Conservatives came clean. I commend the Budget to the House. Opposition Members keep imploring us to be honest, and we are. I look forward to their honesty when they explain their medium-term financial plans and why they will cut that money.

Debate adjourned.—*[Mr. Ainger.]*

Debate to be resumed on Monday 21 March.

PETITION

Community Rail

6 pm

Mrs. Theresa May (Maidenhead) (Con): I beg leave to present a petition initiated by Councillor Christopher Schutz and signed by over 1,100 residents of Remenham, Wargrave, Ruscombe and others, condemning the Government's decision to pursue the community rail plans for the Henley to Twyford and Maidenhead to Marlow branch lines.

The Petitioners declare that these lines are key commuter routes and that under the proposals safety standards will fall and Government investment will be cut.

The Petitioners further declare that branch line deterioration will lead to an increase in road congestion and engine emissions.

The Petitioners therefore request that the House of Commons urge the Government to cancel its Community Rail Proposals for the Henley to Twyford (and Maidenhead to Marlow) branch lines.

To lie upon the Table.

Aid (Tsunami)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

6.1 pm

Mr. Tom Harris (Glasgow, Cathcart) (Lab): I thank you, Madam Deputy Speaker, and through you, Mr. Speaker, for the opportunity to have this short but important debate this evening.

As the Prime Minister said on 10 January, the scale of the tragedy caused by the Indian ocean tsunami on Boxing day was unimaginable in its power and catastrophic in its impact. All of us, I believe, were deeply affected and moved by the horror that we saw unfolding on our television screens—the hundreds of thousands of deaths, the destroyed families and the countless ruined lives.

However, out of that awful tragedy came hope, symbolised in this country by the amazing generosity of the British public. They have donated a magnificent £300 million to the Disasters Emergency Committee appeal, and a further £40 million directly to its members. This money will make a real difference to the lives of many. The DEC has stated that its members will do all that they can to ensure that families affected by the tsunami will not only recover their former status, but will live in safer, more resilient communities, better able to resist future disasters.

There obviously remains much more to do. However, the priority for Governments and non-governmental organisations now is to ensure that the money donated reaches those who need it and that it is spent effectively. I would like to take this opportunity to thank all those involved in this large and difficult task. I have met representatives from Oxfam and I was extremely impressed by their dedication and commitment to the cause. The hard work carried out by Oxfam and the other DEC members deserves to be fully acknowledged and applauded by all of us.

I would also like to pay tribute to Glasgow The Caring City, a charity based in my constituency, led by the Rev. Neil Galbraith of Cathcart old parish church. That was one of the first charities, if not the first charity, to mobilise aid on the very evening of Boxing day and get equipment and aid to Manchester airport to be flown out that very same evening, which I think beats every other charity in the country. The Rev. Galbraith has just returned from a visit to Sri Lanka to see how aid work was going on, and, although I have not met him since his return, I am told that it was an extremely useful visit. To digress on the question of Sri Lanka, when my hon. Friend the Minister replies, could he explain in some detail exactly what work the Government are doing, particularly in the Tamil areas of Sri Lanka?

I recognise the serious problems still facing people affected by the tsunami and those trying to help them, but the purpose of this debate is to highlight the completely separate issue of the impact of the tsunami appeal on charities working in other areas. I was contacted by a UK charity that had suffered from a drastic cut in income following the tsunami. The main reason for that cut in income was that corporate supporters had temporarily switched their funding from the charity to the tsunami appeal.

As I understand it—I am sure that most Members will agree with this definition—a donation is either disposable income or profit that has been given to a good cause. A donation is not money that was promised to one good cause and is then given to another instead. That would be a bit like recycling Christmas gifts, as it would mean giving somebody a gift at no extra cost to oneself.

I therefore decided to write to a number of companies to find out the extent of the problem, and in my letters I asked two questions. The first was: were they treating their donation to the tsunami appeal as an additional one-off cost to be borne in this financial year? Secondly, I asked: were they planning to renege on any commitments made to support charities that were unconnected to the tsunami appeal? Fortunately, the responses that I received were on the whole extremely encouraging. All the companies to which I wrote were able to confirm that they were not planning to renege on any existing commitments in light of their donation to the tsunami appeal. Furthermore, the majority were also able to confirm that the money that they had donated to the appeal was in addition to, and not part of, their existing budget for charitable donations.

I believe that it is important to highlight good practice as well as bad. The bad will come later, but in the meantime, I would like specifically to mention the Next Group plc. In addition to its £250,000 corporate donation to the appeal, which is over and above its existing charitable budget, the directors and associates of the group also personally donated a further £200,000.

Unfortunately, not all the companies that I contacted have behaved as generously and responsibly as Next. Barclays Bank plc wrote to inform me that its total commitment to the tsunami appeal exceeds £1 million, but how much over and above what it was already planning to spend on good causes did that cost Barclays? Its consumer and community affairs director told me in his letter:

> "As you might be aware, we have a substantial programme of community support with a budget in excess of £30 million. A portion of this is earmarked for disaster funding, which is where we have drawn some of the monies for the tsunami appeal."

Barclays does not say where the other moneys were drawn from. From its letter, I can only assume that they came from the rest of the existing community support budget. In effect—I am sure that it will be more than happy to clarify this—Barclays has not donated additional or new money to the tsunami appeal; it has simply funded its donation through its existing charitable budget. BT donated £500,000 in cash to the tsunami appeal—money that will also be met from within its existing budget for community investment, which is based on a percentage of its profits.

Then there is Marks and Spencer. The executive directors of Marks and Spencer have made a personal donation to the appeal of £50,000, which is undeniably a very good thing. What is not so good is that its £250,000 corporate donation has come from its existing budget for charitable donations. Stuart Rose, the chief executive of Marks and Spencer, said in his letter to me:

> "Our corporate contribution to the tsunami disaster has come out of our budget for charitable donations. We make decisions on behalf of our shareholders as to where the money should be spent. These are always difficult decisions and we prioritise a range of worthy causes".

[Mr. Tom Harris]

I am ready to accept that, in terms of the company's existing charitable budget, tough choices have to be made regarding what causes should and should not be supported. However, it should be acknowledged in the case of an unforeseen disaster that requires immediate financial support that if companies do not choose to fund the support with additional money, they will in effect be diverting money away from good causes. That is a concept that most other companies that I contacted seem to have understood.

Furthermore, I believe that such companies have misled the public. All of them issued press releases effectively advertising the fact that they had donated large sums to the tsunami appeal. Indeed they had, but what they neglected to explain is where the money came from. They were already claiming credit for donating money that was already earmarked for good causes. That does a disservice to the many companies that rightly ensured that the money that they donated to the tsunami appeal was in addition to the money that they ordinarily donate to good causes.

It is important to realise the consequences of those actions. The Institute of Fundraising carried out a survey one month on from the tsunami to garner members' opinions on the impact of the tsunami appeal on their organisations' ability to fundraise. It received 293 responses, of which one fifth saw a fall in income averaging 30 per cent. in January. While it is impossible to predict the long-term effects of the tsunami appeal on the charity sector—the positive as well as the negative—it is seemingly undeniable that, for many who are unconnected to the appeal, the short-term effects have been extremely problematic.

It has been suggested that one reason why many charities have seen such a significant fall in their income is that the general public, as well as some companies, have a limit to their generosity. I do not accept that. In fact, I believe that, on the whole, the general public show best practice on this matter—best practice that some companies would do well to follow. While a few people may decide that they have done their bit for the time being, I believe that the vast majority will continue to donate to worthwhile causes unrelated to the tsunami appeal. I have no empirical evidence to support that belief, but I cannot accept the idea that individuals adhere to strict charitable budgets. Rather, they give what they can, when they can. Therefore, I do not envisage people cancelling their monthly charity standing orders because they feel that they have already given away enough money this year.

The main reason why the Institute of Fundraising has reported that a fifth of the charities that it surveyed saw a fall in income averaging 30 per cent. during January is that, as I indicated, many charities have suffered a loss in income from the corporate sector. That is because, unlike the general public, private companies—understandably—have budgets for the amount of money that they donate to charity. Pat Reed, the chief executive of Cancer Bridge, has said:

"we are a small regional charity and have been almost brought to our knees by it. It may even be the death knell for ourselves and others . . . The cheques that we expected to receive in January have been noticeable by their absence. We were also promised a donation of £5,000 before Christmas by a private company, but have just had a letter saying it has given a substantial sum to the tsunami appeal instead".

Riders for Health, a charity that works on the problem of delivering health care in Africa, has been notified of funding cuts to its long-term development work in Africa because money has been diverted to the tsunami relief effort. Joint chief executive Andrea Coleman said that several funders had withdrawn support.

The MS Trust, a leading independent charity for multiple sclerosis sufferers, their families and friends, and for health professionals, was notified that fundraising from a corporate partner was being put on hold in 2005 following the tsunami disaster. The loss of that income is a severe blow to the trust and to the people whom it supports.

Penny Moore, the chief executive of Hospitality Action, the trade charity for the hospitality industry, contacted me to say that it, too, had been adversely affected by the by the tsunami appeal:

"Companies who have committed to raising money for their charity have seen monies being redirected to the Asian appeal especially in the immediate aftermath of the disaster. These monies have often been in excess of our expectations.

It still remains to be seen what the long term affect will be but HA have been through a process of cost cutting as we forecast revenue could be reduced by as much as 30 per cent. over the financial year. This has resulted in three redundancies within the head office function.

To date revenue is 40 per cent. down against our budget."

Those figures speak for themselves. It is vital that we ensure that charities such as those that I have listed, which do so much good work, do not become unintentional additional victims of the tsunami.

It was undeniably important for the public, companies and the Government to provide large sums to the tsunami appeal, and I have no complaint about the record of the Government. I am extremely proud of the help that they have given in the aftermath of the tsunami. However, it is also important that that money is additional to money that would ordinarily have been given to good causes. Sometimes, when the circumstances dictate it, we simply need to give more, and that goes for corporate organisations just as much as for individual members of the public.

I thank *ThirdSector*, the weekly magazine for the not-for-profit sector, which has been extremely helpful in providing me with information on this important issue.

I did not seek this Adjournment debate to criticise companies that have a good track record on supporting charitable organisations. Nor do I specifically criticise those companies that have set aside a finite budget for donating to charities. What I do have a problem with, as I am sure do the vast majority of the public, are corporate organisations that boast in press releases about the extra money that they intend to give to a particular charity while not explaining specifically that if that money had not been offered to that charity, it would have been given to some other charity—in other words, not explaining that money that they have already set aside is not additional to money that would otherwise be spent on charities in a particular financial year. The public deserve more, and I hope that some of these corporate organisations will look to their own practice and learn something from the generosity and best practice of the British people.

6.14 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): I congratulate my hon. Friend the Member for Glasgow, Cathcart (Mr. Harris) on securing this debate. International attention was focused on the tsunami-hit countries in December and the first two weeks of January as the immediate aftermath became clear and the scale of the tragedy unfolded. Media and political attention inevitably moves on, and he did the House a service by refocusing its attention on the impact of the tsunami in the affected countries. When responding to his specific points, I hope to set out how the Department for International Development in particular and the Government as a whole have continued to focus on the needs of tsunami-affected countries and the people of those countries, who have faced such devastation.

The tragedy was truly terrible, with massive loss of life affecting several countries and with considerable impact on millions of livelihoods. More than 273,000 people lost their lives, including some 220,000 in Indonesia alone, and a further 1.6 million people have been displaced from their homes. As my hon. Friend made clear, we witnessed an unprecedented public response. It seems that the disaster touched hearts in every home in the United Kingdom. In my many meetings with leaders of the countries affected, not least the Sri Lankan Minister whom I met yesterday with my right hon. Friend the Secretary of State, they have paid tribute to British generosity and the contribution of the British people.

I join my hon. Friend in paying tribute to Oxfam and other members of the Disasters Emergency Committee. It is appropriate to pay particular tribute to Brendan Gormley, the committee's chief executive, for the excellent work that it has done.

My hon. Friend's debate is timely, not least because the Disasters Emergency Committee announced only yesterday that it has allocated more than £112 million from its tsunami earthquake appeal to the first phase of disaster relief—funding work that it estimates will benefit more than 3 million people.

My hon. Friend referred specifically to the contribution of the private sector and paid tribute to private sector organisations that responded generously to the disaster. I want to single out Scottish Water and Strathmore Water, which donated 40 tonnes of bottled water, which we were able to send to Sri Lanka, the Maldives, Indonesia and other affected countries, as well as First Choice Holidays, which helped to deliver some of that water and brought people back from those countries.

There are many other examples of companies providing free relief supplies, human help and financial donations. However, as my hon. Friend rightly made clear, it is important that other crises and situations around the world receive support, and that funds for other humanitarian needs are not diverted to the tsunami response. Sufficient funds should be available for both relief and reconstruction.

My hon. Friend also made clear his appreciation for the work of Glasgow The Caring City, led by the Rev. Neil Galbraith. I join my hon. Friend in paying tribute to the work of that organisation and many others throughout Britain that provided direct assistance to people in the tsunami-affected countries.

The international community also responded generously. Some £3.2 billion of public, private and Government support has been pledged for relief and reconstruction. The Department for International Development also responded swiftly to the disaster. Within four hours of the initial alert, our crisis operations team was fully activated, and the first assessment team was sent to Sri Lanka within 10 hours of the disaster. The following day, the Department sent the first relief plane from the UK, which carried tents and tarpaulins to Sri Lanka. Some £75 million has been committed by the Government for immediate relief, and we have been able to programme more than £65.8 million of that commitment already.

Funds have been allocated to various United Nations agencies, to the Red Cross movement, to non-governmental organisations and to a range of direct actions to support the delivery and distribution of urgently needed relief. In addition, I pay tribute to the European Union's response of some €123 million in humanitarian assistance, of which our share is some €17.9 million.

Relief needs across the region are being adequately met. The affected countries are now stocktaking after what has been a largely successful relief effort. Proof of the success of the relief effort is the absence of any serious outbreak of disease, such as often happens in the wake of a disaster of that magnitude. In spite of the unprecedented scale of the disaster, assistance was provided quickly to the tsunami-affected countries. Appropriate and sufficient quantities of materials and food were provided, water and sanitation needs addressed, and shelter provided. Where logistical concerns arose, solutions were found, and United Kingdom assistance has helped to ensure access to aid for those in need and support for delivery systems.

My hon. Friend specifically asked whether assistance was getting through to the Tamil areas of Sri Lanka. While relief assistance is still ongoing, we have now moved into the recovery phase. A significant number of internally displaced persons are now resettled. The UN's deputy emergency relief co-ordinator, Margareta Wahlström, has reported that the relief effort was well managed and that all areas of the country received appropriate levels of assistance, despite the political sensitivities. The UN will work hard to ensure that the areas controlled by the Liberation Tigers of Tamil Eelam continue to receive assistance in the reconstruction phase. Our support for those areas has mainly been channelled through the United Nations to non-governmental organisations whose programmes have delivered assistance to vulnerable populations in all the affected areas. For example, we supported Save the Children, which has offices in three areas of the country and had the logistical strength to ensure that aid could be moved to where it was needed. In addition, we have had contact with the LTTE to discuss co-ordination. We have had direct meetings with LTTE officials, which is allowed under the Terrorism Act 2000, and a DFID and UN team met the head of the LTTE's political wing to get an overview of the impact of the tsunami and how the relief effort was going.

As I said, most affected countries have now moved into the longer-term recovery and rehabilitation phase. We are continuing our support beyond immediate relief and helping affected Governments meet their medium-

[Mr. Gareth Thomas]

term needs, such as the provision of transitional shelter, and support for livelihood recovery and income generation. One example is the channelling of some £4 million through the UN development programme to work focused on immediate employment, rehabilitation and livelihood recovery in the devastated province of Aceh in Indonesia.

We are also supporting several other UN and NGO recovery programmes in India, including in the Andamans, in Indonesia, in the Maldives, and in Sri Lanka. That support includes cash-for-work programmes, housing repair programmes, restoring community infrastructure, the repair and rehabilitation of water supply systems, vocational training and—importantly—psychosocial counselling.

It is clear that, following the disaster, there needs to be an early warning system for the Indian ocean region. I am pleased that the Association of South East Asian Nations has agreed to set up such a system, with the UN taking the lead on co-ordination. It is important that this system warn against multiple hazards—for example, tropical storms as well as tsunamis—and that the technical accomplishment is backed up by appropriate disaster risk reduction activities in the countries at risk. We are considering how we can play a role in supporting that process.

Our support will not end once media interest has moved on to other issues and initial recovery work is over. The tsunami has had a truly devastating effect, destroying livelihoods, homes and public services. The people of the region will continue to live with the damaging psychological and practical impacts for many years. Clearly, these problems will not be solved overnight.

The Governments of the affected countries, rightly, want to take the lead in the reconstruction of the devastated areas in their own countries. We respect that, and we will work with the international community to support them in that, as they embark on a considerable challenge. We are also working with these Governments to ensure that there is full accountability and transparency about how funds are spent, and to ensure also that help gets to those who need it.

Co-ordination among donors and Governments is important. There is a multitude of international organisations involved in this reconstruction effort, as well as dozens of other donor countries. We are working with the international community and affected Governments to help to ensure that there is a well co-ordinated response that genuinely meets the needs of those most affected.

Following the tsunami, we announced that Sri Lanka would be added to the list of countries eligible for the UK's new multilateral debt relief initiative. Under that, we will pay our share—that is about 10 per cent.—of Sri Lanka's debt service costs to the World Bank until 2015. We are encouraging two other donors to join us in offering debt relief to the affected countries. On 10 March, the Paris Club agreed not to expect any debt payment from the countries involved in 2005, and I warmly welcome that. It is through such measures that the Government can add most value to reconstruction. Through such international co-operation we can make a real difference to those most in need in the affected countries.

We expect to contribute more money, over time, to the longer-term reconstruction process. Our response will be guided by the findings of needs assessments of the affected countries that are currently being finalised, and by the level of resources that has already been made available.

We are continuing to work hard with partner Governments and the international community to ensure that the support that we and others are already giving reaches those who are most affected by the disaster. As notified to the House today by my right hon. Friend the Secretary of State, we will provide up to about £65 million for rehabilitation, depending on final needs assessments and the availability of other funding. That is in addition to our support for the immediate relief effort. The money will not come from other emergencies or from existing plans for other countries.

I pay tribute again to my hon. Friend for securing the debate. It has helped the House to refocus on a truly terrible tragedy, allowing us not only to consider the immediate relief effort and how it is going in the affected countries but to begin to consider, too, the longer-term recovery and rehabilitation issues. He has made important points about the role that the private sector can play. I hope that those within the companies that he mentioned who read his contribution to the debate will take note of it.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Six o'clock.

House of Commons

Friday 18 March 2005

The House met at half-past Nine o'clock

PRAYERS

The Second Deputy Chairman of Ways and Means took the Chair as Deputy Speaker, pursuant to the Standing Order.

[SIR MICHAEL LORD *in the Chair*]

9.34 am

Mr. Kevin Barron (Rother Valley) (Lab): I beg to move, That the House sit in private.

Question put forthwith, pursuant to Standing Order No. 163 (Motions to sit in private):—

The House divided: Ayes 0, Noes 26.

Division No. 147] **[9.34 am**

AYES

Tellers for the Ayes:
Mr. Kevin Barron and
Mrs. Betty Williams

NOES

Barker, Gregory	Loughton, Tim
Blunt, Crispin	Mackay, rh Andrew
Bottomley, Peter *(Worthing W)*	Merron, Gillian
Brooke, Mrs Annette L.	Morgan, Julie
Cooper, Yvette	Robathan, Andrew
Dawson, Hilton	Stunell, Andrew
Eagle, Maria *(L'pool Garston)*	Sutcliffe, Gerry
Fitzpatrick, Jim	Swire, Hugo *(E Devon)*
Forth, rh Eric	Touhig, Don *(Islwyn)*
Garnier, Edward	Ward, Claire
Harris, Dr. Evan *(Oxford W & Abingdon)*	Willis, Phil
Hayes, John *(S Holland)*	Young, rh Sir George
Horam, John *(Orpington)*	**Tellers for the Noes:**
Hunter, Andrew	**Mr. Win Griffiths and**
Jamieson, David	**Hywel Williams**

It appearing on the report of the Division that fewer than 40 Members were present, MR. DEPUTY SPEAKER *declared that the Question was not decided.*

Orders of the Day

Smoking in Public Places (Wales) Bill

Order for Second Reading read.

9.45 am

Julie Morgan (Cardiff, North) (Lab): I beg to move, That the Bill be now read a Second time.

The purpose of the Bill is to give the National Assembly for Wales the powers that it requires to protect employees and members of the public in Wales from the effects of second-hand smoke. The Bill has the backing of hon. Members of all parties and of many organisations and individuals across Wales and England, including the British Medical Association, the Royal College of Nursing in Wales, the Wales TUC, the Chartered Institute of Environmental Health, Asthma UK, the British Heart Foundation, the British Lung Foundation and Cancer Research UK.

The public health lobby has rightly made achieving smoke-free workplaces and enclosed public places one of its top priorities, and at the outset I thank them for all their support and in particular ASH for its work in preparation for today's debate.

Peter Bottomley (Worthing, West) (Con): The hon. Lady has kindly given the House information about those who support the Bill. Would she like to expose those who have expressed opposition to it?

Julie Morgan: The only people who have expressed opposition to the Bill are hon. Members, and they may make their views known later. I thank my hon. Friend for that intervention.

I particularly want to thank Baroness Finlay of Llandaff, who pioneered a similar Bill in the other place during the last Session. She did a great deal of preparation for the present Bill. I also have the support of the children's charities in Wales and of the Children's Commissioner for Wales, who are all concerned about the effect of passive smoking on children's health.

Mr. Edward Garnier (Harborough) (Con): I am grateful to the hon. Lady for giving way at such an early stage in her debate. My hon. Friend the Member for Worthing, West (Peter Bottomley) asked her who opposed the Bill. Am I right in thinking that the Government do not support her Bill?

Julie Morgan: We look forward to the Minister giving his views at the end of the debate, so we will hear what he has to say then.

Imperial college researchers recently published research which showed that children regularly exposed to smoking are three times more likely to contract lung cancer in later life than those who live in non-smoking homes. That is a fundamental point.

I have consulted widely in my constituency, Cardiff, North. I have held public meetings with the local community, and last week I held a public meeting for representatives of children's charities and for local

[Julie Morgan]

children in primary schools. Over 200 posters were submitted by local children to illustrate my Bill. It was a tremendous experience talking to the children in their schools and at the meeting about their views on smoking.

Mr. Garnier: I am grateful to the hon. Lady for giving way a second time. In her wide consultations on the Bill, has she had an opportunity to discuss the matter with the Secretary of State for Wales, the Secretary of State for Health or any of their junior Ministers to see what the Government's attitude is to being consulted, and what their attitude might be towards the content of her Bill? I should be interested to place the debate in context at this early stage.

Julie Morgan: I thank my hon. and learned Friend for that intervention. Yes, I have discussed the Bill with all those to whom he refers, and there is general sympathy with the aims.

Over 200 posters were submitted by local children to illustrate my Bill and they showed the depth of their perception of the dangers of passive smoking, and the unfairness of being unable to breathe smoke-free air because of what some of the children saw as the selfishness of some adults. They used captions such as, "Stop the ciggies, save the kiddies", "Stop smoking and we will stop choking", "Think—don't smoke around your children. Your children's lungs are not an ashtray", "Smoker, loser, loner—get the picture?", and in Welsh, "Tân y ddraig, nid mwg yr ysgyfaint"—that is, "The fire of the dragon, not the smoke from your lungs". Those children's words remind us of the terrible damage smoking does to people in Wales.

Smoking-related illness causes about 6,000 deaths in Wales each year, as the Library's excellent research paper shows. For example, in 2001 just over 15,000 new cancer cases were recorded in Wales, and we can expect about 30 per cent. to have resulted from smoking. The proportion of adults in Wales who smoke is approximately 27 per cent.—higher than the figure in England, reflecting the fact that Wales is a poorer country.

The overall figure hides wide variations between different parts of Wales, but particularly between different communities and social classes. I remind hon. Members that smoking is the greatest single contributor to health inequalities and to differences in life expectancy between social classes. We know that people who are poorer smoke more. To quote one stark statistic, on average across the UK a man in social class 5, the poorest, has a 50 per cent. chance of living to the age of 70, while a man in social class 1, the richest, has about a 70 per cent. chance of doing so, and by far the largest factor in that difference is smoking. Surely it is imperative that we do something about that huge risk. Anyone who cares about the most basic measure of social equality—how long we live—must care about smoking.

During the past 50 years, successive Governments have taken steps to cut smoking rates. We have already raised prices, put warnings on packets, banned advertising and restricted sales to minors.

Mrs. Betty Williams (Conwy) (Lab): Is my hon. Friend aware that the British Medical Journal announced the results of its report on the "Today" programme on Radio 4 today, and is she aware of the content of that report?

Julie Morgan: I thank my hon. Friend for all her support on the issue. Yes, I am aware of the results announced on Radio 4 this morning, and I believe that the success in cutting smoking has not been as the Government would wish, which makes it even more important that this Bill should be passed.

Despite all the efforts that successive Governments have made, the pain, grief and loss caused by smoking continue. It has been the great invisible tragedy of modern industrial societies, particularly in Wales. If we want a healthy nation in which every citizen has the best chance of a long and healthy life, we must continue to look for new ways to tackle the problem, and the Bill is one way of doing so.

It is now a well-established fact that the most powerful new policy lever available to cut smoking rates is to end smoking in workplaces and enclosed public places. My Bill aims to stop smoking in all enclosed public places. Many workplaces are public places, and many workplaces do not need legislation because they are implementing such a policy themselves. On no smoking day this year, the National Assembly for Wales announced that all its buildings would be smoke free, as did Cardiff and Vale NHS trust, whose Heath hospital is the biggest in Wales. The trust also included the hospital curtilages, so there was no smoking in the hospital entrances, which gave rise to some debate. I am sure that everyone will have seen the mass of cigarette butts at hospital entrances, with people standing around smoking.

Mr. Win Griffiths (Bridgend) (Lab): For quite some time now the Bro Morgannwg NHS trust, which covers the Bridgend, Neath and Port Talbot county boroughs, has had a similar policy.

Julie Morgan: Many workplaces are implementing such a policy on a voluntary basis, but we have not succeeded in getting them to do so everywhere.

Tim Loughton (East Worthing and Shoreham) (Con): I appreciate the point that the hon. Lady makes about NHS trusts, and mine has implemented such a policy, but does she agree that special considerations need to be applied when dealing with mental health trusts? The incidence of smoking among people with mental illness is much higher, and to take someone with mental illness into a secure unit that has banned smoking is positively dangerous in some circumstances, and not conducive to the treatment that they need. It is not advantageous that they smoke, but to stop them could be disadvantageous to their treatment for their mental illness.

Julie Morgan: The hon. Gentleman makes an important intervention, but I do not think that there is any evidence to suggest that stopping smoking will cause damage in the way that he suggests, and among the NHS trusts that have become smoke free there is a psychiatric unit. However, I agree that we must take that into consideration in any detailed consideration of the Bill or any other proposal.

Hywel Williams (Caernarfon) (PC): Does the hon. Lady agree that people with a mental illness suffer a double jeopardy, in that they not only suffer mental illness, but as such a large percentage of them smoke, they also suffer the physical ill effects of that? Is that not something that we should counter, possibly with this Bill?

Julie Morgan: Yes, people who have a mental illness also need protection from smoke, but I accept that we must approach the matter carefully. I take on board some of the points made by the hon. Member for East Worthing and Shoreham (Tim Loughton), but if we are to challenge health inequalities, we cannot leave out some of the most vulnerable people in society, who suffer from mental illness.

Derek Wanless has done a lot of work on health inequalities, and in his excellent report to the Government on public health issues he estimated that a complete end to smoking in all workplaces could cut smoking prevalence rates by up to 4 per cent., and across the UK that would mean a fall from around one in four to one in five of the adult population, and thousands of lives would be saved as a result. The Bill is about saving lives, and that is why I chose it. It deals with an important public health issue; it is the one thing that we can do via legislation that can have a huge impact on the public and on the health service. It is a very important measure.

I accept that we cannot simply tell people what to do for their own good. Much as we want to encourage people not to smoke, we cannot force them to quit. They have the right to smoke should they wish to do so, and the Bill is not an attack on smokers. Let smokers smoke if they are unable to give up and if we have offered them every help that they may want and ask for, but do not let their smoking affect other people. That is the key issue. Smokers affect other people's lives, and if people are to smoke they should do so where other people are not affected. The Bill is not about forcing people not to smoke, but about giving the National Assembly the powers for which it has asked to require people not to smoke when their habit would damage the health of others. It is about allowing the Assembly the option to do what the Scottish Executive has already decided to do—an inspiring and welcome decision to all those who care about public health, which was overwhelmingly supported by the public in Scotland.

Mr. Garnier: The hon. Lady says that the Welsh Assembly has asked for this legislation. Was there a formal request from a Committee, or did the entire membership, or the majority of the membership, pass a particular motion within the Assembly, or is that simply her understanding of the majority feeling within the membership of the Assembly?

Julie Morgan: It is a mixture of both, and I shall deal with that subject later in my speech.

I shall not speak at length about the scientific evidence on second-hand smoke. The case has been made, I do not think that many people challenge it, and it is almost universally accepted. I simply point out that tobacco smoke contains over 4,000 chemicals in the form of particles and gases, some 60 of which are known or suspected carcinogens, including carbon monoxide, ammonia, benzene, formaldehyde and hydrogen cyanide.

The scientific evidence is well summarised in the latest report of the Government's own Scientific Committee on Tobacco and Health, which comprises 15 of the most eminent medical experts in the country. The report was published along with the White Paper on public health in November last year. The committee reported that exposure to second-hand smoke increased the risk of contracting lung cancer and heart disease by about a quarter. That is very damning evidence. The committee described second-hand smoke as

"a controllable and preventable form of indoor air pollution"

and as

"a substantial public health hazard".

The report concludes:

"It is evident that no infant, child or adult should be exposed to secondhand smoke".

Surely it behoves us to do something about that. The report was very decisive, and it is our duty as politicians to ensure that its recommendations are taken up.

Of course, not everybody accepts that evidence. The latest annual report of British American Tobacco still claims that

"there is no convincing evidence that environmental tobacco smoke exposure genuinely increases the risk of non-smokers developing lung cancer or heart disease".

That wilful refusal to accept scientific evidence is aped by tobacco industry-funded pressure groups such as Forest, which came to the public meeting that I held in my constituency. Its representative refused to accept the overwhelming weight of scientific opinion.

Using the Government committee's figures, Professor Konrad Jamrozik of the university of Queensland has estimated in the *British Medical Journal* that exposure to other people's smoke in the workplace causes more than 600 premature deaths across the UK every year. That can be compared with the total number of deaths in the UK from all industrial accidents, which the Health and Safety Executive reported to be 235 in 2003. We can add to the figures for premature deaths the evidence that second-hand smoke causes many thousands of episodes of illness. For example, a recent Department of Health survey shows that people who are exposed to other people's tobacco smoke for six or more hours a week are 50 per cent. more likely than those who are not exposed in that way to develop asthma symptoms and breathlessness, coughing and wheezing.

At the public meeting that I held, one woman said that she was very nervous about coming to the meeting because she was afraid that somebody might light a cigarette in defiance. She said that she would virtually collapse if cigarette smoke affected her, and she was very frightened about going out to any public place. I also feel very strongly about this matter, as three members of my close family are asthmatics, and I know the effect that going into a smoky room can have, with streaming eyes and coughing. It seems very unfair that people are unable to benefit from smoke-free air when they go out for the evening, for example.

Asthma UK states that one in five people with asthma are prevented from using parts of their workplace where people smoke because of cigarette fumes. Cigarette

[Julie Morgan]

smoke is the second most common asthma trigger in the workplace. In the face of that, who can deny that smoking is a major workplace health and safety issue? Who can deny that employees who are regularly exposed to other people's smoke day after day and night after night are at real risk? That is why the Government committee singled out bar staff, for example, as an occupational group that is heavily exposed to this unnecessary and serious hazard. When we go into bars in city centres, which are often frequented by very young people, there is a fog of smoke. Those young people are spending many hours in that smoky atmosphere, so bars are a particular issue.

The scientific evidence also shows that there is no satisfactory way of eliminating the risks of second-hand smoke in enclosed public places short of ending smoking. The lobby saying that it is possible to use ventilation to get rid of the smoke is completely mistaken. Despite the best endeavours of the tobacco industry to promote ventilation as a solution to the problem, no ventilation system will be fully effective. Smoke spreads, and it is not possible to prevent people who are in the same room with someone who is smoking from being affected by that smoke. The atmospheric physicist James Repace has stated that such a system would require air cycling rates of "tornado-like" force. It might almost be worth the absurd expense of installing such a system to watch some of the opponents of action on second-hand smoke trying to light a cigarette when it was in operation. It is now generally accepted that we cannot get rid of tobacco smoke.

Of course, under the Bill, it would be for the National Assembly for Wales to decide what restrictions on smoking it introduced. Good employers in the pub and restaurant trade are already heading in the right direction. The pub chain Wetherspoon, for example, has announced that its 650 pubs will be smoke free by the end of 2006, which is two years earlier than the Government proposes in the White Paper. I believe that that is a commercial decision, as I think that many more people will go to pubs and restaurants if they know that there will be no smoke there.

In south Wales, Brains has announced the launch of smoke-free pubs in the Cardiff area. The Aubrey Arms in the Vale of Glamorgan is already smoke free, and the Cottage pub in the centre of Cardiff has recently become so. I welcome such moves. The move towards recognising the danger of tobacco smoke, including through passive smoking, has been very swift. If we had had this debate two years ago, there would have been much more opposition. There has been a huge change in the views of the public, and voluntary steps, such as those that I have mentioned, have been taken.

Overall, however, progress has been slow. Using data from the Government's labour force survey and the Office for National Statistics survey "Smoking-related behaviours and attitudes", Action on Smoking and Health, or ASH, has calculated that more than 130,000 employees in Wales are still routinely exposed to other people's smoke throughout their place of work—one in 10 of the work force. More than 500,000 people—four in 10 of the total work force—work in places where smoking is permitted somewhere on the premises. The case for a new law is that it will bring the worst up to the standard of the best, because good things are already happening.

When the National Assembly for Wales made a decision about this matter, it would also need to make a judgment on what impact restrictions on smoking in workplaces and public places might have on trade and jobs. I know that it is considering that issue, and that evidence has been given to the Assembly Committee that is currently engaged in consultation. I would argue that we already know more than enough to dismiss the wild assertions of the tobacco trade and some of the more unreconstructed elements of the hospitality industry.

Hon. Members will probably remember the braying and bleating from tobacco interests and the bar trade in New York when that city wisely acted to end smoking in all workplaces and public places. We were told that trade would slump dramatically; a 30 per cent. decrease was the usual forecast, but I do not know what it was based on. As always, it has taken about a year to get a real idea of the effect and for objective evidence to be collected.

In March 2004, the city's finance, health, small business and economic development departments got together to look at the facts, and here they are: business tax receipts in restaurants and bars are up by 8.7 per cent.; employment in restaurants and bars has increased by 10,600 jobs since the enactment of that law; 97 per cent. of restaurants and bars are smoke free; and New Yorkers overwhelmingly support the law. Air quality in bars and restaurants has improved dramatically: levels of cotinine, a by-product of tobacco, decreased by 85 per cent. in non-smoking workers in bars and restaurants, and 150,000 fewer New Yorkers are exposed to second-hand smoke on the job. What a success. Taking a bold initiative, and leading as politicians should lead, can achieve success in the way that I have described. If the National Assembly for Wales wants the same benefit for the people of Wales, I believe that we should give it the power to achieve that.

I also visited Ireland with the all-party group on smoking and health. In May last year, no-smoking legislation was introduced in Ireland, and it will be interesting to see an evaluation of what has happened after a year. What we saw in Ireland was very impressive, and I was most impressed that everybody whom we met totally accepts the law. In Dublin we visited some bars and restaurants where the smokers, who were not complaining, were outside. A lot of smokers support this Bill, because most smokers want to give up, and feel that the fewer opportunities they have to smoke, the better it is for them. The all-party group was very positive about the move in Ireland.

The people of Wales and the Assembly should be concerned about smoking in workplaces and public places. The Assembly has responsibility for matters relating to health, but to improve the health of the people in Wales, it must be able to tackle the problems caused by the consumption of tobacco. If it is not allowed to tackle the extensive problems caused by second-hand smoke, it is being asked to provide health care without the powers it needs to be fully effective.

The Assembly has sought such powers. On 22 January 2003, Alun Pugh AM moved a motion recommending to Parliament the enactment of

legislation prohibiting smoking in public places in Wales. Assembly Members were given a free vote, and they approved the resolution by 39 votes to 10, with majorities in all four parties in favour. Indeed, all four party leaders and all four party health spokespeople voted for the resolution. A cross-party Assembly Committee is currently considering the issue. It is travelling around Wales and taking evidence from businesses, health groups and the public, and it will report back in May. I am confident that it will repeat the call for the Assembly to get the powers that it needs to act.

The Assembly's view is clearly in line with the majority of Welsh people. In a MORI survey in May 2004, 54 per cent. of respondents in Wales strongly supported a law to ensure that all enclosed workplaces are smoke free, and a further 24 per cent. tended to support the proposals. The majority among the public is clear.

Mr. Eric Forth (Bromley and Chislehurst) (Con): In the context of the hon. Lady's paeans of praise for the Assembly, will she state for the record whether she has any connection with the Assembly?

Julie Morgan: I certainly support the Assembly in Wales.

If this opportunity is to be seized, the Assembly must get the power that it needs, and if it chooses to go beyond the Government's partial proposals, which would exempt some membership clubs and many pubs that do not serve prepared food, the principle of devolution requires that it be permitted to do so. As I have said, many of the pubs that do not serve prepared food are used by young people, and we have a duty to try to protect the health of young people.

I will be interested to hear the Minister's reply to the debate. I hope that the Government make a firm commitment that Wales can introduce the legislation that it wants, and act on the results of the consultation and previous votes in the Assembly. If it does nothing else, today's debate about my Bill is an excellent opportunity for the Minister to give us his views. My Bill would provide the Assembly with the precise powers that it requires to act on smoking.

My Bill is very similar to one introduced in the other place by Baroness Finlay of Llandaff, who is a consultant in palliative care at Velindre, a hospital that treats cancer patients in my constituency. I pay tribute to her relentless efforts in starting off the process. Velindre treats people from all around south Wales for the effects of tobacco smoke, and since Baroness Finlay took up her post in the other place, she has spent endless time promoting that cause. I also pay tribute to the former Assembly Minister for Health and Social Services, Jane Hutt, and the current Assembly Minister for Health and Social Services, Brian Gibbons, who have worked very hard.

I shall conclude by briefly describing the Bill's clauses. Clause 1 provides that the Assembly can make regulations restricting or ending smoking in enclosed public places in Wales. Clause 2 commits the Assembly to include in such regulations requirements for the display of suitable no-smoking signs—in Ireland, we were struck by the absolute uniformity of the signs displayed in pubs and restaurants. Clause 3 commits the Assembly to prescribing that smoking in an enclosed public place or managing a public place where smoking is permitted in contravention of the regulations may be designated as an offence. Clause 4 allows for the ministerial powers necessary to give effect to such regulations to be transferred to the Assembly by Order in Council, approved by Parliament. Clause 5 provides that the power to make regulations under the Bill would be exercised by statutory instrument. Clause 6 defines the terms used in the Bill. Clause 7 contains the Bill's short title and the arrangements for commencement.

In conclusion, the Bill is simple, and it is entirely fit for purpose: it will give the National Assembly for Wales the power to act on a serious health and safety issue; it will protect the health of non-smokers from the dangerous habits of others; and it offers the chance and incentive for many smokers to quit.

Tim Loughton: I have one specific query about clause 6, which includes "vehicle or vessel" in its definition of "premises" and defines "Wales" as including

"the sea adjacent to Wales".

Does the hon. Lady intend the legislation to apply to, for example, people smoking on the decks of ferries as they leave Welsh ports?

Julie Morgan: The Bill refers to "enclosed public places", which includes, for example, a stadium, and I believe that it would apply to the deck of a ship.

The Bill concerns potentially the most important public health reform in Wales for many years. We must never forget that most smokers want to quit, and they need the help and encouragement of policy makers to succeed. The Bill is good for non-smokers and smokers alike, and it offers enormous benefits to the people of Wales at little or no cost. In the years after the Assembly acts, as I believe that it will, to end smoking in public places, thousands of people across Wales will live to spend many more years with their families and friends, and surely there is no stronger case for action than that.

Powerful vested interests probably oppose the Bill, but the evidence and logic are overwhelming. The Bill is the only public health measure that we could pass that would give long years of life to people who would otherwise die prematurely, and I commend it to the House.

10.17 am

Sir George Young (North-West Hampshire) (Con): I congratulate the hon. Member for Cardiff, North (Julie Morgan) on her good fortune in the ballot and on choosing an important area of public health policy as the subject for her Bill. I am happy briefly to speak as a sponsor of her Bill—most of the Bill's sponsors appear to be called "Williams".

Mr. Forth: Can my right hon. Friend explain why, by my count, more than half of the Bill's sponsors have failed to turn up to support the Bill, which the hon. Lady has said is so important? If the Bill's sponsors do not turn up, what hope is there for anyone else?

Sir George Young: I do not want to be drawn into other hon. Members' habits on a Friday. Many of them may have legitimate reasons for not being in the House at the moment, and, for all I know, they may be on their way.

I support the Bill, but, if we are realistic, we will admit it might not reach the statute book this time round—it is more likely to land on the snake of Dissolution than on the ladder of Committee.

I do not normally intervene in Welsh matters, but I would be more likely to visit the Principality if I knew that public places were smoke free. Once I got there, I would be more likely to visit licensed premises if I knew that they were unpolluted by smoke, and I hope that that reassures the publicans of Wales.

The Bill will be seen in the context of a broader debate about the Government's role in areas of public health policy, and how far it is legitimate for the state to curb individual freedoms in the public interest. To that extent, there may be surprise that the Bill has support from Conservative Members, who are traditionally the champions of individual liberty and cautious about giving Government more powers. However, I remind my right hon. and hon. Friends that it was under a Conservative Government that it became compulsory for motorcyclists to wear crash helmets and under a Conservative Government that it became compulsory for car passengers to wear seat belts; and I remember when I was a Health Minister some 25 years ago advocating the application of fluoride to water supplies in the interests of dental health. So despite my right hon. Friend's protestations, it is the case that our party has taken important steps forward in public health issues and has in certain circumstances, in the broader public interest, curtailed the liberty of the individual to harm himself. Against that background, I am more than happy to support the Bill.

Turning more specifically to smoking, I find it amazing that it has taken so long for this country to tackle the scourge of smoking-related diseases. In the 19th century, we led the world in combating water-borne diseases. In the 20th century, we led the world in dealing with poor housing, clean air policies and promoting vaccination. But in the 21st century, this country has been overtaken by many other places, including Ireland and five states in America, in the important field of public health; and in the United Kingdom, Scotland has legislation on the way through, with no exemptions for public places. Our debates on health in this place are still dominated by acute medicine and primary care, whereas the advances that we all want in life expectancy are more likely to come about through changes in lifestyle.

The hon. Member for Cardiff, North set out the case for the Bill very effectively. My view is that so far as public places are concerned, a person's freedom to smoke ends where my nose begins. I find it slightly odd that the Assembly does not already have the powers in her Bill. Under the Government of Wales Act 1998, the National Assembly should have control over

"All aspects of public health in Wales, including food safety but excluding international issues where the Department of Health or other agencies lead for the UK."

Banning smoking in public places does not strike me as an international issue, and it is clearly an aspect of public health. Perhaps the Minister can explain, in light of that quote, which came from the Department for Constitutional Affairs, why the Assembly does not already have these powers. It has powers on health promotion in Wales and can therefore promote smoke-free public places, but it cannot deliver the policy if promotion fails.

I do not understand the Government's hostility to the Bill. Last November, the Secretary of State for Health said in the foreword to his White Paper, "Choosing Health", that

"we recognise that some proposals in this White Paper will have implications for other parts of the UK. We will work closely with colleagues in the devolved administrations to identify these, so that joint action can be taken where appropriate and legislative opportunities provided for the devolved administrations where new powers are created for England."

If he meant what he said, the Government should be supporting this Bill, which gives to the Welsh Assembly exactly the powers to which he referred.

On 3 March, the Leader of the House, who is also Secretary of State for Wales, said in the House:

"We are not able to support"

the Smoking in Public Places (Wales) Bill

"for various reasons, but in terms of the thrust of the policy that it contains"

the hon. Member for Cardiff, North

"will find that we are with her in spirit. She will also be encouraged by subsequent legislation that we intend to introduce, which will give Wales the opportunity to implement policies in the way in which the National Assembly choose."—[*Official Report*, 3 March 2005; Vol. 431, c. 1109.]

But why wait? I am sure that the hon. Lady would have been even more encouraged had the Secretary of State for Wales indicated that the Government would give her Bill a clear run.

The hon. Lady stated the case forcefully, and I will not repeat her arguments. Many potentially toxic gases are present in higher concentrations in sidestream smoke than in mainstream smoke, and nearly 85 per cent. of the smoke in a room results from sidestream smoke. Exposure to second-hand smoke is a serious health risk to non-smokers, increasing their chances of contracting lung cancer and heart disease by about a quarter. As the hon. Lady observed, 617 people die prematurely each year through exposure to second-hand smoke in the workplace.

So far as England is concerned, the Government have come up with proposals which, in my view, do not go far enough. When the Secretary of State made his statement on the public health White Paper in November, I criticised him for not including all pubs within the scope of the smoking ban—a mistake that I am pleased to say would be avoided if the Bill went through, as the Assembly would be given powers to introduce a comprehensive ban. Like the hon. Lady, I view with enormous suspicion the industry's response. Some pub groups would welcome a total ban, but others have argued that improved ventilation is the answer. I simply do not see that as a satisfactory alternative.

I was pleased to hear the hon. Lady say that when the Assembly discussed the matter two years ago, majorities in all four parties voted to be given these powers, including all four party leaders and all four spokesmen on health.

If the Bill reaches the statute book, it will not solve the problem of smoking in Wales but, alongside upward pressure on the price of tobacco and better health promotion and education, it will help to make the Principality a better place in which to live and work. I hope that a comprehensive ban, if introduced in Wales, will encourage English Ministers to revisit the current policy of a partial ban in pubs. On that basis, I am happy to give the Bill my support.

10.25 am

Mr. Kevin Barron (Rother Valley) (Lab): I congratulate my hon. Friend the Member for Cardiff, North (Julie Morgan) on her position in the ballot. She beat me by one place, and consequently I may or may not have my own Second Reading on 8 April—we shall have to wait and see whether events take over. I congratulate her even more on selecting the subject of the effect of second-hand smoke on the public's health.

I do not have a great deal of contact with the Principality of Wales, although I have a village in my constituency called Wales, which boasts Wales high school, one of the best high schools in England in terms of academic attainment. Under an earlier Administration in the 1980s, I once wrote to the Education Department about the problems in Wales high school and the letter was promptly sent off to the Welsh Office. I was a bit worried that people thought that there was only one secondary school in the Principality of Wales, but I eventually got the problem sorted out.

I want to refer particularly to the Government's White Paper, which was published last November. It states:

"The evidence of risk to health from exposure to second-hand smoke points towards an excess number of deaths, although the debate on the precise scale of the impact continues. The consultation demonstrated clear concern about both the health impact and discomfort felt by many in smoke-filled environments, with particular concerns about locations such as work places, where people may not have been able to choose to be in a smoke-free environment."

Some of that language is rather curious. It says that the evidence "points towards" excess deaths and, particularly unhelpfully, that

"debate on the precise scale of the impact continues."

Of course, that debate has continued for many years. The tobacco industry will not accept the clear medical evidence and has for decades used spurious means of trying to talk down the health issues around secondary smoking and to claim that they are not clearly seen.

That is absolutely wrong. The evidence of risks to health and of a significant number of deaths is clear and overwhelming, and it was well summarised by the Government's Scientific Committee on Tobacco and Health last November when it published its executive summary alongside the White Paper. Let me remind the House what the Government's own committee, which advises them on matters relating to health and smoking, said:

"There is an increased risk of lung cancer for non-smokers exposed to secondhand smoke of about 24 per cent.

There is an increased risk of . . . heart disease for non-smokers exposed to secondhand smoke . . . 'the increased risk associated with exposure to secondhand smoke is in the order of 25 per cent.'.

Children are at particular risk from secondhand smoke—'the evidence strongly links secondhand smoke with an increased risk of pneumonia and bronchitis, asthma attacks, middle ear disease, decreased lung function and sudden infant death syndrome. It has also been shown that babies born to mothers who come into contact with second-hand smoke have lower birth weights.'"

Sadly, the medical profession in this country sees such cases daily, yet the Government do not present the facts as they should. The committee continued:

"The evidence published since 1998 points to an association between secondhand smoke and respiratory symptoms and reduced lung functions in adults."

The Government's advisers have said, not just recently but for decades, that second-hand smoke damages the public's health.

Nowhere in the White Paper is there an estimate of the number of employees who are exposed to second-hand smoke at work. It may be my right to go into a smoky atmosphere for a drink or a meal, but what about those who work in such places? What right do the people who work in the Strangers Bar have—until after Easter—not to work in a smoke-filled atmosphere?

It is relatively easy to estimate how many people suffer second-hand smoke at work. Some of the essential statistics are given in paragraph 8 of the regulatory impact assessment with support from the Office for National Statistics and using data from the Government's labour force survey for 2003 and the national statistics ombudsman's survey. Action on Smoking and Health, of which I am a long-standing member and supporter, calculated that some 2.1 million people in the UK work in places with no restriction on smoking, which is 8 per cent. of those who work. Some 10.3 million people work in places where smoking takes place in designated areas, which is 38 per cent. of those who work. There is little or no protection in reality for many of those people.

I have evidence from the British Medical Association. Some people may argue that is anecdotal, but it relates to what doctors say about smoking. Doctors do not just see patients; they are citizens of this country and, like us, go to restaurants, pubs and so on. Dr. Peter Maguire, who practises in Northern Ireland, said:

"I recently visited the now smoke free bars and restaurants of New York and they are great, just like in Ireland. I visited a close family friend who is a bar owner and is now dying from sinus and throat cancer. He has never smoked but until recently, worked in smoky bars. The smoke free legislation in New York has come too late to save him. When I left New York I knew I would never see him alive again. He is one of many people who have been harmed by smoky environments. The New York law is working well and is accepted as it has been in Ireland."

My wife and I spent the new year before last in New York and it was a pleasure to stay in hotels and eat in restaurants where there was no smoking. There were butt tubs outside so that people can extinguish their cigarettes before going into the premises. That was in stark contrast to my many previous visits when the atmosphere in bars was very smoky.

Dr. Mary Wheater of King's Lynn said:

"The most serious effects are on the smallest children. Young babies are admitted to our paediatric ward with wheezing which improves away from cigarette smoke and worsens again as soon as they go home. Older children are affected too. A teenager of my acquaintance, who has asthma, finds that her nights out are ruined by having to retreat to her car to take her inhalers because the smoke in her favourite night club makes her chest so tight she cannot dance."

[Mr. Kevin Barron]

People may argue that that is anecdotal, but it is clear evidence from health professionals who work with patients almost every day of their lives about the effects of secondary smoking. The Government should not ignore that.

Other issues arise in smoke-free areas. New York city was challenged several times in the courts when its ban was introduced and its law department issued a press release about a decision that was made on Wednesday 7 April. It stated:

"The plaintiff alleged that the Smoke-Free Air Act violated smokers' rights to freedom of association, assembly, speech and travel, and unlawfully discriminated against smokers. The Court rejected all of the plaintiff's arguments. The Court noted that 'smokers remain free to associate and assemble as they please, to smoke or not, whether it be in a bar, a restaurant, a city street or any other place where it is otherwise permissible to do so.' As to the plaintiff's free speech claim, the Court stated that is 'is not persuaded by the general proposition that a smoker's prevailing motivation for smoking a cigarette, whether it is done in a bar, restaurant or on a city street, is to convey a message with some profound expressive content to those around him."

I know that some hon. Members would argue that they have a right to smoke.

The law in America is different from ours. The plaintiff's equal protection challenge was rejected and

"the Court noted ... 'mounting evidence against ETS'"—

environmental tobacco smoke or, as we would call it, second-hand smoke—

"'as a basis' for the law."

The press release quoted the testimony of several people and it was clear that the challenge failed because of the consequences of environmental tobacco smoke on public health and people who use such areas.

On Thursday 11 November Action on Smoking and Health issued a news release headed "Smoke and Mirrors: How Philip Morris concealed the truth about secondhand smoke". It goes into detail about how Philip Morris, a large international tobacco company, had set up a laboratory in Germany many years ago to carry out tests on the effects of second-hand smoke and direct smoke on people, but then suppressed the evidence. We all know that for many years the tobacco industry has suppressed evidence about the effect of smoking on health in this country and many others, but evidence exists.

I turn to the Government's proposals. The White Paper states that they

"propose to regulate, with legislation where necessary, in order to ensure that:

All enclosed public places and workplaces (other than licensed premises ...) will be smoke free;

Licensed premises will be treated as follows: all restaurants will be smoke-free; all pubs and bars preparing and serving food will be smoke-free; other pubs and bars will be free to choose whether to allow smoking or to be smoke-free; in membership clubs the members will be free to choose whether to allow smoking or to be smoke-free; smoking in the bar area will be prohibited everywhere."

I appreciate that that is not yet drafted in a Bill to be presented to the House, but I believe that the White Paper is poorly expressed, confused, probably unworkable and certainly undesirable for public health.

The White Paper is poorly drafted because the words

"regulate with legislation where necessary"

leave open the possibility of a return to the failed voluntary approach to public health and tobacco. I shall not go into the debates that we held many years ago on tobacco advertising and the weak voluntary approach that Governments accepted for many years. That did not stop our young children being exposed to tobacco companies' advertising; indeed, it was probably impossible to do that.

A voluntary approach will simply encourage the most backward elements in the pub trade to try to push the Government from the White Paper proposals to something closer to the failed public places charter, which was introduced the last time a Labour Government backed away from effective action on the issue. It was before my time in the House, but I have read about it often.

The proposals are confused because there is no useful link between pubs that prepare and serve food, those that do not and smoking. I know that my hon. Friend the Under-Secretary of State for Wales will not reply to the debate in detail, but consider giving powers to the Welsh Assembly. However, I emphasise that trying to draw such a link sends the most negative signals to the general public about smoking and their health. Smoking and people's health have nothing to do with whether people are eating, but with whether one is in a confined space, and the amount of second-hand smoke that goes into one's body and causes harm. It is about time that the Government decided to move positively if we are to meet their smoking cessation targets, which I support.

The Government have done wonderfully well by putting money into public health and smoking cessation clinics, but all the professionals say that we will undershoot the targets in 2010. We will continually undershoot them if we keep sending out mixed messages about what secondary smoking does to us.

I want to consider businesses. It is well documented that, in New York, Dublin and doubtless many other smoke-free places, the ban on smoking has had a positive effect on business. My hon. Friend the Member for Cardiff, North mentioned the national pub chain, J. D. Wetherspoon. For many years, it has been trying to create smoke-free and ventilated areas in its pubs. I have visited them and seen what the chain is trying to do but it knows that ventilation in public houses and restaurants is not the answer. The solution is to introduce a ban. It has decided to move far quicker than the Government, not because the White Paper is perceived to be a threat to its business but because it understands that its premises will probably be the pubs of choice for people who can go to them and be in a smoke-free atmosphere.

The Forum of Private Business conducts the referendums that are regularly sent to us. I have the latest referendum result from 21 February 2005. The first question was about a ban on smoking in public places, and 71.5 per cent. of those in the Forum of Private Business voted for a ban. I hope that it seems a sensible and practical measure to most hon. Members. We are making the national health service smoke free and it is therefore ridiculous to do that while allowing some smoking in public places, which could easily be stopped by proper legislation.

I hope that the Bill, which gives the National Assembly for Wales the power to ban smoking in public places in Wales, will be supported. I also hope that people in England will have the opportunity to make the same decisions to protect the health of the nation by protecting us from second-hand smoke and the effects of smoking.

10.44 am

Mr. Andrew Hunter (Basingstoke) (DUP): I make it clear at the outset that I have no financial interest to declare in the subject of the debate but, as an enthusiastic member of the Lords and Commons pipe and cigar smokers club, I take a keen personal interest in the matter.

The Bill is intriguing. Ostensibly, it is about its title—smoking in public places in Wales. The hon. Member for Cardiff, North (Julie Morgan), who came third or fourth in the ballot for a private Member's Bill, has made an interesting decision in choosing to run with the Bill, because there was no need for her to do it. We can say that with some confidence because, in November last year, the Secretary of State for Health announced Government policy and legislative intentions on smoking in the workplace in the White Paper, "Choosing Health". The Department of Health has made it known that it intends to publish draft regulations for consultation to give effect to that policy later this year. The Secretary of State for Wales has confirmed on many occasions, and as recently as 3 March in the House, that

"subsequent legislation that we intend to introduce . . . will give Wales the opportunity to implement policies in the way in which the National Assembly choose".

In other words, there was no need for the hon. Lady to devote to the measure the time that she so fortuitously won in the ballot. The Government had already committed themselves to introducing before long broadly the same legislation as the Bill.

Mr. Win Griffiths: Surely the point has already been made that the White Paper falls short of the proposals in the Bill, and that it is therefore important to raise the wider issues and not be content with the halfway house that the White Paper proposes.

Mr. Hunter: The hon. Gentleman knows that the Leader of the House, who is also Secretary of State for Wales, gave assurances only the other day that the legislation that the Government introduced in due course would satisfy the hon. Lady and her supporters.

Sir George Young: Does my hon. Friend recall that the Government promised at the previous election to introduce a more democratic and accountable House of Lords, but that does not appear to have happened? Is he therefore confident that the assurances to which he referred will be honoured?

Mr. Hunter: I shall not be here to witness whether those assurances are effected. However, I would have thought that the hon. Member for Bridgend (Mr. Griffiths) would accept his party's assurances.

Julie Morgan: Does the hon. Gentleman agree that, even if all the assurances that he has mentioned are effected, the Bill would still save many lives, if it were adopted?

Mr. Hunter: The thrust of my argument today is not about the Bill's contents as they affect smoking or non-smoking but about its constitutional implications. If the hon. Lady bears with me, she will understand that that is the line that I am pursuing.

However, to finish my first point, the Secretary of State for Wales said, again on 3 March:

"We are not able to support my hon. Friend's Bill for various reasons, but in terms of the thrust of the policy that it contains she will find that we are with her in spirit."—[*Official Report*, 3 March 2005; Vol. 431, co. 1109.]

The Government are therefore committed to introducing a Bill that will be broadly similar to the measure that we are considering, which they cannot support for "various reasons." I wonder what those "various reasons" might be.

I do not for a moment doubt the sincerity of the views on smoking held by the hon. Member for Cardiff, North or by the right hon. and hon. Members who have given her Bill their support. However, I speculate that, while the Bill is ostensibly about restricting smoking, there is actually another dimension to it. It is also about extending the perimeters of devolved government in Wales beyond those prescribed in the Government of Wales Act 1998.

I now represent a party that takes a close interest in devolved government, and the proposition that so weighty an item of legislation as the Government of Wales Act 1998—or the Northern Ireland Act 1998 or the Scotland Act 1998—could be amended effectively by private Members' Bills gives me cause for concern.

Mr. Forth: Does my hon. Friend agree that it is important, for precisely that reason, that we establish the degree of support that exists for a Bill of this kind? Were there to be any suggestion that a private Member's Bill of this kind should enter the constitutional arena, it would be important to demonstrate that the maximum number of colleagues supported it, and that it should not somehow slip through unnoticed, given its constitutional implications.

Mr. Hunter: My right hon. Friend emphasises the point that I was trying to make. The extension of the perimeters of devolved government is such a weighty matter that it should be subject to the consideration of the whole House and, I would suggest, in Government time.

As hon. Members will know, the Government of Wales Act 1998 created the Welsh Assembly, to which substantial areas of executive competence were transferred, including certain powers of secondary law-making in those same areas of competence. However, the important point to bear in mind in this context is that the 1998 Act did not provide powers to make primary legislation. Under the Act, the National Assembly for Wales can introduce only secondary legislation, and it can do so only in areas in which the Secretary of State for Wales has competence to make such legislation for Wales. We should also remember that the Secretary of State has not yet devolved all the powers listed in schedule 2 of the Act. As there is no primary legislation in place prohibiting or regulating smoking in public places in Wales, the Secretary of State cannot, under the 1998 Act, devolve to the Assembly the power to introduce legislation on smoking.

[Mr. Hunter]

I would be very surprised indeed if the hon. Member for Cardiff, North was not fully aware of this issue. It formed an integral part of the debate on the Health (Wales) Bill in 2003 as it went through the House. Hon. Members will recall that the draft Bill was examined by the Welsh Affairs Committee, whose recommendations were considered by the Assembly's Health and Social Services Committee and then by the Assembly in plenary. There was considerable support for inserting three additional provisions into the Bill. Two are irrelevant to our proceedings today; one is not.

The relevant suggested inclusion was

"that the Assembly be empowered to take measures to prevent smoking in buildings used by the public".

It would have required the agreement of the Government to incorporate that provision in the Bill. However, the Government did not agree to it, because the provision was incompatible with the Government of Wales Act 1998. Because there was no primary legislation about smoking in public places in Wales, the Secretary of State could not devolve secondary powers to the Assembly. When the Bill was enacted in April 2003, it contained no provisions on smoking in public places. My right hon. Friend the Member for North-West Hampshire (Sir George Young) and the hon. Member for Cardiff, North have both mentioned the Assembly's 39 to 10 vote in favour of a cross-party motion to press Westminster to devolve the powers necessary to enable smoking in public places to be banned in Wales.

No progress was made on that before Baroness Finlay introduced her Bill in the Lords in December 2003. Prior to the Second Reading of her Bill, in January 2004, the Delegated Powers and Regulatory Reform Committee reported on the Bill. Its third report, published on 8 January, contained three main findings. The first was:

"The substance of the Bill raises sensitive issues involving consideration of the conflicting claims of personal freedoms and public health."

The second was:

"Many of the details of the ban are so significant that it is inappropriate to leave them all to subordinate legislation."

The third was:

"It is for the House as a whole to decide whether to agree to delegate powers, for Wales to the National Assembly (which the Committee would advise were not appropriate to be delegated), for England, to a Minister."

Precisely the same criticism can be made of the present Bill, and I suspect that that criticism will be reflected in the Government's comments on it. The Delegated Powers and Regulatory Reform Committee made the point even more strongly in its fifth report, published on 16 January 2004, which stated:

"The Committee remains of the view that the delegation of powers that the Bill proposes is not appropriate . . . None the less it is possible for the House to decide that in this case it is appropriate . . . That is a constitutional matter which remains for decision by the House."

The central thrust of my argument against this Bill is that the perimeters of the powers of devolved government are matters for Government policy and should be decided in Government time by the House as a whole. They should not be revised through the back door by private Members' Bills.

The new clause 4 in the current Bill appears to be a misguided means of trying to force the delegation of power, which the Welsh Secretary does not have in primary legislation, to regulate smoking in public places in Wales. It relies on transferring ministerial functions by way of an Order in Council, subject to the Order being approved by both Houses of Parliament. Even if that were a correct interpretation of the appropriate provisions, it does not appear to be consistent with the Government's intentions with regard to the devolution of powers to the National Assembly for Wales, hence the Secretary of State's various reasons for the Government not supporting the Bill.

It would be entirely possible to argue against this Bill on a number of grounds. It can be argued that there is no need for intolerant anti-smoking legislation, and that a voluntary code restricting smoking to properly ventilated, segregated areas is perfectly feasible. It can also be argued that one of the more odious features of modern society is the increasing tendency for people to demand that activities that they do not like should be criminalised or otherwise banned. In the case of this Bill, none of those arguments need be deployed. The Bill stands self-condemned. The perimeters of devolved government should be debated as Government business, and it is inappropriate to try to extend them through a private Member's Bill.

10.58 am

Mrs. Betty Williams (Conwy) (Lab): I thank you for calling me to speak so early in the debate, Mr Deputy Speaker. It is a very great pleasure to be able to speak in support of the Bill being brought forward by my hon. Friend the Member for Cardiff, North (Julie Morgan), and I congratulate her on the stand that she has taken on this issue. She has worked hard for many years on it.

Given the proposals in the health White Paper published earlier this year for a partial ban on smoking in public places, some might wonder about the need for the legislation that is being proposed today. However, I believe that the Government's proposals strengthen the case for this Bill. Every argument that is made in favour of the proposals in the White Paper raises the question: why not go further now? Why do we lack the will or the courage to tackle the health time bomb that is second-hand smoke? Do we really believe that we will not be revisiting these proposals four or five years down the line in order to strengthen them?

As in so many fields previously, Wales has shown itself to have the will to push forward further and faster. The all-party vote of the Assembly in January 2003 called for powers over smoking in public places to be devolved to Cardiff. That has been backed by opinion polls showing that more than three out of four people in Wales support legislation along the lines of that recently introduced in the Republic of Ireland.

My hon. Friend's Bill is in response to an overwhelming demand from the people for decisive action. Throughout this Parliament, we have heard encouraging noises from the Leader of the House about the possibility of the Government acting to devolve this responsibility. Sadly, as yet, no action has been forthcoming. Nevertheless, I believe that there is some understanding in the upper reaches of Government as to the illogical situation in which we currently find

ourselves. Responsibility for the health of the people of Wales is devolved to the National Assembly for Wales, yet it is handicapped by having no power over one of the areas of public policy in which its intervention could have greatest effect.

In Wales, 30 people die per year as a result of passive smoking, and countless more contract serious medical conditions. The policy that permits smoking-related illnesses to develop is made here in Westminster, yet the Assembly Government in Cardiff must pick up the bill to provide support to those who develop such illnesses. The bill to the NHS in Wales for treating smoking-related diseases amounts to between £75 million and £85 million per year. When responsibility for health was devolved to Scotland, the power to regulate the use of tobacco in public places went with it, and the Scottish Executive is in the process of using those powers as an integral part of its public health policy. If it is right that protection against second-hand smoke should be given to the people of Lanarkshire, why should it not also be given to the people of Llandudno and, indeed, Llanfairpwllgwyngyllgogerychwyrndrobwll-llantysiliogogogoch on the Isle of Anglesey?

Wales, of course, is not alone in its desire to push for stronger measures than those proposed in the White Paper. The concerted campaign by Liverpool to become a smoke-free city, ably supported by my hon. Friends representing the city, and particularly my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), has been an inspiration. In October last year, the leaders of all 33 London boroughs agreed to ask for powers similar to those that we are requesting for Wales today.

The international wave of interest in limiting smoking in public places is not coincidental. It results not just from an ever-increasing body of evidence that passive smoking kills but from the discrediting of myths perpetrated by the tobacco industry that jobs and profits in the leisure and entertainment sectors are dependent on the so-called right to smoke. With an ever-increasing list of nations and cities becoming smoke free, the tobacco corporations are unable to point to any reputable evidence that the hospitality industry has been harmed in any significant way by the introduction of such restrictions.

In New York, as we have heard, receipts in bars and restaurants increased by nearly 9 per cent. in the first year after the city banned smoking in public places. The tobacco lobby also raised the unlikely spectre of a collapse in visitor and tourist revenue in areas that implement a smoking ban. Liverpool is flying in the face of that claim by prominently linking its campaign to its 2008 European capital of culture celebrations. Surveys conducted in Liverpool found that more than three quarters of visitors were bothered by smoke in enclosed public places. Twenty-one per cent. of respondents said that they would be more likely to visit Liverpool in the future if a ban were introduced, with 72 per cent. saying that it would make no difference.

The experience of the Republic of Ireland, with a ban now in effect, supports those figures. During the first year of the ban in 2004, tourism rose by 3.2 per cent. over the previous year. It would be foolish to attempt to present a causal link between those two events, but the evidence is clear that this type of legislation does not put off potential visitors.

Surely, if a nation's or city's tourist appeal rests solely on the right of visitors to smoke in its pubs and restaurants, it needs to take a long, hard look at its publicity campaigns. We sell Wales largely in terms of its dramatic scenery, fascinating heritage and fresh air. This last attraction will be all the more credible if it extends beyond the mountainside into all enclosed public spaces.

While it is easy enough to establish that a ban is possible and workable, we also need to make the positive case for such a measure. A ban's opponents will speak a lot about rights—they will say little about responsibilities or the need to balance rights. No one proposes to remove the supposed right to smoke, merely to find a way of balancing it with others' rights not to be subjected to second-hand smoke.

We will be told that a voluntary scheme will suffice by giving consumers the choice of smoking or smoke-free environments. A voluntary scheme already exists in Britain—it has led to just 1 per cent. of pubs becoming smoke free. That hardly equals consumer choice. Nor will a voluntary scheme do anything to help staff in pubs, clubs and restaurants, the people who suffer the worst effects of passive smoking. Customers might be able to choose their environment; employees are not so lucky. It is estimated that in Britain, one bar worker a week dies from second-hand smoke. The only choice that they are given currently is the classic one of working people the world over—between their job and their health. That applies in relation to slate quarrying, coal mining, asbestos and many other industries in which generations went to early deaths because of their working conditions.

We will be told that proper ventilation and no-smoking areas will solve the problem. But those are partial solutions at best. In most public settings, it will prove impossible to provide effective separation of smoking and non-smoking areas, nor will they help staff who must continue to work in smoky environments. The British Medical Association tells us that no safe level of exposure to second-hand smoke has ever been established. Such measures cannot therefore be seen as a long-term solution. Ventilation systems in premises are, of course welcome, but they fail to provide anything approaching full protection. Atmospheric physicists have warned that to be fully effective in removing second-hand smoke from the air, any ventilation system would have to produce something approaching a tornado-like gale. That seems no surprise given that pollution levels in a smoke-filled room can reach 50 times those in a busy road tunnel.

The words of Dr. Hans Kristian Bakke, President of the Norwegian Medical Association, are worth noting. Explaining why Norway has been smoke free since June 2004, he said:

"Passive smoking kills 500 Norwegians each year. We now know that half measures such as designated smoking areas and ventilation cannot protect health . . . These measures were simply not good enough. There is no reason for others to repeat this experiment."

Given the overwhelming scientific evidence to the contrary, it is impossible to contend that segregated areas or improved ventilation can come anywhere near fulfilling our World Health Organisation commitment.

[Mrs. Betty Williams]

Since 24 February, all WHO signatories have had a duty under the framework convention on tobacco control to

"adopt and implement measures, providing for protection from exposure to tobacco smoke in indoor workplaces, public transport, indoor public places and, as appropriate, other public places."

An increasing number of the 193 WHO member states that voted unanimously for the agreement are reaching the conclusion that a total ban on smoking in public places is the only way of providing the protection required by the protocol. Given the often remarkable successes of the bans that are already in effect, that is not surprising.

Smoke-free environments do not just benefit those suffering the effects of second-hand tobacco. There is also evidence that banning smoking in public places helps those who do smoke to quit. The social aspect of smoking which has become so deeply ingrained in many cultures can be challenged effectively only by the removal of smoke from the vast majority of social settings.

Society can send no stronger message about the dangers and antisocial aspects of smoking than the message that it is unacceptable in social, commercial or cultural interaction. Such a step could be worth more than all Government health warnings in conveying the seriousness of the anti-smoking message. It could, at a stroke, reduce the peer-group pressure that is instrumental in encouraging many young people to take up smoking. If smoking immediately becomes less visible, its attraction will inevitably fade. According to evidence from the Republic of Ireland, in the six months leading up to enforcement of the ban 7,000 smokers quit, with sales of cigarettes falling by almost 16 per cent. over the same period. Tobacco sales have continued to fall following the ban's introduction.

The combined effects of a reduction in passive smoking and a decreasing number of tobacco users can have impressive effects on public health. In California, which in 1998 was the first American state to become smoke free, lung cancer rates have fallen six times faster than in states that have not introduced such laws. That statistic alone makes a convincing social, medical and economic case for the introduction of legislation banning smoking. I believe that if this Parliament is not prepared to do that on a national basis, it is only right for Wales—which has some of the highest levels of smoking and smoking-relates diseases in the United Kingdom—to be able to follow Scotland and makes its own decisions.

Public support is already there, and can only strengthen as more and more of the leading overseas tourist destinations become smoke free. Ireland, Italy, New York, California, Sweden, Norway and even Cuba, the home of the Havana, have introduced bans. Now clean air in enclosed public places begins to seem less like an exotic novelty and more like an aspiration within our grasp.

Of course a ban on smoking in public places must also include political environments, and Wales has already taken that step. To mark no smoking day last week, it was announced that from July all Welsh Assembly Government buildings would be smoke-free zones. I regret the fact that the Palace of Westminster may again end up following the devolved Assemblies in banning smoking, rather than leading them.

Julie Morgan: Does my hon. Friend agree that recent decisions made in the Palace of Westminster are a good sign, but do not go far enough?

Mrs. Williams: They are certainly a step in the right direction, which is why we are saying what we are this morning. I shall certainly rejoice if my hon. Friend's Bill gives the National Assembly an opportunity to ban smoking in public places in Wales, and I invite Members to support that move.

11.14 am

Mr. Edward Garnier (Harborough) (Con): I congratulate the hon. Member for Cardiff, North (Julie Morgan) on coming so high in the ballot and on introducing this Bill. I think she would be the first to admit, or at least would confirm, that it is largely a descendant of two similar Bills introduced in the House of Lords by, respectively, Lady Finlay and Lord Faulkner of Worcester. As my hon. Friend the Member for Basingstoke (Mr. Hunter) pointed out, both Bills received close attention in the early part of 2004 from the Committee to which he referred, and both Committee reports commented that, irrespective of their content, the Bills were not appropriate vehicles for the adjustment of public policy that they proposed.

Before dealing specifically with this Bill, may I briefly—and I hope not improperly—use the opportunity of a Bill containing the word "Wales" to congratulate, I hope on behalf of all Members, the soldier in the Princess of Wales's Royal Regiment, Private Johnson Beharry, who has been awarded the Victoria cross? That is a great achievement, and I hope we can all put aside our differences on the Bill and extend our congratulations to him.

Given that I represent a seat in England, Members may wonder what on earth I am doing speaking on a Bill relating to Wales. I suppose my only connection with Wales, apart the fact that I have been there a number of times on private visits, is that I went to university in Wales—but a bit of Wales that happened to be in Oxford. Jesus college Oxford is a bit of flying Wales, like flying Flint: it is peopled mostly by Welsh undergraduates. I felt very honoured to be able to go to that part of Wales to study modern history.

The college bar at Jesus is, I understand, a "voluntary" smoke-free area. That is fine: if the undergraduates and other members of the college want it to be smoke free, that is entirely a matter for them. I am not sure, however, that it needs to be a matter of public legislation. The Bill may be well meaning and well motivated, but I feel that it approaches the subject from the wrong angle, uses the wrong legislative machinery, and ironically—despite the hon. Lady's motives—will not achieve what she intends. She intends to reduce the incidence of harm to people in Wales caused by smoking. She and I have similar views about the detrimental effect of smoking on health, and no doubt we would both prefer not to sit in tobacco smoke-filled environments; but she intends to achieve her purpose by banning smoking in public places as defined in the Bill.

Let us suppose that I have a house in Wales, and open my garden for a church fete. To get into the garden, people must pay 50p or £1 at the garden gate. According to the definition in the Bill, the garden would then become an enclosed premise, and smoking in my garden—to which I had invited people so that, on payment of a small sum, they could look at my flowers or shrubs—would become an offence.

It seems to me wholly disproportionate that people living in my imaginary village in Wales and wanting to visit my imaginary garden—although they may be smokers, who may or may not know of the law that the hon. Lady wishes to pass—should be subject to a fairly severe summary penalty that would make the raising of church funds that much more difficult.

Mr. Forth: I am fascinated by my hon. and learned Friend's example. Does he think that clause 2 would also apply to his imaginary premises in Wales? My reading of that clause—I hope to return to this issue in some detail if I catch your eye, Mr. Deputy Speaker—suggests that my hon. and learned Friend's premises would have to carry signs prohibiting smoking and that, as the person in charge, he would be subject to all sorts of penalties. That is to say nothing of the other detailed provisions in clause 3. Is that my hon. and learned Friend's reading of the Bill?

Mr. Garnier: I fear that it is, and I shall deal with the points raised by my right hon. Friend by way of an example relating to clause 6, which deals with the interpretation of, for example, the phrase "enclosed public space". If the hon. Lady thinks that the example of opening my garden for a church fête is far-fetched, what about an amateur football game?

Julie Morgan: I was interested to hear the hon. and learned Gentleman's example of opening a house and garden to raise money for church fêtes or other such activities. In fact, the noble Baroness Finlay used such a situation as an example of the circumstances in which her legislation would apply. However, such legislation would apply to enclosed public spaces such as the hon. and learned Gentleman's house were he to serve tea in it, for example—so, such situations have been considered in drafting this Bill.

Mr. Garnier: I am not sure what the conclusion of the consideration is, having heard the hon. Lady's intervention. Lady Finlay is a woman of huge intellect and I cannot believe that she has failed to think about the criminal penalty niggles that could be an unintended consequence of her legislation. I just hope that the hon. Lady has applied her intellect to the likely and unintended—but foreseeable—consequences of this Bill.

I return to the intervention of my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth), which opens up an area of inquiry that we should not avoid before giving this Bill a Second Reading. As I have said before, I take the firm view that smoking is bad for people. I do not wish to encourage it, and it would be foolish of anybody nowadays to think that smoking is not deleterious to health. However, let us consider the example of a football game not at the stadium of a premiership or championship club—the hon. Lady did say at the beginning of the debate that a stadium would constitute an enclosed public space for the purposes of her Bill—but at a village football club. Such a space is not enclosed, save that it is within a field. It may well be that there is a gate to let cars in, so that parents of children who might be playing, or the footballers themselves, can park their cars in the field. In such a situation, they would have to come through that gate in order to enter the field and to park.

During the course of a tournament game between village A and village B, it may well be that, in order to raise funds for the amateur league, for example, a charge is made at the gate for access. Such a space is not—unlike the example I gave earlier of my garden and the fête—a private open space to which the public are given access; rather, it is a more obviously public area to which the public have access at all times. However, on this occasion, access is restricted by the payment of a car parking fee, or a fee for entering the recreation ground or football field area.

As I understand the Bill, such a situation would clearly fall within clause 6, because the hon. Lady defines an enclosed public space as

"any premises to which at the material time the public or any section of the public has access on payment or otherwise"—

so access could be free—

"as of right or by virtue of express or implied permission".

So, such a recreation ground could be a public open space to which the ordinary citizen has right of access, or it could be owned by a village football club or the parish and not open to general public access, except with the club's or parish's permission. In either case, it would be impermissible under the Bill, were it to be passed and were the field in question in Wales, for a spectator to smoke—I leave aside the question of whether it is a good idea for the referee or the players to indulge in smoking—while the match was taking place.

I do not image that that is what the hon. Lady intends the Bill to do. She wants to prevent people from smoking in hospitals, pubs, restaurants and other such places to which the public have access. But unless a great deal of careful thought is given, her Bill, if enacted, will lead to these foreseeable—to me, at least—but unintended consequences.

Mr. Forth: Following that logic, what catches my eye is clause 3(3)(d), as a result of which the innocent person for the time being in charge of the enclosed public space that my hon. and learned Friend has just defined would become a guilty party. If my understanding of that provision is correct, were someone to light a cigarette in that enclosed public space, be it inadvertently or deliberately, the person for the time being in charge—they could be running a charity event or could simply be the organiser of a young people's football match—would also be guilty of an offence.

Mr. Garnier: They might well be, and they might also be guilty of an offence if they fail to put up the requisite signs for which clause 2 provides, as my right hon. Friend pointed out in his first intervention on me.

These matters need to be thought about carefully. Although they might be considered in greater detail in Committee, I urge the hon. Lady to have in mind such problems before embarking on that stage, should the

[Mr. Garnier]

House permit her to go that far. These are not nit-picking points, but issues that will destroy the integrity of her Bill, which, although well-motivated and well-intended, will be made to look ridiculous because it will catch all sorts of people whom she does not intend to catch.

Mr. Hunter: In my constituency we have the ruined Roman town of Silchester, which is enclosed by walls and covers an area of about a mile and a half. According to the Bill, it is an enclosed public area, but more to the point, no one is physically present and in charge of it. It is unmanned.

Mr. Garnier: Before I respond to that point, I want to tell my hon. Friend that I hope that his speech today is not the last that we shall hear from him. I know that he intends not to stand at the next general election, but I hope that he will have further opportunities to catch the eye of the occupant of the Chair before he retires. But in case he does not, may I thank him for his service to this House and his constituents, and wish him well in his long and healthy retirement? I trust that even if he is not a Member of this place, he will find opportunities to speak and write publicly about the issues that have concerned him—be it Northern Ireland or the wish not to see all activities banned, simply because a certain number of people do not like them.

With those few illustrations, and with the assistance of my right hon. Friend the Member for Bromley and Chislehurst and my hon. Friend the Member for Basingstoke, I have, I think, exposed a matter of detail that needs to be considered carefully before this Bill goes any further. However, there is a further irony in what the hon. Lady intends by her Bill. She wants to see an end to smoking in public places, for the perfectly laudable reason that she believes that that will improve public health and release victims of secondary smoking from the health hazards caused by being in the presence of other people's exhaled cigarette or other tobacco smoke.

That is fine, but most of the places to which the hon. Lady wishes to extend her ban do not require compulsory attendance. I do not have to go to a restaurant that allows smoking. I do not have to go to a pub or bar that allows smoking. I do not have to go to a hotel that allows smoking in its public areas. Indeed, when I go to a hotel and find that my bedroom in the hotel has been inhabited by a smoker on a previous occasion, I ensure that my room is changed, because I do not wish to sleep in a room that stinks of other people's cigarette smoke and I do not want the curtains to smell of cigarette smoke.

Indeed, on the last occasion I went to Blackpool for the Conservative party conference—an occasion of fond memory—the very pillow on which I had to lay my head at night stank of cigarette smoke, presumably because the last 15 occupants of the room used the pillow as some of form of cigarette filter—*[Interruption.]* I am talking about the pillow. I asked the hotel manager to allot me a room that did not have that form of contamination.

Julie Morgan *rose—*

Mr. Garnier: I want to finish the point, and then I would like the hon. Lady to intervene to comment on it.

If the hon. Lady wishes to protect the victim from the witting or unwitting effects of the exhalation of tobacco smoke, she must ban smoking in places where people have no choice—and that means in the home. Children cannot tell their parents to stop smoking. They can advise or tease them, but they cannot compel their parents to stop smoking in the kitchen, living room, dining room or even in the bedroom. Where are children most vulnerable to secondary smoking? At home. So, if the hon. Lady has the courage of her convictions and if her arguments are more than just politically attractive and based on principle, she must say, "Before I ban smoking in public places, I am going to ban smoking where it does most damage and where it cannot be avoided—in the home".

The Irish experience is interesting. Once smoking had been banned in public bars and restaurants, the incidence of smoking at home increased. It follows logically that the danger to children and non-smokers increases at home as a result of a ban on smoking in public places. I wonder whether the hon. Lady has considered that point. If so, I would be interested to hear her response to it now.

Julie Morgan: I wanted to intervene earlier in the hon. and learned Gentleman's speech, when he said that the public do not have to go to hotels or the other places that he mentioned. He claimed that attending such places was voluntary, but what about the employees who work in them? It is hardly voluntary for them, especially if the job is the only one that they are able to get. His argument does not cover the employees.

Mr. Garnier: I shall deal with that straight away, but I am sorry that the hon. Lady did not deal with my important point about banning smoking in private homes. I hope that she will intervene later and deal with that point. I do not want her to feel that she has not been given the opportunity to respond to it.

Mr. Barron: Will the hon. and learned Gentleman give way?

Mr. Garnier: I want to respond to the hon. Lady's question first, but I always give way to any hon. Gentleman who shares my birthday.

Let me respond to the point about employees by using the example of the Conservative clubs in my constituency. I can assure the hon. Lady that there are many of them and that they are full of Conservative supporters who are itching to go and vote on 5 May. It is interesting that the club committees have reached an agreement among themselves and staff that there should be no smoking at the bar. Employees who serve at the bar will not be affected by involuntary inhalation of smoke. Some parts of the clubs are reserved for non-smoking and others for smoking, but there is a total prohibition of smoking at the bar. Staff employed at the clubs to work at the bar will not be affected by smoking. I know for a fact that a number of those employees are themselves smokers, but if they want to have a cigarette

or smoke a pipe, they have to leave and go somewhere either inside or outside the club where it is permissible to smoke. Neither they nor anyone else can smoke at the bar. That example can be translated across to any other workplace. The problem does not require the House, Parliament as a whole, still less the Welsh Assembly to pass laws to invoke common sense and good manners.

Mr. Forth: To take up the hon. Lady's response to my hon. and learned Friend's question, why should her Bill not be called "Smoking in Workplaces (Wales) Bill", which is more logical and might well solve many of the problems that my hon. and learned Friend has already identified? It focuses attention on the problem at workplaces. I am not saying that I would agree with it even in that form, but if we are seriously talking about workplaces, the Bill is wrongly titled. I suspect that, sadly, we could not amend it in Committee and the title of the Bill would remain.

Mr. Garnier: I am sure that my right hon. Friend is right. In preparing for this morning's debate, I have concentrated on the title of the Bill as drafted, rather than on the amended form that my right hon. Friend suggests. I suspect that his argument will require further thought and explanation. I have not yet got my head around his particular point, but I am sure that he will endeavour to catch your eye again, Mr. Deputy Speaker. I promised to give way to my fellow 26 October birthday Member.

Mr. Barron: From where did the hon. and learned Gentleman receive the information that the prevalence of smoking in the home in Ireland increased because of the ban in restaurants and other public places? It is usually the case that the overall incidence of smoking decreases. In his report on public health, entitled "Securing good health for the whole population", Derek Wanless pointed out several international examples of where, following bans, the prevalence of smoking fell. I am not certain at this stage whether it brings people to stop smoking completely, but who measures the extent of smoking in the home?

Mr. Garnier: Speaking as a Back Bencher, I do not have a raft of Parliamentary Private Secretaries or civil servants immediately to pass me a note, but I am reasonably sure that I read about that in the House of Commons Library briefing. If any Government Members would like to carry out the PPS role for me and pass me a note, I would be grateful.

Hywel Williams: It is estimated that approximately 15 per cent. of social smoking has been displaced to the home in Ireland. Overall, however, there is insufficient evidence to say categorically that social smokers transferred their habits to the home when the ban was imposed. That appears on page 10 of the briefing, so there is some, but insufficient, evidence to decide the matter.

Mr. Garnier: I make no claims as to any evidence about Ireland, as I have not personally studied it, but I am grateful to the hon. Gentleman for reminding me of what appears in the disinterested and dispassionate Library briefing. It was not prepared by me, by the hon. Member for Cardiff, North, by the tobacco industry, or still less by the Government of the Republic of Ireland.

Having spoken about passive smoking and my concerns about aspects and unintended, if foreseeable, consequences of the Bill, I now wish to talk about another aspect of passivity—passive devolution, which is what the Bill is about. The hon. Lady presented her Bill cogently and with sincerity and a great deal of Welsh political knowledge. She is, as my right hon. Friend the Member for Bromley and Chislehurst implied, the husband of the First Minister—

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): Wife, surely?

Mr. Garnier: I was just testing to see whether the hon. Lady was listening; the Minister obviously was. The hon. Lady is the wife of the First Minister, and I have no doubt that there is active and passive political discussion in the Morgan household not only on Welsh political issues, but on the Bill. I do not doubt it when she tells me that most Welsh AMs support the thrust of the Bill, but while that is interesting, it is not conclusive of the validity of the process.

It is for us in this House, for the Government and for this Parliament to reach the conclusions as to the framework within which devolution works within the UK. If we look at the Government of Wales Act 1998, it is clear what Parliament intended then. The Government drafted the Act and the hon. Lady, who was a Member of this House at the time, no doubt voted for it with great enthusiasm. But she cannot get away from the fact that the enthusiasm in Wales for devolution was muted. There was a turnout of 50.1 per cent. for the referendum, of whom just over 50 per cent. voted for devolution, as suggested by the Government in the draft Bill, while about 49.5 per cent. voted against. We had a smallish turnout, which led effectively to 25 per cent. of the voting population of Wales supporting devolution.

With that as a necessary background to the passage of the Government of Wales Act, it is important that this House does not allow the Bill to go behind that low turnout and the content of the Act in order to achieve what I have neither flippantly nor rudely described as passive devolution.

Mr. Forth: It is probably a coincidence, but the 25 per cent. of the people in Wales who expressed support for devolution may or may not be the same 25 per cent. who still smoke. We may never know. Was my hon. and learned Friend as unimpressed as I was by the claim that a majority of Members of the Assembly want more powers? Does he agree that most respectable political bodies at all levels want more powers for their members? That is not unusual; indeed, it is rather normal, but it does not make the case.

Mr. Garnier: On the contrary, it merely amounts to an assertion that politicians are greedy for power. My job is to hold the Government to account. One way I can do so is by preventing them from allowing the Bill to devolve more power from the people of the United Kingdom, as represented in this Chamber, to other

[Mr. Garnier]

bodies. It does not matter whether that is the Welsh Assembly, the Scottish Parliament, the Northern Ireland Assembly or the European Parliament. I am here as the guardian of the interests and rights of my constituents who live within the United Kingdom.

If the Government wish to propose further legislation to amend the 1998 Act and delegate more powers to the Welsh Assembly, that is a matter for them. They must make their case here. I have a suspicion that even this Government—even with a Wales Office Minister sitting on the Front Bench, who, no doubt, used all the powers of persuasion available to him to persuade people to vote in favour of the referendum in 1997 so that his Welsh constituents should give him less to do here and the Assembly Members more to do in Wales—would not want this House to devolve powers via the office of the Secretary of State for Wales to the Welsh Assembly without the UK Government having some say in the matter and having considered its overall consequences.

Hywel Williams: I am obliged to the hon. and learned Gentleman for giving way a second time, and I hope not to try your patience too much, Mr Deputy Speaker. Should the good people of Harborough return the hon. and learned Gentleman by a majority of one in the forthcoming election, would he be as delighted to return here as we would all be to see him?

Mr. Garnier: Yes, I would. Of course, in the general election there is no statutory requirement for a specific turnout. I hope that there will be a huge turnout in my constituency, which, by and large, provides a far higher average turnout than the country as a whole. I do not know what the turnout was in the hon. Gentleman's constituency at the last election—

Hywel Williams: High.

Mr. Garnier: "High" is a very wide word. In my constituency, the percentage turnout was in the high 70s at the last election, whereas the national average was in the low 60s, or perhaps the high 50s. It is a side point, and much as I would like to discuss the figures with the hon. Gentleman, I want to concentrate on the Bill.

I want to ask the House whether, before it is enthusiastic in its desire to suppress unhealthy smoking, it will allow itself to damage the constitution of the United Kingdom. I wish to highlight the powers in the Government of Wales Act that the Bill wishes to amend. Clause 4(4) states that certain paragraphs of schedule 3 to the 1998 Act should

"apply to the power to make an Order in Council under this section as they apply to the power to make an Order in Council under section 22 of that Act."

I do not want to anticipate what the Minister will say, but I want to let him know my views on passive devolution. I voted against the referendum and against devolution, but I accept that it is the law of the land and that the Welsh Assembly as currently constituted is a legitimate creature of statute and a child of this Parliament. However, I have a suspicion that it would be wrong to alter the 1998 Act by means of the Bill. I say that as a matter of constitutional theory, but also as a matter of political opinion reflected by the people of Wales.

In 2003, the Economic and Research Council research programme on devolution and constitutional change asked voters what their reaction would be to a hypothetical event, the abolition of devolution in Wales. Some 39.5 per cent. said that they would be sorry while 60.5 per cent. would be either pleased or indifferent. I immediately enter the caveat that I do not know what the base figures were on which these percentages are based, but in so far as opinion polls are useful at all, they tell us that devolution is not the hot issue, or even the lukewarm issue, that it was prior to the Act.

Let us be clear about what the Government of Wales Act allows and what the Bill intends. The Assembly functions are set out in sections 21 and 22 of that Act, and in the schedule. Section 21 says:

"The Assembly shall have the functions which are... transferred to, or made exercisable by, the Assembly by virtue of this Act"—

the words "by this Act" are important, as no other legislation is involved—or

"conferred or imposed on the Assembly by or under this Act or any other Act."

The hon. Member for Cardiff, North might say, "I am not outside the thrust of the provisions of the Government of Wales Act, because my Bill comes within the definition 'any other Act'." However, I am reasonably confident that that was not in the contemplation of the Government, still less of the House of Commons or the other place, when that legislation was going through its legislative process in 1997 and 1998.

Only certain ministerial functions are transferred to the Assembly under the 1998 Act, and those are referred to in section 22:

"Her Majesty may by Order in Council... provide for the transfer to the Assembly of any function so far as exercisable by a Minister of the Crown in relation to Wales... direct that any function so far as so exercisable shall be exercisable by the Assembly concurrently with the Minister of the Crown, or... direct that any function so far as exercisable by a Minister of the Crown in relation to Wales shall be exercisable by the Minister only with the agreement of, or after consultation with, the Assembly."

What is the Secretary of State allowed to do under the Act? He is allowed to enter into discussions to listen to the representations of the Assembly about which secondary legislation it wants to have discussed and introduced through the Assembly, but he is not allowed, off his own bat, to provide for the Assembly the power to make primary legislation. That is essentially what the Bill is trying to do. It would provide to the Assembly primary legislative powers subsequently to make regulations as to where people may smoke and who would be subject to the criminal penalties that come with the new offences in the Bill.

If the hon. Member for Cardiff, North wishes to persuade me and, I hope, the Minister, who represents the Crown in these matters, that what she intends is a good idea, that must be done, it seems to me, through the machinery of the amendment of the Government of Wales Act, discussed as a Government amendment in Government time on the Floor of the House in a proper and considered way, not just by a few of us on a Friday.

We know that 20 Members voted at 9.35 this morning. Even all those who are present in the Chamber and listening to the debate do not come anywhere near making a sufficient number to change the constitution of our country in the way that the hon. Lady would like.

Mr. Forth: I do not know whether this will reassure my hon. and learned Friend—I think it may not—but he knows as well as I do that the rules of the House fortunately provide that if we have a Division on the Bill, which I hope we will, even if only 35 Members out of 659 are present in the Lobby, that would be sufficient to allow the Bill to proceed to its next stage. I am not sure that that is a sufficient basis on which to legislate, but it is the rule of the House. If the number who voted this morning balloons to 35 when we have a vote, probably in an hour or two, the Bill will make progress. Is it his view that that is sufficient for constitutional change?

Mr. Garnier: Clearly not, but I cannot command the House. I can address it and seek to persuade it, but I can seek to persuade only those who are here. There may be others busy in the Library who are itching to come to vote for the Bill. There may be still others in their offices—heaven forfend, watching their monitor as we discuss the Bill—who are itching to vote for the Bill. However, I have yet to be persuaded by argument, deployed in the House, that the Bill would do anything other than, by the back door, passively provide for unintended devolution—unintended in the sense understood in respect of the Government of Wales Act.

I was discussing the functions of the Assembly that have been transferred from Ministers of the United Kingdom Government. The procedure by which those functions are transferred is tightly prescribed. Section 22(2) says:

"The Secretary of State shall, before the first ordinary election, lay before each House of Parliament the draft of an Order in Council under this section making provision for the transfer of such functions in each of the fields specified in Schedule 2 as the Secretary of State considers appropriate."

Schedule 2 is not a schedule that the Bill would amend, although I suspect that it is one that the Bill should have contemplated, because it deals with the fields in which functions are to be transferred by the first Order in Council.

Under the Act or the schedule, the first Order in Council transferred 18 separate items of public policy or public administration. Item 7 deals with health and health services. To some extent, I accept that a Bill dealing with smoking touches on health and health services. We know that if there were no smoking anywhere in this country, that would benefit the national health service budget. We also know that it would have a damaging tax effect on the Treasury. In so far as we are talking about health and health services, however, there is room, had Parliament intended it, for action on smoking to be dealt with as a devolved issue in the Assembly, although it was not.

I shall not, because it would be an improper use of our time, simply list items 1 to 6 and 8 to 18 of the other matters, but I shall come on to schedule 3, which is referred to in the Bill, and consider how the hon. Member for Cardiff, North wishes to amend the Government of Wales Act, as well as whether her Bill would do what she intends and what the Government intended when they persuaded us to pass that Act in 1998.

Clause 4(4) states:

"Paragraphs 1, 5, 9, 10 and 12 of Schedule 3 to the Government of Wales Act 1998 . . . apply to the power to make an Order in Council under this section as they apply to the power to make an Order in Council under section 22 of that Act."

Mr. Win Griffiths: I am sure that we all want to thank the hon. and learned Gentleman for giving us an erudite tour of the Government of Wales Act 1998. However, he is doing that in the context of discussing a Bill designed to ban smoking in public places. I did not hear him declare an interest at the beginning of his speech—I know that that can often happen. Does he have any interest, or has he had any in the past, in the activities of such bodies as the Tobacco Manufacturers Association?

Mr. Garnier: I have made a specific point of examining the Register of Members' Interests, so perhaps the hon. Gentleman would like to pop down to the Table and have a look at it. If he looks at the entry titled, "GARNIER, Edward", he will see that I have no interest to declare. I have no connection, financial or otherwise, with the Tobacco Manufacturers Association. However, I have two close friends who work for the association: Mr. John Carlisle, the former Member for Luton North, and its chief executive, Mr. Timothy Lord. I make no secret of the fact that I have met them on any number of occasions over the past few years. I have met them for lunch and dinner. I have met them socially and to discuss and be briefed about matters of interest to the association. However, I am not in their pocket—would that I were—and I receive no financial benefit from that.

I want the legislation that we pass in the House to be properly understood in its wider constitutional context. The hon. Gentleman will remember that I intervened on him during our consideration of the Prevention of Terrorism Bill—it was probably when he was making a speech at about 8 am last Friday. He was well-motivated and wanted the anti-terrorism legislation to go through, and was comforted by the fact that the Home Secretary had told hon. Members, "Don't worry; the Bill will provide for judicial oversight over the making of control orders." My worry was that the hon. Gentleman had not read the Home Secretary's amendment, so he did not appreciate how limited and restricted the judicial oversight would be.

To coin a phrase, I have no doubt that a cigarette paper could not be put between the antipathy to smoking and its consequences felt by the hon. Gentleman and me. However, irrespective of our views about smoking and its health effects, I have a duty as a Member of Parliament to ensure that we pass good legislation that does not unwittingly offend what constitution we have or produce unintended consequences. Like the hon. Gentleman, I want the incidence of smoking reduced. Like him, I want the population of Wales—and that of England, Scotland and Northern Ireland—to benefit from greater and wider public health. I want more education in schools

[Mr. Garnier]

about the damaging effects of smoking, and I do not care whether that takes places in Welsh or English schools.

Mr. Barron: When the hon. and learned Gentleman has held his discussions over dinner or lunch with representatives of the Tobacco Manufacturers Association, has he discussed passive smoking, or just passive devolution?

Mr. Garnier: Funnily enough, I have discussed many subjects with the two gentlemen whom I mentioned, but passive devolution has not been one of them. Those discussions took place before the Bill was drafted, and obviously I took no part in deliberations on the Bills introduced by Lord Faulkner of Worcester and Baroness Finlay. I accept that birthday present with the good intentions that it was positive, but I fear that the right hon. Gentleman was slightly offbeat.

Mr. Forth: Does my hon. and learned Friend think that there is anything especially strange about hon. Members seeking advice from groups, making friends with them, or even agreeing with them? He will know that many right hon. and hon. Members become close to single-interest groups of varying kinds. Although some such groups are sinister and rather undesirable, Members feel perfectly free to do so, as they should. Does my hon. and learned Friend think that there is any difference between having friendships with, and seeking advice from, businesses and doing that with rather peculiar single-interest groups?

Mr. Garnier: I have no problem with any hon. Member seeking advice from people who know about subjects that we discuss. All too often the Whips provide briefings for their loyal Members so that they can speak on matters about which they have no other knowledge. Okay, that is the game we play, but I am not sure that it impresses me hugely. I am more impressed by hon. Members who speak from personal knowledge or knowledge derived from others.

I hope that the House will think that I have made good use of the Library research paper on the Bill dated 14 March, which is available to us all. I see that my right hon. Friend the Member for Bromley and Chislehurst has a copy. It provides factual information both about the national and devolved constitutional arrangements and about what has happened in relation to the banning of smoking in other jurisdictions.

Given that that resource is available to me, I would be foolish not to apply my mind to it. Equally, if I have contacts with the Tobacco Manufacturers Association through my friendships with those two named individuals, it would be rude and negligent not to listen to what they have to say. I do not have to agree with them. As it happens, neither of those two people is a smoker. I do not have to be a shareholder in a tobacco company, and I am not. But I have to apply my mind to the Bill, what it will do, how it will do it, and what consequences it could have for the people in respect of whom we are making new laws.

Having, I hope, exposed the constitutional difficulties to some extent, I come back to a point that was made by a number of speakers this morning and draw attention to the November 2004 public health White Paper, "Choosing Health". According to the Library brief, the full recommendations in the White Paper are as follows:

"Subject to parliamentary timetables, we"—

that is, the Government—

"propose to regulate, with legislation where necessary, in order to ensure that:

all enclosed public spaces and workplaces (other than licensed premises which are dealt with below) will be smoke-free;

licensed premises will be treated as follows:

all restaurants will be smoke-free;

all pubs and bars preparing and serving food will be smoke-free;

other pubs and bars will be free to choose whether to allow smoking or to be smoke-free;

in membership clubs the members will be free to choose whether to allow smoking or to be smoke-free; and

smoking in the bar area will be prohibited everywhere."

Some of those measures are already in force through voluntary agreements—workplace agreements—but the Government went on to say in their White Paper that they

"intend to introduce smoke-free places through a staged approach".

They specify that as follows:

"by the end of 2006, all government departments and the NHS will be smoke-free".

The hon. Member for Cardiff, North mentioned that her local hospitals were now all smoke free, and that is the case in my constituency and in Leicester city, where the three main hospitals covering my constituency are to be found. No smoking is allowed in any of the three main hospitals in Leicester, or in the Coventry road hospital or the St. Luke's hospital in Market Harborough.

That is a matter not of legislation but of common sense, applied by the management of the hospitals with the agreement of national health service employees who work in those institutions and with the obvious agreement of visitors to the hospitals, be they employees of other businesses delivering supplies and so forth, or visitors to patients. Nobody nowadays would think it sensible for someone visiting a patient in a hospital to come into the ward or the room where they are lying and to light up a cigarette or a pipe. It is just not done any more. We do not need legislation to enforce that.

I shall complete the quotation from the recommendations of the White Paper, which state that

"by the end of 2007, all enclosed public places and workplaces, other than licensed premises (and those specifically exempted) will, subject to legislation, be smoke-free;

by the end of 2008 arrangements for licensed premises will be in place."

The hon. Lady may argue about the timetable, but the Government seem to have it in mind to go further, in terms of both effect and geography, than her Bill.

What I am concerned about—it is not a trivial point—is that already, if one walks up Victoria street, past various buildings where Government Departments are located, one sees crowds of civil servants standing out on the pavement in huddles, smoking cigarettes on the street. They finish their cigarettes, stub them out on the pavement and go back inside to their offices, which are, by workplace agreement, smoke free. The pavement is not. There are those hideous congregations of smokers littering the street. That is another unintended

consequence of perfectly laudable workplace agreements. If people employed in a company or by a Government Department need to smoke, there should be a specific place on the premises where they can do so without affecting the well-being and environment of those who, like me, do not wish to smoke, and without dirtying public pavements by dropping their cigarettes on the streets. I have even seen so many people having a cigarette break that they almost form an obstruction of the Queen's highway. The Bill does not deal with that. The hon. Lady may say that it is not something that the Bill can deal with, but it is a matter that the Minister needs to bear in mind when he listens to her persuasive arguments. I do not want to see one problem, which is unwanted smoking, substituted for another, which is increased and unwanted litter, no matter what the motives are for getting rid of the first problem. Both are in their own ways a problem.

Others will wish to speak on behalf of the Bill, but, as I said at the outset, I congratulate the hon. Lady on her achievement in getting her Bill to its Second Reading stage. I hope that we will hear from the Minister what he agrees with and disagrees with in the Bill. Does he still agree with the Secretaries of State for Wales and for Health that the Government have in hand a programme to deal with the question, and that the Bill, while worthy, is too hasty, or the wrong vehicle; or has he been wholly persuaded by the hon. Lady's arguments, because he, like me, knows how persuasive she can be? Will he respond in detail to some of the infelicitudes that I have adverted to during the course of my brief discussion of the Bill?

I am afraid that if the matter goes to a Division, I cannot, for the reasons that I have set out—namely, the unintended consequences that could flow from it and its passive devolution aspect—give it my support, albeit that I share with the hon. Lady, the hon. Member for Conwy (Mrs. Williams) and the right hon. Member for Rother Valley (Mr. Barron) their collective concern about the health effects of smoking.

12.12 pm

Mr. Win Griffiths (Bridgend) (Lab): I add my congratulations to my hon. Friend the Member for Cardiff, North (Julie Morgan) on her success in the ballot and her decision to introduce a Bill to ban smoking in public places in Wales. We all know that in the time immediately before we sign the book for the ballot for private Members' Bills, we are inundated with requests from all sorts of organisations to take up their particular cause, and I am pleased that my hon. Friend decided to take up this issue.

The hon. Member for Basingstoke (Mr. Hunter) and the hon. and learned Member for Harborough (Mr. Garnier) have raised legal and constitutional issues on the Bill, as did the right hon. Member for Bromley and Chislehurst (Mr. Forth), and such matters could be discussed in Committee, along with the practicalities of the measure.

I also pay tribute to Baroness Finlay for the work that she has done both through the Bill that she introduced in the other place and in publicising the extremely damaging effects of smoking on people's health, particularly in connection with cancer, on which she is an expert.

In the Welsh Assembly, the former and current Ministers for Health and Social Services, Jane Hutt and Dr. Brian Gibbons, have tried to raise the profile of this issue, because it is so important in health terms. A number of hon. Members have mentioned that in January 2003, Welsh Assembly Members voted 39 to 10 for such a Bill to be introduced to enable it to do this work. There was a majority in all parties, and the leaders and health spokespeople were all of one mind. That is important for us when we consider the Bill.

I do not want to reiterate all the arguments that have been so ably advanced by my hon. Friend the Member for Cardiff, North, my right hon. Friend the Member for Rother Valley (Mr. Barron) and my hon. Friend the Member for Conwy (Mrs. Williams), as well as by the right hon. Member for North-West Hampshire (Sir George Young), all of whom have clearly explained the damaging effects of cigarette smoking on health, and the impact of passive smoking on people who are not smokers but are caught in public places where smoking is allowed. They have also clearly set out all the economic arguments to show that, in the hospitality industry, restaurants, bars and other public places, banning smoking brings about an improvement in trade and business rather than a reduction.

I have no financial interest to declare, but I do have an acute personal interest, because I am an asthmatic. Asthma did not come to me as a youngster, although I am looking back to my early 30s. I have been a pretty fit person; I have been active in the sports field and I was a regular player in the Cardiff squash league. I became an asthmatic at that time, and the doctors are still not absolutely sure what caused it, although my own trial and experiment suggests that there is some ingredient in alcohol that has an adverse effect, so I do not take alcohol at all, other than in its cooked form in sauces and so on.

It is clear from the research, including in particular the work done by Ulrik and Lange and published in 2003 in the Monaldi archives for chest disease, that the condition of asthma sufferers is made far worse when they come into contact with smoke. Some 26,000 people in Wales have this problem, as I do, and when asked, 80 per cent. of them said that they were acutely aware of the fact that smoking makes their condition even worse.

I want to add my personal experience. As a Member of Parliament going to public places and an individual who might want to enjoy a day or night out, I have frequently had my enjoyment damaged and spoiled by cigarette smoke. It does not even have to be immediately next to me; in restaurants, I have had problems with smoking and non-smoking areas. Even though I might be as far away from a smoker as I currently am from the Front Bench, the smoke always seems to drift in my direction. Within a very short time, my eyes will be watering and my chest tightening, and I will have to leave. Asthmatics in particular have that experience, but people who do not smoke often have a similar one. I therefore believe that we are right to discuss the issue.

The hon. and learned Member for Harborough raised some questions about the sort of places that might qualify as enclosed public spaces for the purposes of the Bill. He raised the examples of a public event for charitable purposes held in a private house and garden, and of a football ground at which an amateur club charges for entry. Such matters should be discussed in

[Mr. Win Griffiths]

detail in Committee, so I will not debate them at length, but the detailed issues about how the legislation might work require examination.

Mr. Forth: If the 75 per cent. of people in this country who do not smoke all went only to no-smoking premises—the hon. Member for Cardiff, North (Julie Morgan) mentioned that a chain of pubs has decided to go down that route—would that not go a long way to solving the problem?

Mr. Griffiths: That could be the case.

The right hon. Member for Bromley and Chislehurst and the hon. Member for Basingstoke have both said that we do not need the legislation because this is a common-sense matter that can be sorted out with voluntary codes. Time and time again, however, voluntary codes have not worked. Although a common-sense approach might appear to be the solution, that is hardly ever the case, which is why much of our legislation exists. There are common-sense issues about how people might drive, but rules and regulations relating to driving are nevertheless set out in legislation. Health is so important that we need legislation. If I were assured that the history of efforts to control and reduce smoking by voluntary means had worked, I would be at one with the right hon. Member for Bromley and Chislehurst, but in the past, voluntary efforts have not significantly reduced smoking.

I hope that the House will give the Bill promoted by my hon. Friend the Member for Cardiff, North a fair wind and allow it to go into Committee, where we can vigorously scrutinise the issues that those who feel uncomfortable about the Bill have rightly raised. In that case, we would return to this House on Report before perhaps facing a general election, and then the assembled ranks of hon. Members would no doubt be much greater than they are today.

Mr. Barron: Does my hon. Friend think that the scope of the Bill is likely to cover areas such as attending Wimbledon finals as the guest of Imperial Tobacco or going pheasant shooting in Bedfordshire and other places as a guest of the Tobacco Manufacturers Association? The hon. and learned Member for Harborough (Mr. Garnier) has registered those activities in the recent past.

Mr. Griffiths: The Bill would not apply to those particular examples, because they occur outside Wales, but we might need to examine how the Bill would apply to similar events in Wales.

Mr. Garnier: Just in case my birthday friend, the right hon. Member for Rother Valley (Mr. Barron), is trying give a false impression about my candour, may I make it clear that I answered his question entirely properly? *[Interruption.]* Instead of muttering and making implications about my conduct under his breath, perhaps he would have the decency to make an allegation straight out, in which case I will deal with it. The answer that I gave to him a moment ago was entirely factual and clear, and all those records are available for public scrutiny. The events to which he has referred are of some historical date.

Mr. Griffiths: I entirely accept what the hon. and learned Gentleman says.

Mr. Barron: I apologise to the House for muttering. For the sake of clarity, I said that the hon. and learned Gentleman was perfectly correct in what he said earlier, as of 28 January this year.

Mr. Garnier *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. We have dealt with this matter at some length, and the hon. Member for Bridgend (Mr. Griffiths) should now confine his remarks to the matter before the House.

Mr. Griffiths: I was about to end my speech, Mr. Deputy Speaker, but that little round of interventions prevented me from doing so.

I hope that we will enable the Bill to go into Committee so that the major issues that have been raised today can be discussed in detail.

12.25 pm

Hywel Williams (Caernarfon) (PC): I am pleased to support the Bill as a sponsor—and, as the right hon. Member for Bromley and Chislehurst (Mr. Forth) commented earlier, yet another Williams.

My party's long-standing policy has been to oppose smoking in enclosed public places, and in that I believe that we reflect the views of the majority of people in Wales. I therefore congratulate the hon. Member for Cardiff, North (Julie Morgan) on introducing a Bill that is so in tune with the views of the people of Wales, as did Baroness Finlay of Llandaff in the other place. As I said some time ago in my response to the Government's White Paper on public health, it is also the view of the National Assembly for Wales, but the Assembly has no primary legislative powers in this field, whatever the Richard commission's report eventually engenders. I am glad to be able to point to that particular weakness in the Government of Wales Act 1998. I will listen with great interest to the Minister's response to the points raised by the hon. and learned Member for Harborough (Mr. Garnier).

We in Wales called for this ban some time ago, but we have to lag behind Ireland and Scotland, which have already enacted changes, and will get our ban, if we do, on England's coat-tails. The vote in the National Assembly for Wales was overwhelmingly in favour of the ban, by 39 to 10, with representatives of all four parties supporting it. It should also be noted that the Bill has received the support of BMA Cymru Wales, the British Heart Foundation, Cancer Research, Action on Smoking and Health and many others. Yet although we are pressing for this piece of legislation, we will be left waiting. I am sure that the people of Wales will be supportive if the Government eventually do something in respect of the Richard commission's proposals.

The health arguments have already been extensively rehearsed, but I should like to point to a few matters that may not have received the attention that they deserve.

Smoking rates in Wales are marginally higher than in England. For men they are 29 per cent. in Wales and 27 per cent. in England; for women they are 26 per cent. in Wales and 24 per cent. in England; overall, they are 27 per cent. in Wales and 25 per cent. in England. That means that there is a more pressing need for action, particularly when one considers the wide class variations. In Wales, 20 per cent. of people in class 1, and 33 per cent. of people in class 5, are smokers.

Moreover, as the hon. Member for Conwy (Mrs. Williams) said, we have in Wales a history of industrial diseases—arising out of the slate industry in my area, and the coal extraction industry elsewhere. When we put together the high level of smoking among those in class 5—and in class 4, for that matter—and the prevalence of those industrial diseases, the argument in favour of the Bill is overwhelming.

Smoking is the biggest cause of preventable death that we know of, and is implicated in 80 per cent. of lung cancer deaths, 80 per cent. of deaths from bronchitis and emphysema and 17 per cent. of deaths from heart disease. In Wales the death rate from smoking from 1998 to 2002 was marginally higher, at 18 per cent. against 17 per cent. in England, which is an argument for taking action in Wales.

It has been estimated that 600 deaths a year are caused by passive smoking, but no official figures are available for Wales. Bar staff are particularly vulnerable, but staff in other public places such a hospitals are also affected. I recently visited a private home for the elderly which had a smoking room next to the front door and the staircase. Smokers had their own place in which to smoke, but smoke seeped throughout the building.

Reference was made to the effect on children, and I note that the Children's Commissioner for Wales supports the thrust of the Bill.

The hon. and learned Member for Harborough referred to the displacement effect of banning smoking in public places, and I gave him the information from the Library briefing that there has apparently been an increase elsewhere in Ireland. However, the figures are provisional and there is no definite evidence. It is, to say the least, a partial argument that because banning smoking in one place might increase it elsewhere, the first course of action should not be taken.

There has been discussion in Wales about the effect that a ban would have on trade, which is particularly important for the tourist industry. Tourism is probably the second most important industry in my constituency. The Library briefing states that there is no international evidence to support a prediction of a drop in sales, but I shall not go into the details because they are available to all hon. Members. I shall give the House the benefit of my experience in Dublin when I enjoyed—perhaps over-enjoyed—the Irish experience without having to put up with smoke. I assure that House that there was no effect on the craic in Ireland. Perhaps that was down to me, but smoke certainly did not intrude.

A ban might have an effect on smaller establishments. It has been argued that larger establishments would be better able to cope with a ban and to absorb a drop in profits. My constituency and much of Wales have mainly small pubs, restaurants and hotels which compete against each other. There are no large premises to soak up any spare trade.

I am slightly surprised that more attention has not been paid to the economic effects of smoking—including not only the health of staff but the need for them to take time off to recover from illness. I had the experience of standing outside Gwynedd county council offices recently and saw a crocodile of people smoking outside in the cold, as in Victoria. It crossed my mind at the time that if those people smoked for 10 minutes a time, three times a day—that would be half an hour a day—for five days, they would have about an afternoon a week away from work to smoke. I am sure that that has a negative effect on public services and possibly on private enterprise. That aspect has not been given as much attention this morning as I would like, but perhaps we will have the opportunity to discuss it in Committee if the Bill gets that far.

We must be especially concerned about today's BMA report on England. It notes that the Government are likely to miss their targets for bringing down the rate of smoking by 2010. It cannot have escaped hon. Members' notice that the Wanless report stated that if we banned smoking in public places, the reduction would be 4 per cent. That is the Government's specific aim.

A good deal of survey information from Wales shows that the majority of people there are in favour of the thrust of the Bill. Seventy-six per cent. support restrictions at work, 78 per cent. support restrictions in restaurants and the lowest percentage—50 per cent.—support restrictions in pubs. However, only 28 per cent. disagree with such restrictions, so we have a majority in favour even among the lowest count of supporters.

I shall conclude now, because I know that other hon. Members are anxious to speak. When I have discussed the matter with constituents, I have found general support for the thrust of the Bill. I have received one letter against it, and that was couched in such a muscular fashion that I think the writer had a particular axe to grind. The Bill should be passed. It will be a great step forward for the health of the people of Wales and the Welsh economy. It should be enacted with dispatch, and I am glad to support the hon. Member for Cardiff, North.

12.36 pm

Mr. Andrew Stunell (Hazel Grove) (LD): I congratulate the hon. Member for Cardiff, North (Julie Morgan) on her position in the ballot and on her choice of Bill. I support the measure not as a Welsh Member but as someone who represents a constituency in the borough of Stockport, which had the misfortune a few years ago to be the first local authority that had to pay out on a passive smoking compensation claim by an employee. It has been, perhaps understandably, sensitive to the issue ever since. I am a non-smoker and I declare that I have done no pheasant shooting in Bedfordshire.

My party also strongly supports the principle of devolution and was in favour of the Welsh devolution measure. We are fervent supporters of the Assembly and its power, so when we have a proposal before us to allow the Welsh Assembly to mitigate the damage caused by passive smoking, it gets a tick in two boxes. I want to express the particular support for the measure of my hon. Friends the Members for Brecon and Radnorshire

[Mr. Andrew Stunell]

(Mr. Williams) and for Montgomeryshire (Lembit Öpik). [HON. MEMBERS: "Where are they?"] Unfortunately, neither of my hon. Friends can be here today. A huge majority of Conservative Members also support the Bill.

I congratulate the hon. Member for Cardiff, North on her presentation of the measure. She had a well argued case and she produced plenty of graphic evidence. I do not want to waste the House's time by repeating those arguments; I simply note that the number of deaths from passive smoking is three times as high as that from industrial accidents. Yet I suspect that we spend more legislative time and public money on dealing with the industrial accidents issue than with that of passive smoking. Several hon. Members mentioned the impact of passive smoking on children, and I believe that that is its most pernicious effect.

The Bill allows Wales to legislate. If it did not, we might have an interesting position whereby we had legislation for England that did not apply in Wales. It is therefore right for the House to pass the Bill. It has the advantage of being popular: it has 78 per cent. support according to the MORI poll; the sort of ratings that we all wish that we had. It would work: the Library briefing's evidence about New York and Ireland shows that a ban is an effective instrument when applied. When we have legislation that is popular, that is life saving, and that works, it seems to me that the House should not spend too much time in debate, and should simply get on with it.

12.39 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): I must confess at the outset that I am instinctively and politically against bans and prohibitions. I have spent quite a large part of my modest political career trying to fight them, and I hope to continue to do so, if that is the wish of the electorate. I feel very uneasy when well intentioned groups of people decide to use the power of the law to prevent other people from doing what they want to do. We are rightly proud of being a mature, civilised society whose people are given an education and certain information. I would like those people to be allowed to make up their own minds as to what they do or do not do.

Hywel Williams: I am grateful to the right hon. Gentleman for giving way so early in his speech. Would he be prepared to legislate to prevent a nuisance, rather than to constrain people's free will?

Mr. Forth: I try to resist legislation of all kinds, at all times, wherever possible. Had I been in the House at the time, I would probably have voted against compulsory seat belts in cars and against compulsory crash helmets for motor cyclists, for example. I continue to cling to the belief that we should respect the right of educated individuals to make a judgment about the risks that they take in regard to their own activities. I always feel uneasy when people here reach so readily for the law to try to impose our wishes on society at large.

That is my starting position, and I try to stick to it whenever I possibly can. The arguments here go much wider than that, however. Of course it is right that we should inform people that smoking will damage their health. Similarly, many other things damage health. A reference was made to the risks attached to smoking in the home, but it must be well known to right hon. and hon. Members that the risks in the home are very considerable indeed. A large number of sad and regrettable deaths occur in the home every year from a variety of causes. Sporting activities also cause many deaths and injuries of different kinds.

Life is full of risks; it can be hazardous. The judgment that we have to make here, on this Bill and on other matters, is how far we seek to use the law so to shape or constrain people's behaviour as somehow to immunise them from the risks that occur naturally in life. My inclination is always to give people the maximum freedom to take risks and, if necessary, even to damage themselves, providing that we inform them properly of those risks. Indeed, much is now done, quite properly, to give people the maximum amount of information about the risks of smoking.

Mr. Barron: I am interested to hear the right hon. Gentleman talk about risk. Will he tell me why he decided a few years ago to move away from the risk of losing his seat in the west midlands and to move down to his present constituency of Bromley and Chislehurst?

Madam Deputy Speaker (Sylvia Heal): Order. I think that we should concentrate on the Bill.

Mr. Forth: I defer to you, of course, Madam Deputy Speaker, but I would be more than happy to respond privately to the right hon. Gentleman later. Funnily enough, the seat that I am now happy to represent is broadly politically the same as the one that I left behind, so there was no political gain for me in moving. I will tell him afterwards what happened, possibly in graphic detail, if he can spare the time.

I was trying to explain the philosophical position, to put it rather grandly, that I adopt when faced with a Bill of this kind. Here, however, we are also faced with certain other interesting decisions. The hon. Member for Cardiff, North (Julie Morgan), for perfectly understandable reasons—political if not domestic—started from the position that the National Assembly for Wales should be the key decision-making body in this case. That is not an uncontestable statement. In my view, when we are considering whether to place restrictions or bans on smoking, in the workplace or elsewhere, we should really ask ourselves, "What is the best mechanism for doing that? Where should that decision properly be made?"

Obviously, there are a number of different levels at which such a decision can be made. It can be done at a national level, and much has been made of decisions by national Governments to do that; the Irish and the Norwegians have been quoted. In the United States, the decision has been made at state level, which would be broadly the equivalent of the Welsh Assembly. The alternative, obviously, would be local authority level, which would be closer to the community and would allow decisions to be made on a more local basis. To take it further down, we could consider allowing decisions to be made by individual buildings, institutions or workplaces. There is a range of possibilities as to the level at which such decisions can be

made. When judging the efficacy of this Bill, we must ask ourselves at which level the decision should properly be made.

Given what I said in my introductory remarks, it should be obvious that I would be uneasy about such a decision being made nationwide by central Government. We might have that debate in the foreseeable future, depending on the outcome of the upcoming election, as I hope that my party would not want to move in that direction, although I sometimes wonder. I hope that my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) will reassure me when he catches your eye shortly, Madam Deputy Speaker. There is a debate to be had about how far the British Government of the day, of whatever party, might be tempted to follow the example of the Irish or Norwegians. I doubt whether I would be persuaded in that regard, but we might have that proper debate when the Government consider whether to seek to ban smoking in workplaces or elsewhere.

Whether devolution is the answer is a different question altogether. In the context of today's debate, we can already see some of the problems that ill-thought-out devolution has started to cause. We have been told that the legislative Scottish Parliament will be able to make its decision on the matter on behalf of the people of Scotland. The non-legislative Welsh Assembly cannot do that, and the hon. Lady's Bill seeks to find a way of allowing it to do so. I am not certain whether the Northern Ireland Assembly, were it to be operative, would be able to do that—I suspect that it probably would not. That leaves the poor old people of England, as ever, completely unrepresented. As an English Member of Parliament, and a naturalised Englishman, I resent very much that, through devolution, we are giving all these magnificent political powers to the Celtic fringes, whereas the people of England, the vast majority of the country, who pick up all the bills, are given no say. That flaw must somehow be addressed.

Mr. Stunell: I wonder whether the right hon. Gentleman has the documentation to show that his formal naturalisation is complete.

Mr. Forth: Sadly, until we have English nationality properly identified in law, that is unnecessary. My main claim to nationality is by length of residence, since I deserted the land of my birth as soon as I reasonably could, as a sentient being, and headed south. I have been happily ensconced ever since, not in two constituencies, let me remind the right hon. Member for Rother Valley (Mr. Barron), but three, as I had the honour of representing Birmingham, North in the European Parliament before I came to the House in 1983. I have therefore managed to represent three distinct groups of people so far, and counting.

The real question is whether the decision on banning or restricting smoking, as posed by the Bill, is properly taken at regional level. Our debate today has illustrated very well that there are real problems, not simply in the small print of the various Acts that bear on the matter, as my hon. and learned Friend the Member for Harborough (Mr. Garnier) identified eloquently, but on a political level, as to whether the Scots should be able to do it while the Welsh cannot, the Northern Irish cannot and the English have not even got into the starting blocks in terms of being represented on the matter. I would therefore resist such a measure on that basis alone.

If the hon. Member for Cardiff, North is as keen on devolution, in the general sense, as she said in her speech, why should she stop at regional level? Why should the Welsh Assembly be identified as the appropriate body to make such a decision? Why not take it to the next level down—local authority level—where, arguably, we are closer to our representatives, and decisions could be made on a district-by-district basis, whereby one district might take a different view from another? If we want to talk realistically about community and local representation, there is a real case for saying that the kind of powers that she seeks to give the Assembly in her Bill would be better directed at local authorities, so that decisions could be made on a truly local level.

Mr. Stunell: Does that mean that the right hon. Gentleman will be supporting the Liverpool City Council (Prohibition of Smoking in Places of Work) Bill, which would introduce exactly such a ban?

Mr. Forth: I would certainly view it with rather more sympathy than I am prepared to give this Bill. Given my starting point, I am not sure that I am happy about giving anyone authority to introduce a ban—other than, perhaps, this United Kingdom Parliament—but if there is to be one, I would feel marginally more comfortable about its imposition at city or district level rather than at regional level.

The logic of my argument leads us finally to a workplace decision. The hon. Member for Cardiff, North told us that one chain of public houses had made its own decision, on a commercial basis, to declare all its premises smoke free. I respect that decision and wish the chain well. As I told the hon. Member for Bridgend (Mr. Griffiths), it has always puzzled me that the 75 per cent. of people in this country who are consumers and voters do not exercise their market power and direct their custom towards premises that have declared themselves to be smoke free. I am a great believer in the power of the market and the consumer, and I think that that is the direction in which people should be looking.

If people are non-smokers or find smoke objectionable, why do they not always take their custom to restaurants, pubs or other outlets that have made the brave commercial decision to become smoke free? I have never understood that. The hon. Gentleman told us the tragic tale of how he went into smoke-filled rooms and, because he is asthmatic, ended up wheezing and with streaming eyes. The thought occurred to me—why did he walk into them in the first place? If most of his friends do not smoke, as they probably do not, why do they not organise themselves to go to a place where there is no smoke? Why do they not bring to bear the really effective influence on businesses: the power of the market and of expenditure? I would feel much more comfortable with that approach than with a heavy-handed law being brought down willy-nilly across the country or across regions regardless of individual circumstances.

Tim Loughton: The hon. Member for Hazel Grove (Mr. Stunell) mentioned Liverpool city council's Bill.

[Tim Loughton]

My right hon. Friend may be interested to learn that the SmokeFree Liverpool campaign, in its literature—probably paid for by the local taxpayer—gives free advertising space to all the places in Liverpool that are "socially smoke-free". Those businesses have made a commercial decision to become smoke free, they are being advertised for the merits of being smoke free and they will get their custom accordingly.

Mr. Forth: That is very sensible, and a move in the direction that I am suggesting. It is another example of the exercise of choice by the businesses themselves and, more important, by us as individuals and consumers. We can deploy our custom and our expenditure in a way that may well influence the overall structure of the market—in this case, restaurants, bars and the like. Ultimately, the decision can and should be made on an individual workplace or outlet basis. That would allow an element of choice rather than this rather heavy-handed approach.

Next, we should consider the method by which such decisions should be taken. Much has been made of opinion poll evidence today, which, as we anoraks who attend these debates regularly have observed, is generally the case. I am always intrigued by that. Inevitably, Members cite the polls that favour the issue they want to promote. There is nothing wrong with that: it is a perfectly proper process. Today we have heard all sorts of quotations referring to 80 per cent. of this and 70 per cent. of that, and the proportion of people supporting a ban. In this context, I always say that if we are to make decisions on the basis of opinion polls or referendums, we should do it properly. Let us have a referendum on the restoration of capital punishment, for example. For decades, opinion polls have shown a substantial majority in favour of it.

The deal that I always offer to colleagues is this: if we are going to quote opinion polls and make our decisions on the basis of them, let us do so across the board. If we did, we would get some very interesting results which, I suspect, would not be congenial to many Members of this House. Someone's pointing out selectively that a particular opinion poll happens to support the thing that they are advocating does not impress me in the slightest, and for two reasons. First, we are told that politicians should lead, not follow, which is slightly at odds with the opinion poll evidence argument anyway. Secondly, what about the opinion polls whose outcomes Members do not like? I have quoted just one such example and I could doubtless find several others. So let us not get too carried away with what a particular opinion poll says, because as we all know, the question asked very often determines its outcome, rather than the substantive point at issue.

Mr. Barron: If the right hon. Gentleman was in the Tea Room this morning, he will have seen that notices have been placed on each of the tables saying that as of Monday 4 April, smoking will no longer be allowed there—a decision that some of us in this House have wanted for many years. As I understand it, that decision to ban smoking was taken on the basis of a questionnaire—an opinion poll—that Members were asked to fill in. What is the difference between sounding out Members in that way and sounding out the general public in order to make policy?

Mr. Forth: I am grateful to the right hon. Gentleman, because he has led me into my next point, which concerns the method of decision. He has given a very good example of the way in which this matter could, and probably should, proceed. Having alluded briefly to national, regional and local government levels of decision making, I shall now concentrate on the workplace. Since the Tea Room is almost as much my workplace as this Chamber is, I know exactly what the right hon. Gentleman is saying. I replied to that questionnaire by voting no to banning smoking because I believe that it should be allowed in large areas of this building. I await the day when the health fascists start saying that we should ban smoking in the Smoking Room. That will be the ultimate example of their desire to inhibit everybody's behaviour, but I do not think that we have quite got there yet.

Funnily enough, I go along with the right hon. Member for Rother Valley on this occasion. Yes, Members were consulted and asked to fill in a questionnaire. Perhaps unsurprisingly, a majority voted for banning smoking in the Tea Room. That ban will take effect, but I wonder whether it will have as much effect as the ban on the use of mobile phones in the Tea Room. As the right hon. Gentleman knows, there are natty little signs on each table, consisting of a little telephone with a line through it. I must admit that I am one of those who, when one of these revolting devices intrudes on the enjoyment of one's food, thrust that sign under the nose of the Member in question and insist that they leave the Tea Room.

My point is that that ban seems yet to have had much effect on such Members' behaviour, and I am waiting to see what happens when the first brave Member lights a cigarette in the Tea Room. Will the Serjeant at Arms come rushing in with his sword in his hand? Will other Members manhandle that Member out of the Tea Room? But the point is that Members were given a say and following that, the ban is going to be imposed.

Mr. Barron: I am grateful to the right hon. Gentleman for his comments, but surely one major issue is that although we were given a say in whether smoking should be banned in the Tea Room, the staff who work there all day long—unlike us, they do not come and go—have no choice. That said, the staff associations of this House have sought a ban on smoking in their workplaces for many years.

Mr. Forth: I agree that the staff issue is important, but if the Government's rhetoric about full employment is to be believed, people have a choice as to where they work. It is surely perfectly open to any individual applying for a job to inquire whether smoking is allowed in the premises in which they would work, and to make their decision accordingly. Such freedom, I think, still exists, and if there is indeed full employment in this country—as the Government like to tell us—it is up to each individual to decide in which premises they will

work. So I am not as impressed with the right hon. Gentleman's staff argument as he would like. It is a factor, but only a factor.

Mr. Barron: The freedom in terms of job opportunities that the right hon. Gentleman talks about is a myth. It is like the old argument that we are all free to buy a Rolls-Royce. Of course we are—if we have the money to buy one.

Mr. Forth: I do not accept that analogy. In most parts of the country, there is probably a wide range of choice about how people work. I digress slightly, Madam Deputy Speaker, but I am watching your body language very carefully. I want to say just one or two sentences on this matter. Many people can come to this country from eastern Europe and elsewhere and it strikes me as odd that they can immediately find a job and somewhere to live, when we hear so many sob stories about people being unable to find work or somewhere to live. I accept that that is a debate for another day, Madam Deputy Speaker, and I shall go no further.

The right hon. Member for Rother Valley helped me to concentrate on, or perhaps prolong, the matter, but we must take seriously the method of taking decisions at the workplace. Our questionnaire, funnily enough, is a good example. I see nothing wrong—indeed, I see much virtue—in asking people, workplace by workplace, what they think about a total ban on smoking throughout the premises or the allocation of part of the premises, properly ventilated, for smoking. Incidentally, I do not agree with Labour Members and, in particular, with the hon. Member for Conwy (Mrs. Williams), that the extraction of air is as inadequate a mechanism as they allege. It is perfectly possible to make proper provision in some parts of premises to allow smoking and to have in place proper extraction of the smoke.

We could debate that matter more extensively, but I see no reason in principle why people in a particular workplace cannot be offered a range of options—total ban, partial ban, allocation of areas in which to smoke, and so forth. The hon. Member for Caernarfon (Hywel Williams) confirmed that something like one in four of our people still choose to smoke. We may disapprove, but it is their choice. Despite information, penal taxation, exhortation and condemnation, they choose to smoke—and we should pay some attention to that fact.

Much is spoken in this Chamber and elsewhere about minority groups in society, and smokers must be one of the largest and most identifiable of such groups, yet we feel free to condemn them, ostracise them and legislate against them. I suspect that if we did so to any other minority group in the same way, we would probably be hauled up for infringing the Human Rights Act 1998. I shall resist digressing into debating whether there is a human right to smoke, but it is a slight temptation.

There are proper ways of dealing with these problems, but they do not include using legislation and applying it at national or regional level. The hon. Member for Hazel Grove (Mr. Stunell) mentioned tackling the problem at local authority level, which is worth proper consideration. My favoured approach, however, would allow people to take a decision in their workplace in the light of the huge variety of different circumstances that apply in workplaces throughout the country. That would be the best way to proceed.

Those are my preliminary remarks, Madam Deputy Speaker, and I shall now say a few words about the Bill. The hon. Member for Cardiff, North need not look so anxious at this stage, because I am not in an expansive mood today, partly because I am keen to divide on the Bill. When we are confronted with a Bill about which such extravagant claims have been made in support, I sincerely believe that we should demonstrate through a Division how much real support there is for it from Members of Parliament in the House of Commons. There are 659 of us and we all have a duty to be here when legislation is proposed. I have no intention of prolonging my remarks unduly and I hope that the Front Benchers will wind up just in time for us to have a Division on the Bill. We shall then know exactly how much support there is for it. Unusually for me, I will restrict my remarks and exercise self-discipline.

For the record, I wanted to give a flavour of what a Bill like this implies and involves. The hon. Lady did what she quite properly should do and went through, in general terms, the provisions of the Bill, but that does not identify the true horrors of legislation of this kind. They start in clause 1, which states:

"The Assembly may by regulations make provision for the prohibition"

of smoking; I have said enough on that.

Clause 2 gives an indication of what that approach means. Under the heading, "Display of signs", it says

"If smoking in an enclosed public place is prohibited or restricted by regulations . . . the Assembly may by regulations—

more regulations—

"make provision requiring the display in an enclosed public place in Wales of a sign indicating to the public that smoking is prohibited."

The Bill goes on to say that the sign should give

"the name of the occupier, manager or other person for the time being in charge of the place".

Presumably, if a number of different people are in charge—shift managers or supervisors, for example—the sign would have to be changed every time a person is for the time being in charge. Already we have started to get into the nonsense that can arise from such legislation.

Julie Morgan: Is the right hon. Gentleman aware that, in Ireland, all this was worked out adequately and is working effectively?

Mr. Forth: I have never been impressed by what happens in other places, frankly, and Ireland does not impress me on that or on many other matters. I am well acquainted with Florida where, happily, the compulsory motorcycle helmet law was rescinded recently. I might be tempted to say that I am impressed by what happens in Florida, but I will not burden the House with that. I am interested in what happens here and in our role as elected Members of Parliament in protecting our citizens from politicians—and by golly, they need protecting and this Bill is a good example of that.

The sign will have to change every time a new person is in charge, which strikes me as being potentially rather odd. The sign must also give

"the name of the person (being the occupier, manager or other person for the time being in charge of the place) to whom a complaint may be made by a member of the public for the time being present in the place who observes another person smoking in that place in contravention of a prohibition or a restriction."

[Mr. Forth]

That is classic gobbledegook of a kind that we are inevitably led to when we attempt to legislate in this area. This innocent little sign will have to say not only that one may not smoke, but will also have to give the name not of one person but potentially of several. As well as that, the sign may have to change fairly rapidly in terms of what it says.

Clause 3 says that

"the Assembly may by regulations prescribe . . . circumstances in which a person is, or is not, guilty of such offences and . . . in respect of such offences, penalties".

We cannot have such things without penalties. The clause goes on to say that the

"following persons may be guilty of an offence prescribed by regulations under subsection (1) . . . the person who is smoking or has smoked".

We now have an interesting retrospective element entering the Bill. It is not only the person who is currently doing it but those who may have done it at some unspecified time previously. Among those who may be guilty are the occupier or manager of an enclosed public place, and

"any person (not being an occupier or a manager) for the time being in charge of an enclosed public place."

The Bill is now spreading its tentacles alarmingly wide. Let us not imagine that it is just the person who lights up a cigarette, deliberately or inadvertently, or who may have smoked in the past that we are talking about; all sorts of other people are drawn into it. Such provisions—the Irish experience notwithstanding—worry me. There is the possibility that a potentially large number of people would be criminalised and made responsible for something for which any reasonable person would say they should not be made responsible.

Then we come on to the provisions that my hon. and learned Friend the Member for Harborough analysed with his usual forensic skill. Therefore I need not spend much time on them, except to refer to clause 4(1). Labour Members must sometimes wonder what they are doing when they are forced by the drafters of such Bills to include such things. It is worth quoting the clause fairly fully:

"Her Majesty may by Order in Council provide for the transfer to the Assembly of any function which is exercisable by a Minister of the Crown in relation to Wales where the Secretary of State is satisfied that the transfer is necessary in order for the Assembly to give effect to regulations".

So now we are getting involved in Orders in Council, functions exercisable by Ministers, the discretion of the Secretary of State and so on, all in the context of this apparently innocent and well-meaning measure.

These are deep waters indeed, as my hon. and learned Friend pointed out. When such implications are buried none too deep in such a Bill, we are entitled to pause at some length to wonder whether this is the appropriate vehicle for the matter that the hon. Member for Cardiff, North has brought before the House.

Then we come to interpretation in clause 6. The Bill attempts to grapple with the difficult problems of defining an enclosed public place. Again, my hon. and learned Friend the Member for Harborough referred to this. It is worth reading the clause into the record so that we can appreciate its full horror. An enclosed public place means

"any premises to which at the material time the public or any section of the public has access on payment or otherwise as of right or by virtue of express or implied permission".

That is the convoluted attempt to define an enclosed public place.

My hon. and learned Friend, whose legal mind is legendary, was rather kind to that provision, because I do not think that we could begin to implement it in any meaningful sense, given the almost infinite variety of circumstances that might arise, locality by locality, site by site, building by building or even in the open spaces to which he referred. I can see all sorts of difficulties arising from this attempt to define an enclosed public place.

The clause goes on to attempt to define "premises", which are

"any permanent or temporary building or any part of such a building, or any structure, and for this purpose 'structure' includes—

wait for it—

"a tent, caravan, vehicle or vessel or other temporary or movable structure".

There is not much left out of that list. The question was asked earlier of the hon. Member for Cardiff, North, which she properly answered: does this mean that people would no longer be able to smoke on the open deck of ship? She said that that is what passing her Bill would mean. We have gone so far with the attempt to interfere in people's behaviour that I would no longer be able, if I wanted to, to light up a cigarette on the open deck of a ship, on the open sea or wherever. I am not sure that that would be well understood by many people in considering the Bill.

Touchingly, the Bill tells us what smoking is. For the avoidance of doubt, I should point out that it tells us that

"'smoking' means holding a lighted cigarette, cigar, pipe or any other lighted tobacco product and cognate expressions shall be construed accordingly".

So smoking would no longer require the inhalation or ingestion of tobacco; it would simply involve holding a lighted cigarette, cigar or pipe. That could get us into all sorts of fascinating territory, and if I wanted to detain the House I probably could for quite a while just on that simple definition, but suffice it to say, "There it is."

All I have tried to do is illustrate the lengths to which the drafters of such a Bill have to go to provide definitions that they think cover all the possible circumstances that they think should be covered. Whether in respect of public places, premises or smoking itself, one can foresee enormous difficulties with implementing this Bill in any way satisfactorily.

All in all I am unhappy with the philosophy of bans, as I have tried to explain. The Bill is looking at entirely the wrong level of decision making for such an important issue, touching as it does on individual liberties and freedom of choice. The Bill itself is flawed and I do not think that it could be corrected in Committee, even if it were to get there. If there were not a general election to intervene in the Bill's passage, I would hope that it would get a great deal of repair in

Committee. We will find out hon. Members' support for the Bill shortly when we have a Division and see whether it lives up to the extravagant claims of its promoter.

1.15 pm

Tim Loughton (East Worthing and Shoreham) (Con): We have had a full and thorough debate, in which hon. Members on both sides of the House have made interesting and well-informed contributions. We heard first from the hon. Member for Cardiff, North (Julie Morgan). She has the best intentions, which I applaud, and I congratulate her on securing fourth place in the ballot. Whatever the merits of the Bill—we can argue over its wording—I certainly congratulate her on successfully continuing to focus on the curse of smoking. We would all agree that we need to do much more to address that.

My right hon. Friend the Member for North-West Hampshire (Sir George Young) apologises that he is not in the Chamber because he has to attend an event in Birmingham. He is a long-standing champion against the dangers of smoking. Although I do not necessarily share the conclusions that he reached during his speech, I respect his frank views. The right hon. Member for Rother Valley (Mr. Barron) is also a long-standing champion of the cause and he told us about the experiences in New York of such legislation.

The hon. Member for Basingstoke (Mr. Hunter), who is not in the Chamber, made interesting points about the possible inappropriate constitutional aspects of the Bill. He also raised examples of anomalies and unintended consequences that could result from the Bill, such as the possible situation at the Roman site of Silchester in his constituency. I am sure that English Heritage would have something to say if it had to put signs about smoking around parts of Silchester.

The hon. Member for Conwy (Mrs. Williams) talked about problems in the workplace and focused on the experiences of employees, which is a legitimate concern. In a detailed and typically legal speech, my hon. and learned Friend the Member for Harborough (Mr. Garnier) raised all the possible anomalies that the Bill and other legislation to ban smoking would bring. He gave us various examples of unintended consequences, such as what could happen if he were to invite a church fête to use his house—I am sure that he would allow that, given his generosity. He also talked about the consequences of the Bill for a village football club. The hon. Member for Caernarfon (Hywel Williams), who is also not in the Chamber, gave us the Welsh angle.

Unusually, my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) was not in expansive mode, but none the less he gave us an incisive critique of some of the flaws in the wording of the Bill. He also pointed out the fact that it cuts against something that he has always stood up for: the rights of individual adults to make informed adult choices.

The problem that we face is well known, so I shall not repeat all the figures that we have. Despite everything that has been done over many years, 25 per cent. of people in England still smoke. The figure in Wales is a little higher at 26 per cent. The hon. Member for Cardiff, North said that smoking has quite a large social class gradient. In social class 1—I am not sure what that stands for, but it is the terminology that we are given—15 per cent. of men smoke, but as many as 45 per cent. of men in social class 5 smoke, which is three times as many. It is especially worrying that 10 per cent. of 11 to 15-year-olds are deemed to smoke regularly.

Smoking causes 121,000 deaths a year throughout the United Kingdom and more than 7,000 a year in Wales alone. It causes one in three cancer deaths and 90 per cent. of lung cancer cases. It remains the single largest cause of death and disability in the United Kingdom and costs the NHS at least £1.7 billion a year. Smoking is also reducing the female advantage of life expectancy and widening the social class divide in mortality.

There is evidence—more needs to be provided, I agree—about the effects of passive smoking. The International Agency for Research on Cancer concluded that there is a statistically significant and consistent association between lung cancer risk and exposure to second-hand smoke. Exposure varies, but it was found that someone dancing for four hours in a nightclub in a city such as Vienna or Barcelona was likely to be exposed to as much second-hand smoke as someone who lived with a smoker for a month. No doubt the same effect is apparent in nightclubs in Wales. We might have to ask someone such as Charlotte Church to give us an authoritative statement on that.

The agency also calculated that non-smokers who live with a smoker have a 20 to 30 per cent. greater risk of lung cancer than they would in non-smoking households. The vulnerability of children especially concerns most people. It has been calculated that some 17,000 children under the age of five are admitted to hospital each year on account of the effects of smoking. We have heard figures on the effect of smoking on workplace health as well.

All of us in the House and outside are agreed that smoking is a thoroughly nasty habit. The Conservative party is committed to doing everything it can to encourage as many people as possible to kick the habit once and for all and, more importantly perhaps, to deter impressionable teenagers from taking it up in the first place, even if the Secretary of State for Health described smoking as one of the few pleasures remaining to single mothers on council estates.

I question the success of the Government's policy so far. In January, the Public Accounts Committee produced a report that showed that more than two thirds of quitters took up smoking again within 12 months of quitting. The *British Medical Journal* recently reported that smoking cessation services are having only minimal impact and are way off course to reduce smoking prevalence from 26 per cent. to 17 per cent. by 2011, to meet the Government's target. In 2003–04 the smoking cessation programme reduced smoking rates by between only 0.1 and 0.3 per cent. and will deliver less than 1 per cent. of the target fall, which is extremely worrying.

Much more needs to be done to provide a much greater variety of smoking cessation services, which at present concentrate largely on nicotine replacement patches. A great deal more needs to be done to address the problem of teenage smoking, not least the pressures

[Tim Loughton]

from peers and the images of sporting and TV celebrities that influence children. On its own, the ban on tobacco advertising introduced by the Government will not achieve the desired result. We need to do more, but I am not sure that the Bill is the answer, although I applaud the good intentions of the mover.

Let us consider the Bill on three levels. First, regardless of what the Bill is about, it is designed to give extra powers to the Welsh Assembly, and it needs to be judged on that basis. Secondly, should the Assembly be doing other things to improve health generally in Wales? Thirdly, is an outright ban the best way to promote health? With regard to the powers of the Welsh Assembly, another anomaly of devolution is thrown up. The Assembly has responsibility for health promotion in Wales. Under the Government of Wales Act 1998, the National Assembly should have control over all aspects of public health in Wales, including food safety, but excluding international issues where the Department of Health or other agencies lead for the United Kingdom. I hope that the Minister will deal with that anomaly when he explains why smoking is not covered by that public health agenda.

I recognise, as hon. Members have already mentioned, that previous attempts have been made to enact such legislation, with the noble Baroness Finlay of Llandaff introducing a Smoking in Public Places (Wales) Bill in the Lords in December 2003. Lady Finlay was reflecting the will of the Assembly, which had voted for a ban on smoking in public places in January 2003 by a pretty large majority. The cross-party motion carried by the Welsh Assembly on 22 January 2003 called upon the UK Government to bring forward a public Bill relating to Wales that would give the Assembly powers to prohibit smoking in public places. The motion will now be included in the list of proposals for primary legislation submitted later this year by the Assembly to the Secretary of State for Wales for consideration by the UK Government, as the spokeswoman for the Welsh Assembly Government said after that debate back in January 2003. But no such primary legislation has since been allowed in Government time. It was reported that Labour Assembly Members had complained to the Secretary of State for Wales about the failure to introduce a Bill to ban smoking in public places. Since the vote in the Welsh Assembly, a Committee on smoking in public places has been established to determine how a ban may be introduced. Its terms of reference have been set out and that Committee is due to report by the end of March 2005.

The Secretary of State for Wales appears to have back-tracked, and, in any case, has recently called into question the whole wisdom of hurrying through outright bans on smoking in public places, as his own Government had appeared to set out in the public health White Paper "Choosing Health", published only last November. So this is a spat between the Secretary of State and his Government and the Welsh Assembly, and it is they who need to sort the whole thing out, and in Government time. A private Member's Bill is not the way to do that—it is not the medium for such a constitutional tangle.

On 3 March 2005 the Secretary of State said:

"We are not able to support my hon. Friend's Bill"—

the Smoking in Public Places (Wales) Bill—

for various reasons"—

which I hope again the Minister will allude to and provide details of—

"but in terms of the thrust of the policy that it contains she will find that we are with her in spirit."—[*Official Report*, 3 March 2005; Vol. 431, c. 1109]

We would like to know what that means in practice, and I hope that the Minister will be able to enlighten us.

The Opposition are opposed to the Bill on the basis that it will give further powers to the Welsh Assembly without first consulting the people of Wales in a referendum. It is clearly set out that we can debate whether the Welsh Assembly is to have further powers, but the decision should be made by the people of Wales through a further referendum and after a proper consultation process. On that basis, the Bill fails to meet our criteria.

The Scottish Parliament has the power to ban smoking in public places, and on 17 December 2004 it introduced a Smoking, Health and Social Care (Scotland) Bill to bring in a comprehensive ban to cover all enclosed public spaces from March 2006. It is perfectly entitled to do so. That was in the legislation setting up the Scottish Parliament. That is a matter for the Scottish Parliament.

Furthermore, as has been pointed out by several Members, we are likely to face other such anomalies and other similar pieces of legislation for parts of England. The Liverpool City Council (Prohibition of Smoking in Places of Work) Bill had its First Reading in the upper House on 24 January 2005. I think that it would have had its Second Reading in the upper House last Friday if both Houses of Parliament had not been detained on other matters, and we would have seen what happened to it there. Many of us will have seen the literature produced by the SmokeFree Liverpool campaign. London may be looking to do the same, and will be applying to this House for legislation to enable bans on smoking in public places. But this is no way to proceed. There will be chaos between certain parts of the country. There will be chaos where borders lie. Smoke, like pollution, is no respecter of municipal boundaries.

Mr. Win Griffiths: Surely, the hon. Gentleman is wrong. He should look at the experience in the United States, where more than 300 cities and seven states already have smoking bans. It does not appear that there is any problem, but perhaps he has researched the matter and can tell us about it.

Tim Loughton: I do not need to research the matter too closely to be able to tell the hon. Gentleman that the United States has a population five times the size of this country's population, and it is a much larger country that is less densely populated. It is easier for states to introduce bans or other legislation relating to local tax and so on than it is for this country to do so. In places such as London, where there are 30 or 40 different boroughs, restaurants and pubs on different sides of the same street may be in ban and no-ban areas. The situation is very different from that in the United States, and it is a recipe for chaos.

I am all for a localism agenda. My party is all for giving back many more powers to local authorities that are accountable to local people to make decisions for local circumstances. That is absolutely right, but smoking in public places is a national public health issue. It is this House that should be legislating or not legislating on a national issue as part of a Government's national public health agenda; otherwise, there will be an open season, and an awful lot of the time of the House will be taken up in considering the requests of whichever town or local authority has decided to apply for a ban. We will be faced with a legislative timetable nightmare.

Should the Welsh Assembly be doing other things? I applaud the fact that it has produced a number of initiatives to deal with smoking cessation. It has produced the Smoke Bugs club for eight to 11-year-old children who pledge not to smoke. Club members receive positive messages about staying smoke free via quarterly newsletters to their home. A "smoke-free class" competition offered to pupils in years seven and eight is part of a European initiative that currently involves 16 countries. Pupils enter as a class and pledge not to smoke for the five-month competition period. There is also a "smoke signals" resource for smoking education in the primary school, for pupils aged from three to 11, and a "burning issues" resource that looks at smoking as a social issue and is designed to be used in a variety of subjects.

The Welsh Assembly has produced programmes through the inequalities in health fund that was established in 2001 by the Minister for Health and Social Services in order to stimulate and support local action to address inequalities in health and the factors that contribute to it, including inequities in access to health services. The fund supports a total of 62 active projects, covering a wide variety of activities that target coronary heart disease. Many good initiatives are under way in Wales and I applaud that, but I hope that it is a matter of quality outcomes, rather than simply quantity of initiatives.

In other respects, however, Wales is lagging well behind England in health care and the quality of the health of the population and of the service provided. I believe that the Welsh Assembly should be concentrating on improving that parlous situation rather than on the high-profile headlines that a smoking ban brings, which are no substitute for doing something to improve the health system of the country as a whole and health outcomes for the people of Wales, who are being let down badly by the Labour party in the Welsh Assembly.

Mr. Forth: I do not want unduly to embarrass my hon. Friend, but may I ask whether he has any figures about the relative expenditure per head on health in Wales as compared with that in England? If, as I assume, the Welsh are blessed with a higher expenditure per head, it strikes me as rather odd that health outcomes are so poor in Wales. Can he explain that?

Tim Loughton: My right hon. Friend is certainly not embarrassing me, and I can give him a few figures. Expenditure per head on health in Wales is somewhat larger than in England. We have been told for many years that if we in England were to achieve European averages of health spending as a percentage of our economy, health outcomes could be expected to improve magically to the levels that our fellow European citizens enjoy on the continent. Those levels were achieved in Scotland and Wales some time ago, but those two parts of the United Kingdom have worse health outcomes than England. If one examines how much money was spent on health in Wales, between 1999 and 2003—

Madam Deputy Speaker: Order. A passing reference to that matter is allowed, but the Bill is about smoking legislation. Perhaps the hon. Gentleman will return to that subject.

Tim Loughton: I am grateful for your guidance, Madam Deputy Speaker.

The Welsh Assembly Government's record on health is atrocious, but this Bill would give them more powers over health. They must get their act together on looking after the health of their citizens before they take on more responsibilities, because they are not doing a good job. That is the second reason why Conservative Members cannot support the Bill.

Mr. Barron: When the hon. Gentleman discusses health expenditure in Wales, he is discussing the treatment of illness in Wales. If not for this generation, then for the next generation and for many more to come, this Bill promotes the improvement of public health, because people do not need hospitals and clinics if they avoid smoking and passive smoking, which currently put so much pressure on our acute services.

Tim Loughton: I agree with the right hon. Gentleman's intentions, but such a national public health issue should be dealt with as a national public health priority. People who live in Wales are no less entitled to good public health and good public health advice from the Government than citizens in England, Scotland and Northern Ireland. Despite the 31.5 per cent. increase in expenditure in Wales, hospital activity fell between 2000 and 2003, and waiting lists and waiting times have deteriorated gravely.

Madam Deputy Speaker: Order. Once again, may I bring the hon. Gentleman back to the Bill currently under discussion?

Tim Loughton: I will take your blandishments, Madam Deputy Speaker.

We are considering giving further powers to the Welsh Assembly Government, who are currently not handling such powers in the best health interests of their citizens, which concerns me.

That brings me to my third point: is an outright ban is the best way forward? Conservative Members do not think so. A lot of progress has already been made under the voluntary code with, for example, the hospitality industry. In the recent past, 26 companies representing 40 per cent. of the UK's pubs and bars have committed to a new no-smoking strategy, agreeing that by the end of December 2005 they will have in place no smoking at the bar, which has already been mentioned, no smoking in back-of-house areas, an increase in no-smoking

[Tim Loughton]

trading floor space from a minimum of 35 per cent. to a maximum of 80 per cent. by December 2009, and a minimum of 50 per cent.—in future, that percentage is intended rapidly to increase—of restaurant dining area floor space being designated as no smoking. Companies will also continue to develop exclusively smoke-free pubs and bars, where it is appropriate and practical.

Office for National Statistics figures from July 2003 indicate that via a voluntary approach, 86 per cent. of workplaces have a smoking policy—either an outright ban or separate smoking areas. Of the remaining 14 per cent. of workplaces, 5 per cent. consist of single-worker businesses, where an individual is well placed to make up their own mind whether they will smoke. Some 50 per cent. of those workplaces are completely smoke free, and by 2003 the number of pubs with non-smoking areas was in the region of 46 per cent.

A number of hon. Members have also mentioned that the home is one of the most common places in which passive smoking occurs, and that children are among the most vulnerable. One side effect that has been experienced following smoking bans in other countries, without setting too great a store by such evidence, is that off-licence and supermarket sales of drink have increased because people are drinking socially at home so that they can smoke, which means that they can smoke in front of children. The amount of alcohol sold by supermarkets now represents more than 50 per cent. of total alcohol sales, up from some 13 per cent. 20 years ago. The whole dynamics of how people buy their alcohol and where they enjoy it have changed. We must be mindful of the fact that such legislation will have detrimental consequences if we drive smoke into another confined place where the most vulnerable citizens may be the victims.

Mrs. Betty Williams: Can the hon. Gentleman give the source of his research and the figures that he is quoting?

Tim Loughton: They are in the Library paper. That was mentioned earlier—perhaps the hon. Lady was not listening.

Mrs. Williams: I shall ask the question again, because the answer is not as clear-cut as the hon. Gentleman suggests. May I press him, as a Front Bench Member, to tell the House exactly where he got the information from?

Tim Loughton: I just told the hon. Lady that, as various hon. Members have said, it comes from the Library briefing. If she is taking issue with that briefing, she should take it up with the Library.

Conservative Members want to improve on the voluntary code. We especially look for much tougher action in all those places that are open to children and want firms to come up with much clearer and stronger priorities about how they protect their staff. Overall, the Government need to have a much more effective smoking cessation policy. An arbitrary ban on pubs and clubs serving food is unworkable, and many will simply go out of business. We should treat people as adults and allow them to make their own informed choices. The Licensed Victuallers Association in Wales today estimated that up to 1,000 pubs in Wales could close if such a ban were to be imposed on them. It is a commercial decision for pubs, clubs or restaurants to make as to whether they want to be smoke free and thereby appeal to the many people, some of whom are in this Chamber, who will not go to smoking environments, or whether they want to appeal to the minority of the public who still smoke.

Restaurants are private businesses and should be left to choose their own policy on smoking. If they think that they can get more customers by banning it, that is their commercial decision: it should not be for the Government to play nanny state again. This is not even an issue in many restaurants that already have smoking and non-smoking areas. Of course non-smokers should be given that consideration, but there should be designated smoking areas so that people can choose. It is right that we should have policies for Government buildings, NHS trust buildings and hospitals, with the caveats that I mentioned, perhaps particularly in relation to mental health patients. We should allow local councils to decide whether they want to have bans in their own offices and town halls. My local council in Worthing recently voted to ban smoking in the town hall. That is entirely a matter for those councils or institutions. We should be able to make informed choices as adults.

Right hon. and hon. Members have mentioned several specific points, and I will not go into great detail again at this stage. The hon. Member for Cardiff, North took my point about boats. Would the Bill ban smoking on stage in theatres, if required for effect? Some smoking cessation classes use smoking as a deterrent; would they be unable to do so if they were held in a public place?

There are many flaws in the Bill, and I am afraid that we cannot support it for the three reasons that I mentioned. First, this is a constitutional matter; it should not be left to a private Member's Bill to decide the relationship between this House and the Assembly in Wales. Secondly, should we really be giving more powers over health to a Government and an Assembly who already have an atrocious record in looking after their citizens in health care terms? Thirdly, and most importantly, will it have the desired effect in Wales, England or anywhere else?

The jury is still out, but some of us believe that we could be moving more effectively to a wider ban on smoking based on individual merit and commercial decisions if we worked for a voluntary agreement. I am afraid that I cannot support the Bill.

1.45 pm

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): I congratulate my hon. Friend the Member for Cardiff, North (Julie Morgan) on bringing her private Member's Bill to the House. She has worked hard to raise awareness of, and generate public debate on, smoking in public places, in both Wales and the wider community. Such a debate continues the process of helping people to understand the serious effects of smoking on themselves and others, and to make informed decisions.

No one doubts the effects of smoking on the population. It can cause misery and pain for individuals and their families through serious disease or, worse, death. Every year in Wales, around 6,000 people die from smoking-related illnesses, which represents almost one in five of all deaths in Wales. The Government are addressing the problem of smoking through widespread education support programmes for those who want to quit, and we have achieved an enormous amount since we came to office in 1997.

Tackling second-hand smoking is an equally high priority for the Government, and the White Paper, "Choosing Health", which was published last year, sets out a package of measures that will progressively make almost all enclosed public places and workplaces in England smoke free by 2008. That will save thousands of lives and I join my hon. Friend in seeking, as a matter of urgency, the best way for Wales to reduce the number of deaths from cancer, heart disease and all other diseases caused by smoking.

The Government are working in partnership with the Welsh Assembly and do not intend Wales to be left behind in this crucial matter of health protection. The Assembly is implementing a comprehensive package of smoking prevention and smoking cessation measures in support of what the Government are doing. They include initiatives to discourage young people from starting to smoke, and to encourage and support smoking cessation and smoke-free public places. The Assembly's corporate health standard—the quality mark for workplace health development in Wales—encourages organisations to develop and implement non-smoking policies and to protect workers from passive smoking. All those initiatives are having an impact on the population.

In recent years, several countries have introduced measures against smoking in enclosed places, including the Republic of Ireland, Italy and Norway, and the Scottish Parliament is considering legislation to end smoking in all public places and workplaces. A number of right hon. and hon. Members have referred to those matters.

The right hon. Member for North-West Hampshire (Sir George Young), who had the courtesy to advise me that he was unable to stay for the end of the debate, asked why the National Assembly for Wales does not have the power to ban smoking. The Government of Wales Act 1998 provides for only existing ministerial powers to be transferred to the Assembly. There are no such powers in existence, so primary legislation is the only way in which to give the Assembly that power.

My right hon. Friend the Member for Rother Valley (Mr. Barron) referred to the health White Paper and some of its conclusions. The debate is continuing in Wales because the Assembly has a Committee examining the issue.

I pay tribute to my right hon. Friend, who is a long-standing campaigner. When I was successful some years ago in the ballot for private Member's Bills he tried to persuade me to take up this issue. Instead, I introduced a Bill to protect whistleblowers. I commend his commitment and dedication to this issue.

My right hon. Friend said that there may have been mixed messages in what the Government are trying to do and in what they say. When the White Paper, which sets out our intentions clearly, was published, the 2004 report of the Scientific Committee on Tobacco and Health was also published. The report states that new evidence reinforces and strengthens the conclusion that exposure to second-hand smoke is the cause of lung cancer, heart disease, asthma attacks, childhood respiratory disease and sudden infant death syndrome. However, the report did not produce exact estimates of overall deaths nor of deaths due to exposure in different settings. As we said in "Smoking Kills":

> "Breathing in other people's tobacco smoke also kills."

The vast majority of deaths and disease from second-hand smoke is due to breathing in second-hand smoke in the home. Several hon. Members referred to that.

The hon. Member for Basingstoke (Mr. Hunter) asked why the Government do not support the Bill, and I shall deal with that later. However, he was worried about the Assembly's having powers that were too wide. There is no fixed parameter for the scope of secondary legislative powers; for example, Henry VIII powers can be used to amend primary legislation. The question is what is appropriate for the Assembly to be able to do. Parliament has adopted a specific approach to each Bill. The hon. Gentleman referred to the Health (Wales) Bill and the Welsh Affairs Committee's request to include a smoking ban in that measure. As the Minister who took the Bill forward, I can tell him that the Assembly did not ask for the inclusion of such a provision.

My hon. Friend the Member for Conwy (Mrs. Williams) made several points. Like other hon. Members, she referred to the comments that my right hon. Friend the Secretary of State for Wales made on 3 March in his capacity as Leader of the House when answering a question from my hon. Friend the Member for Cardiff, North. He said:

> "We are not able to support my hon. Friend's Bill for various reasons, but in terms of the thrust of the policy that it contains she will find that we are with her in spirit. She will also be encouraged by subsequent legislation that we intend to introduce, which will give Wales the opportunity to implement policies in the way in which the National Assembly choose."—[*Official Report*, 3 March 2005; Vol. 431, c. 1109.]

My right hon. Friend was right. We always try to work through consultation and in partnership with the Assembly in drafting legislation to try to meet the Assembly's aspirations. However, until the relevant Committee of the Assembly has reported on its deliberations and the Assembly has debated the report and decided exactly what it wants to ask of the Government, it would not be proper for me to enter into any commitments.

Julie Morgan: Will my hon. Friend go further and make a commitment that, when the Committee has finished its consultation and produced a report and the Assembly has responded to it, the Government in Westminster will enable the Assembly to implement the results?

Mr. Touhig: When the report is published, the Assembly will debate it and eventually ask us for a Bill. I am sure that the report will inform the Government's response. I shall revert to that point in my concluding remarks.

[Mr. Touhig]

My hon. Friend the Member for Conwy asked, "Why not go further now?" The proposals in the White Paper are a major step forward. They will make almost all public places and workplaces smoke free. I believe that we shall save thousands of lives by doing that, but our policy is to balance the different and conflicting views expressed by the public. Again, in the Welsh context, we await the report from the Assembly's Committee.

The hon. and learned Member for Harborough (Mr. Garnier) began by paying tribute to Private Johnson Beharry of the 1st Battalion Princess of Wales's Regiment, who was awarded the Victoria cross today. All hon. Members share in the congratulations to that brave soldier and to all the soldiers—men and women—who serve Britain throughout the world. I thank the hon. and learned Gentleman for his remarks. His contribution was interesting. He began by describing an imaginary home in Wales and how the Bill would affect him if he were to hold an event there to raise funds for a church or organisation. Madam Deputy Speaker, I am sure that, as a Welsh girl, you will appreciate that since Wales has done so well on the rugby field lately, many people are now discovering that they have Welsh grandparents or Welsh aunts and uncles. Everyone now wants to be Welsh. I commend the hon. and learned Member for Harborough for his comments in that regard, and I hope that he will join us in celebrating when we win the grand slam on Saturday.

The hon. and learned Gentleman went on to talk about the Bill's constitutional implications, at which point "passive devolution" was mentioned. I wondered whether anything prevents devolution from being taken forward by a private Member's Bill. There is nothing to prevent that from happening, although clearly, it would not be a suitable way of achieving a major change, certainly as far as primary legislation or tax-raising powers are concerned. I would not seek to deny my hon. Friend the Member for Cardiff, North the opportunity to introduce a private Member's Bill in this way—indeed, as someone who has introduced a private Member's Bill in the past, I strongly defend Members' right to introduce legislation through that channel—but I would say to the hon. and learned Member for Harborough that there is not a great deal of difference between us on how we believe Parliament should determine the question of future devolution.

I pay great tribute to my hon. Friend the Member for Bridgend (Mr. Griffiths), who will be leaving us at the general election. He will be greatly missed. He highlighted the fact that our colleagues in the Assembly voted in January by 39 to 10 in favour of a ban, and pressed the Government to take the measure forward at that stage. I have no doubt that, at some stage, when legislation is enacted, that will be taken fully into account.

The hon. Member for Caernarfon (Hywel Williams) thought that a ban in Wales might come as a result of a ban in England, and that it might come in on England's coat-tails. A rose by any other name would smell as sweet. The hon. Gentleman knows that, in constructing legislation in partnership with colleagues in the Assembly, there is always a great deal of discussion. When the Assembly wishes to pursue a particular agenda, we shall seek an appropriate legislative vehicle to take forward that agenda in this House. He mentioned the impact of a ban on trade and tourism in his constituency, which is in a most beautiful part of Wales. That important point gives us all the more reason to await the Committee's report, so that we can consider the views of all the interested parties before taking a final decision on legislation.

The hon. Member for Hazel Grove (Mr. Stunell) made an important contribution, stating that we should be conscious of the views expressed in the Assembly. We certainly want to do that, and at an appropriate time when legislation comes forward, we shall do so.

The right hon. Member for Bromley and Chislehurst (Mr. Forth) started his speech as he often starts his speeches on these occasions: he underpinned his continued opposition to making legislation, which is a perfectly valid and proper view to hold. He went on, however, to say that he would exercise an unusual degree of self-discipline. I am not sure whether that might present an ideal opportunity for a private Member's Bill, and perhaps we could introduce counselling for Members involved in seeking self-discipline.

The hon. Member for East Worthing and Shoreham (Tim Loughton) made some important comments. When he started, I thought that he was going to say that the Opposition would support the Government when we introduce legislation on a ban some time in the future. However, his comments turned out to be nothing more than warm words. He made a number of points on the delivery of the health service in Wales. You rightly pulled him up at that point, Madam Deputy Speaker. I am sure that you would recognise that what we are doing in Wales is putting right 18 years of underinvestment from when the hon. Gentleman's party was in power, during which time it closed 70 hospitals and cut training for nurses and midwives. Now we have more doctors and more nurses, and only yesterday, we announced new targets for the health service in Wales—

Madam Deputy Speaker: Order. The same restriction applies to the Minister.

Mr. Touhig: I take note of what you say, Madam Deputy Speaker.

How do we proceed from here in a sensible manner, bearing in mind the complexities of the situation and the strong feelings that have been expressed, both for and against a ban? *[Interruption.]* I note the comment made by the hon. Member for Hazel Grove from a sedentary position, and he might be interested in what follows this debate.

Our White Paper proposals on anti-smoking measures in England came as a result of extensive consultation with stakeholders. It is essential that any legislation on such an important matter should be informed by consultation with those most affected by its implementation—the general public as well as businesses and public organisations. The equivalent consultation is still under way in Wales. I know that my hon. Friend is aware that the Welsh Assembly set up an all-party Committee last year to consider how best to tackle the problem of second-hand smoke, and smoking, in public places in Wales. Therefore, the Government believe that it would not be wise to set out

proposals for Wales before that Committee reports, which is due to happen in May. Any recommendations that the Committee makes, based on consultation with stakeholders, will, I hope, be an accurate reflection of the needs and wishes of the people of Wales. Such recommendations will help to inform the Government's view on future legislation on smoking.

In the light of what I have just said, I believe that this Bill is premature. While the Government share the concerns that have led my hon. Friend the Member for Cardiff, North to introduce it, we are also concerned to ensure that the views of all stakeholders are taken into account. I also have a number of concerns about the Bill as drafted in relation to technical questions, particularly enforcement and cross-border matters.

For example, the Bill proposes to provide enabling powers for the Assembly to prescribe a ban by regulations. It would be possible, under the current devolution settlement, for the Assembly to be given additional public health powers for that purpose. I am not clear, however, that the role of the enforcement and policing agencies has been fully taken into account in the Bill's drafting. On the role that the police and legal system might be required to take on—we must bear in mind that police and criminal justice are not devolved and are reserved matters—I am concerned about the Bill's cross-border impact. Should local authorities become involved in enforcing a ban in Wales, it is possible that there would be practical difficulties in implementation, especially as the cost of that has not been calculated. With such issues outstanding, I am not confident that the Bill can deliver a practical and workable arrangement for effectively banning smoking in public places in Wales.

Let me emphasise that the Government are committed to ensuring that there is a major step forward in providing smoke-free environments for people to live and work in. In his preface to "Choosing Health", my right hon. Friend the Secretary of State for Health said:

> "In moving forward the public health agenda in England, we recognise that some of its proposals will have implications for other parts of the UK."

He stated:

> "We will work closely with colleagues in the devolved administrations to identify these, so that joint action can be taken where appropriate and legislative opportunities provided for the devolved administrations where . . . new powers are created for England".

I suggest to my hon. Friend that that presents an excellent opportunity to introduce legislation for smoke-free public places and workplaces in Wales, and we are committed to making that happen.

Notwithstanding my comments about my hon. Friend's Bill, I hope that she can take comfort from the Government's approach, which I have outlined. I am sure that she would agree that we need the case for a ban to be made, with full consultation on all the issues, and after the report of the Assembly's Committee has concluded, the Assembly's deliberations and proposals should be put directly to the Government. I hope that she will not be too disappointed, and I hope that she will join me in wanting to ensure that whatever legislation is proposed recognises both the views and the needs of the people of Wales and provides the most practical vehicle for implementation.

While I regret that I cannot support my hon. Friend and her Bill for the reasons that I have given, she can be in no doubt that the Government share many of her hopes and will seek to resolve this matter before too long. Once again, I thank her for presenting the Bill to the House and for providing the opportunity for this debate.

Julie Morgan: I commend the Bill to the House.

Question put, That the Bill be now read a Second time:—

The House divided: Ayes 14, Noes 7.

Division No. 148] **[2.04 pm**

AYES

Allan, Richard	Morgan, Julie
Barron, rh Kevin	Pugh, Dr. John
Bottomley, Peter *(Worthing W)*	Stunell, Andrew
Brooke, Mrs Annette L.	Williams, Hywel *(Caernarfon)*
Cable, Dr. Vincent	Willis, Phil
Dawson, Hilton	
Griffiths, Jane *(Reading E)*	**Tellers for the Ayes:**
Khabra, Piara S.	**Mr. Win Griffiths and**
Marsden, Paul *(Shrewsbury & Atcham)*	**Mrs. Betty Williams**

NOES

Atkinson, David *(Bour'mth E)*	Hayes, John *(S Holland)*
Barker, Gregory	Loughton, Tim
Blunt, Crispin	**Tellers for the Noes:**
Garnier, Edward	**Mr. Eric Forth and**
Gillan, Mrs Cheryl	**Mr. Andrew Hunter**

It appearing on the report of the Division that fewer than 40 Members had taken part in the Division, MADAM DEPUTY SPEAKER *declared that the Question was not decided, and the business under consideration stood over until the next sitting of the House.*

Telecommunications Masts (Planning Control) Bill

Order for Second Reading read.

2.15 pm

Mr. Andrew Stunell (Hazel Grove) (LD): I have been a victim of passive talking out during today's proceedings, but I am pleased to have the opportunity to present my Bill to the House. I want to start by thanking the sponsors and giving special recognition to the hon. Member for West Suffolk (Mr. Spring), who introduced a similar Bill last year and was generous in allowing me access to the material that he acquired at that time. I should also like to thank for their help my hon. Friend the Member for Cheadle (Mrs. Calton) and the hon. Member for Pudsey (Mr. Truswell), who is chairman of the all-party group on mobile phones. I could mention many other colleagues, but I have specifically referred to three colleagues from three parties across the House. Their support is a measure of the importance of this issue to many Back-Bench Members.

Mr. John Horam (Orpington) (Con): I congratulate the hon. Gentleman on his choice of subject, which I also believe is an important one. As he rightly says, the Bill has a great deal of all-party support. It is essential to change the law, but I also want to highlight the importance of examining the health aspects of the problem.

Mr. Stunell: I agree, and if I can talk fast enough I shall reach that part of my speech in a few minutes' time. Some local authorities, again of all political persuasions, have passed resolutions in support of the principle of the Bill.

Peter Bottomley (Worthing, West) (Con): I would like to confirm that. Worthing is now Conservative-controlled, but I shall leave that aside, as the Liberal Democrats—except for the former mayor—were also worried about the issue. Given the chance, my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) and I will support the Bill.

Mr. Stunell: Right—well, I shall just carry on making progress. I would also like to point out that 119 of my own constituents have been in touch with me in support of the Bill. That gives me some hope about what will happen in a few weeks' time.

I doubt whether there is one Member of the House who has not, at some stage, heard community groups and organisations explaining their concerns about the introduction of mobile phone technology.

Mr. Phil Willis (Harrogate and Knaresborough) (LD) *rose—*

Mr. Francis Maude (Horsham) (Con) *rose—*

Mr. Stunell: I give way first to my hon. Friend.

Mr. Willis: It is a pity that, after the procrastinations of Conservative Members earlier, we do not have more time to debate the Bill. One of the key issues arising from the Court of Appeal judgment in what has become known as the Harrogate case highlights a confusion that lies at heart of Government policy—the view that there are no health risks to be considered in respect of planning, while we hear from the Department of Health that there are indeed such health risks. In the light of the response of the Under-Secretary of State, Office of the Deputy Prime Minister, the hon. Member for Pontefract and Castleford (Yvette Cooper) to my hon. Friend the Member for Twickenham (Dr. Cable) earlier this week, does my hon. Friend believe that, whether or not his Bill succeeds, the Government must make it absolutely clear that health risks should be taken into consideration in dealing with planning applications?

Mr. Stunell: I agree. Indeed, one of the Bill's provisions gives the opportunity to assess whether a mast in a certain location presents specific health risks—for example, to schools or health facilities.

Mr. Maude: The hon. Gentleman mentioned earlier that there was support among all parties for the Bill, but he will recall that in a recent by-election, the official election literature said that Labour would

"do everything we can to ensure that there are no more phone masts near schools and hospitals".

My constituents in Horsham are particularly concerned about the proximity of some proposed masts to large concentrations of children in schools.

Has the hon. Gentleman had any indication from the Government, particularly in the light of what was said at the by-election, that they will give time and support to the Bill, which commands widespread support, to ensure that it gets on the statute book, enabling local councils to do exactly what Labour said that it wanted to achieve?

Mr. Stunell: I may be able to answer the right hon. Gentleman, because the Under-Secretary wrote to my hon. Friend the Member for Mid-Dorset and North Poole (Mrs. Brooke) on 15 March. She commented on the fact that there was concern, but added that if there was major concern on the part of the school or the parents, they could ask the network operator to adjust the antenna. I draw the attention of the House to Marple Hall high school in my constituency, where a mast was fixed to a school building with the consent of the governors. However, there was subsequently a great deal of unrest and the governors rescinded their decision, only to discover that the contract that they, and every other person who has taken an antenna on to their land, had signed meant that they had no rights. They could not ask for the antenna to be withdrawn and they had signed away their rights in terms of replacement or repair. What the Government said to my hon. Friend is just unenforceable as things stand.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): The hon. Gentleman has been very generous, and some of my constituents have written to ask me to come and listen to him today. I have constituents, in Ashley Green and Chalfont in particular, who are very concerned about mast applications and installations. What would he say when a proposed site is near not a school but a nursery to which babies and young children go?

The views of parents are not going to be taken into consideration. Is that not worrying? Would his Bill help to address this problem?

Mr. Stunell: Yes, the Bill as drafted does exactly that. It gives the managing body of a school, health facility and, explicitly, nursery the right to give notice. The Bill refers to a notice period of 28 days. I met the mobile operator companies yesterday and they told me that that was far too short. We may propose a longer period in Committee, but the principle must be right—that someone who owns and manages land should have the right to say what should be on it, and not be in a position where an oppressive contract signs away their rights for the future.

Tim Loughton (East Worthing and Shoreham) (Con): I am grateful to the hon. Gentleman, who has been very generous. I particularly welcome the part of the Bill dealing with class D. Is it not iniquitous—this is happening in Sussex, which is why the county is disproportionately represented today—that mobile phone masts can be replaced by tetramasts on the same site as mobile masts without reference to the landlord and without planning controls, causing fear among local people about health concerns? Nothing can be done about that and O_2, which operates these things, does not want to know. Is that not disgraceful?

Mr. Stunell: I almost regret giving way. If the hon. Gentleman had not spoken for 30 minutes in the previous debate, I could have given a fuller answer.

This Bill is not about dismantling the mobile phone industry. Mobile phones are a public good, usually. There are 60 million of them in circulation and 40,000 masts. In 1984, the Conservative Government were a little too liberal in setting up the industry by relaxing planning controls, and they have been followed by a Labour Government who have been too conservative in not putting things right.

The result is that while 40,000 masts have gone up and the majority have caused no difficulty at all, insensitive and inappropriate siting have clearly been major causes of discontent in some examples. Local residents, councils and councillors are baffled and frustrated as they cannot get their concerns taken seriously, or in many cases even considered at all.

If I wanted to put up a garage or a conservatory, I would need more permissions than if I wanted to put up a telecommunications mast. Up to the height of 15 m, which is higher than the Chamber, planning permission is not needed. There are dozens of stories of people coming home from work to find a mast that they knew nothing about at the end of their garden. One elderly person who has been in touch with me opened the curtains one morning to discover a mast that they did not know was going to be there.

The mobile phone companies say that they have to respond to demand and that this is a commercial operation. I understand that point—but so is a supermarket or a petrol station, and they have to ask for such permission.

Dr. John Pugh (Southport) (LD): My hon. Friend knows that mobile phone companies have produced 10 commitments to allay concern, but those have not worked in any respect whatever. The concern is still there, and there is no point in those companies coming back again and again with these 10 commitments, as they simply do not answer public concerns.

Mr. Stunell: I agree with my hon. Friend. Rather like the 10 commandments, those commitments are more relevant in the breach than in the observance.

The mobile phone companies are not averse to cutting the odd corner. A case in my Hazel Grove constituency involves four blocks of terraced houses that, in effect, form a courtyard with a small industrial premises in the middle. In the middle of that, a mobile phone mast was put up a year or two ago. It was claimed to be below 15 m in height and not to need any permission. There was a great deal of noise and ruction about that.

Someone measured the mast and found that it was 16 m high, and therefore needed planning permission. The borough considered it and issued a refusal, for perfectly valid planning reasons. The company appealed, and that appeal was dismissed by the inspector. So, the mast had to come down, but the mobile phone company came back and said, "It's 16 m high now, but we will take it down, cut 1 m off and put it back up at 15 m. Is that what you really want us to do?" I am afraid that in many cases the phone companies have been their own worst enemies.

Gregory Barker (Bexhill and Battle) (Con): May I assure the hon. Gentleman, who is introducing a sensible measure, that the next Conservative Government will require all phone masts, regardless of size and proposed site, to be subject to the full planning permission process? What is more, the next Conservative Government will revise planning guidance to local authorities to allow them to take—

Madam Deputy Speaker (Sylvia Heal): Order. That is far too lengthy for an intervention.

Mr. Stunell: I remind the hon. Member for Bexhill and Battle (Gregory Barker) that in 1984, in the spirit of laissez-faire, the Conservatives withdrew every planning control. If they had done the right thing 20 years ago, I would not have to be standing here now introducing the Bill.

Mr. Willis: And they tried to kill the Bill today.

Mr. Stunell: Indeed. The contributions from Conservative Members have not helped.

I have already said that a provision in the Bill would allow owners of buildings and premises to regain control and take measures against phone companies if they did not wish masts to continue to be in place.

In the last couple of minutes available, I want to mention the health question. There is no doubt that there is a major concern for many people. I have not focused on that exclusively; there are, in any case, good planning reasons for bringing masts back into planning control. In 2000, Sir William Stewart's report established the idea of the precautionary principle, which I have embedded in my Bill. He brought to the fore the concept of a beam of greatest intensity, also

[Mr. Stunell]

sometimes called the main beam, and clause 1, which is based very much on the work of the hon. Member for West Suffolk, does exactly that.

A local health certificate would have to be given to a mast, and it would have to be produced if that mast were radiating towards a school, a health clinic or a home. Specific attention would then have to be paid to that particular mast's safety certificate, rather than having a national block exemption. There are six networks, many different types of mast and many different intensities. Having a national exemption is not appropriate for the many diverse situations that arise when masts are placed around the country.

My Bill would allow concerns related to a specific mast to be taken up. The fact is that if a mast failed its health test locally, there would be no mast; if it passed, there would be no grounds for a refusal. My analogy would be with road vehicles. Not all road vehicles are the same. Minis are different from—

It being half-past Two o'clock, the debate stood adjourned.

Debate to be resumed on Friday 22 April.

Remaining Private Members' Bills

PUBLIC SERVICE (BANK HOLIDAY) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 8 April.

AUDIBLE MOTOR VEHICLE ALARMS BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 13 May.

PREVENTION OF TERRORISM (NO. 2) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 8 April.

CONTROL OF IDENTIFICATION DOCUMENTS (OFFENCES) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 13 May.

Community Websites

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Heppell.]*

2.31 pm

Dr. Vincent Cable (Twickenham) (LD): I am grateful to have another opportunity to initiate an Adjournment debate at the end of the week. Like many such debates, it relates to a specific set of local circumstances—my local online community websites—and larger policy issues.

My constituency is one of two in the London borough of Richmond upon Thames. We have a rare and pioneering set of entirely voluntary community networks, which are now in their eighth year of operation. They bring together community information and literally hundreds of community websites in the area within 10 different portals, each of which is organised around one of the urban villages which my constituency comprises. One tends to think of Twickenham as a London suburb and, indeed, that was how I perceived it when I went to live there. However, one gradually learns that there are distinct urban communities, or villages, within it.

I have supported the work of the online communities during the eight years of their existence. Their usage and spread is remarkable and they have generated enthusiasm throughout the local community. I have secured the debate not only to tell the Under-Secretary of State, Office of the Deputy Prime Minister, the hon. Member for Pontefract and Castleford (Yvette Cooper), about such pioneering work, but to make the more serious point that such community websites are under serious threat due to acts of omission and commission by local and central Government. I would especially like her to focus on those policy points.

The wider context of the debate is much bigger than the subject that I am addressing. The internet revolution is, in its way, as important as printing and broadcasting. Of course, many internet activities have little to do with the Government or, indeed, politicians, because they are transactions between companies and individuals on a vast and rapidly expanding scale. However, the situation touches on our existence in several respects. E-government is growing, and I know that the Government expect their e-government objectives to be met in all areas of national government this year. There has been rapid expansion. People who are specialists in the area tell me that the scope of e-government is increasing, with the expansion into such areas as passport ordering and university admissions meaning that it is becoming virtually universal, and that the quality of government websites is improving greatly.

Parts of the population are poorly covered. Only one in 10 people of pensionable age use the internet for government or other purposes, and only one in six poor families use it. One of the reasons for the importance of community websites is that they reach those groups, particularly elderly people, more effectively than some other means of communication.

As the internet revolution proceeds and the Government continue to spread the reach of e-government, community websites have emerged. The interaction between community websites and e-government could be called e-democracy. That is a somewhat abstract concept, but those of us who see it in action can recognise it. When we talk about e-democracy in Parliament, it is usually in the context of MPs' websites, and I am one of the many MPs who have one. That is probably one of the least important applications. Much more important is the way community websites are generating vigorous local political debate on issues around planning applications, local council politics, hustings at national elections and so on.

The good news is that e-democracy is flourishing, as I can see in the communities that I represent. The bad news is that the process is under threat because of the difficulties facing community websites. For example, how does a voluntary community website sustain itself? It has many things to do. In a world of increasing complexity, where there is a growing demand for that type of activity, there is correspondence to conduct, community notice-boards to be constantly monitored and updated, the need to promote classified advertising, news to be syndicated to other sites, and content management to be undertaken. For example, in the online communities that I am discussing, each councillor is offered a website to help them communicate with their electorate, not just with each other. Since councillors, like MPs, are often not good at the technical side, a good deal of content management is necessary.

The work involved is substantial and growing, probably exponentially, and the demands that that places on a voluntary community-based system are considerable. That raises the question how such a system is to sustain itself. If it is not a state-run, publicly funded organisation, it must do so through advertising. One cannot pay as one views on the internet, so advertising is the only mechanism available. In principle, that is the way it should happen. That is partly how newspapers—certainly free newspapers—and commercial radio fund themselves.

What problems are associated with advertising in the context of community websites? To some extent the online communities to which I am referring already make use of classified advertisements. A key part of the market is premium-cost public advertisements, such as local councils advertising jobs and the more important planning applications. At present, in almost all areas, including mine, local councils make use of the print media, which is often not the most efficient and sensible way to advertise.

The Department that the Minister represents, the Office of the Deputy Prime Minister, recently commissioned a report from Ove Arup on the best ways of advertising planning applications. The conclusion was that the traditional print media are inefficient and result in poor access. Large numbers of residents expressed their frustration with the fact that they never hear about planning applications until it is too late. I believe the Ove Arup report recommended that much more active use be made of internet-based systems, such as community websites.

What happens in practice, therefore, is imperfect. Were local councils to make more use of community websites for advertising, that would no doubt provide the websites with the income to sustain and expand their activities, but that is currently not happening. What is the role of government? I refer to local government, but

[Dr. Vincent Cable]

there are two things that central Government could do. First, through their guidance to local councils, they should ensure that all media are treated equally. There should not be special protection for community websites. That would be unhealthy and is not what they seek. They simply want to be treated on an equal basis with other media.

The other requirement, which is already part of the Minister's portfolio, is to ensure best value. When the Government conduct their best value appreciation of local government, they should take into account whether councils are currently seeking and obtaining best value through their advertising. If that exercise were conducted, it would no doubt result in an appropriate allocation of advertising revenue, and community websites would have access to it.

There is however a second problem on top of advertising and it relates to Government funding. I do no know how much the Government contribute towards local community website development. A large amount of money has certainly gone into local government, but that is mostly for internal communication and the communication of councils with the public. But local councils are creating their own community websites. They are developed in-house by IT departments of local councils and they are in competition with genuine voluntary community websites. I cannot speak for all of those, but certainly the perception that I have from people in the field is that often the products of local government are not of good quality, and even if they are of good quality they have an official flavour to them. They quickly acquire a vested interest; they are a corner of local government, and local government becomes increasingly defensive and protective of its own websites, some of which appear to be supported by Government as against the independent voluntary sector.

Inevitably, a protectionist flavour is developing. Local councillors become nervous about community websites because they no longer control the news media, as they used to be able to through the original weekly news conferences. News leaks out within minutes on an internet-based system. Local council officials feel flustered when enormous interest suddenly develops in local planning applications as a result of community websites. The community websites are then seen as a problem by the local councils, which in turn promote their own system in competition with them using Government funding. As the Minister will appreciate, that is not healthy. I hope that in such circumstances the Government will try to ensure a genuine level playing field, and that if Government funding is available for community website development, independents are in a position to bid for it on exactly the same basis as local councils. That is all that is sought in this context.

The Government could probably learn quite a lot from best practice in this area. Certainly my local community online websites are of national, possibly world-class, quality. I was one of the first MPs to receive an award—it was a *New Statesman* award—for my website. I did very little myself towards it, but it was done by the same team that runs the online community websites in my area, and its work is of extraordinarily high quality. I am sure that the Government could benefit from its creativity, and I urge them to consult it.

I sought this debate not simply to advertise the fact that something good, creative and interesting is happening in my constituency, but to point out that in this rapidly changing revolution, policy problems are beginning to arise, with conflicts of interest, particularly in the management of advertising and in the use of Government funding. Just as we have a heated debate in broadcasting about the relationship between public sector and independent broadcasters, the same type of controversy is beginning to arise in e-democracy, and it will become a big issue in years to come.

I hope that in this preliminary way I can focus the Minister's attention and that of her Department on the problem so that we can put the matter on the correct footing.

2.43 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): I congratulate the hon. Member for Twickenham (Dr. Cable) on securing the debate on this important issue, and taking the opportunity to talk about something that I know is important to his constituents and the work that they have done on community websites, but which also affects community groups throughout the country.

I am aware of the work that has been done by the Twickenham community portal in uniting its community online and providing a public platform for local people to express their views on a range of issues. I agree that community websites can play a powerful role in supporting local groups; providing information and opportunities for community action, often very rapidly in response either to concerns, or to opportunities; giving people more chance to exercise advocacy and leadership through alternative ways of communicating; and even encouraging participation in the democratic process. Government and councils have a role in supporting all kinds of community activity, including online activity.

Although there are many successful community websites, the provision of online information and services by community groups varies greatly. Some have considerable capacity, innovation and enthusiasm, while others have very little capacity, skills or expertise in using online information or methods of communication. We are therefore providing support and resources to make it possible for more councils to support community groups in that way. We are doing so through a number of projects, which I want briefly to outline in addressing the key points that the hon. Gentleman made.

Community information is one of the Office of the Deputy Prime Minister e-government priority outcomes for 2005. The Department is supporting councils to deliver integrated information about services for the community, which may include services delivered by local partnerships. We also need to do more in terms of community groups. The environment and community online residents e-services—ENCORE—national project is working towards improving access for citizens to local environment and community-related services.

Funding is also being provided for the development of a software application that local authorities can install if they want to do so, so that local community groups can create and maintain their own websites using the application. Its aim is to enhance the ability to find information about services published online by community and voluntary organisations, as well as by parish councils, many of which currently experience difficulties and technical and infrastructural problems in extending knowledge to local users.

The local authority websites, or LAWs, project has also developed community engagement modules, which include software requirements, system architecture documents and code and installation instructions. The Department is also supporting an organisation called mySociety.org, which is working in partnership with West Sussex county council to build tools and applications to enable people to organise community activities. One such project is PledgeBank, whose primary aim is to facilitate community action by local people, promoting civic participation and strengthening engagement. We are also working with the National Association of Local Councils to improve the capacity of parish councils to have effective websites.

In addition to supporting community groups, the Government are also working on wider projects. Some of the work is done by the Home Office. One Home Office-backed project is Future-builders, a £125 million investment fund project run by a voluntary and community sector consortium. The project is designed to assist voluntary and community organisations and social enterprises in their public service work, and to help them modernise their operations, including improvements to websites and e-services.

Finally, GuideStar UK, which is an independent charity, has proposed to construct a common base of information about the finances, operations, activities and effectiveness of all charities and not-for-profit organisations operating in the UK. That will take the form of a free-to-access website serving a range of customers, including charities, funders, policy makers, media and researchers.

The hon. Gentleman referred to funding difficulties and asked whether there was potential to improve access to advertising revenues for community websites. There is always a funding issue in respect of community and voluntary groups, and it is often debated at a local and national level. That is why funds are available so that local authorities can provide support to local community and voluntary organisations for a wide range of activities, including websites where that seems appropriate.

The hon. Gentleman raised the interesting issue of more access to advertising revenue, and I will raise it with the Under-Secretary of State, Office of the Deputy Prime Minister, my hon. Friend the Member for Corby (Phil Hope), who works in that area. The hon. Gentleman obviously recognises that local councils and local government must ensure that they get value from their advertising budgets, the purpose of which is to reach particular audiences for recruitment or other purposes. Local authorities must ensure that they get good value out of that budget.

The hon. Gentleman also raised some wider issues about potential conflicts of interest between different kinds of websites and different ways of communicating. A thriving local civic society and local community organisations that can work with local authorities on a wide range of issues are of huge benefit to local authorities, particularly in areas in which there are regeneration projects, but also in areas in which there are local environmental projects and so on. I do not see that there must be a conflict of interest between local councils and voluntary groups on such issues, and that relationship can be very positive.

The hon. Gentleman compared the current situation with the regulations covering the broadcast media, but it is probably beyond my scope as an ODPM Minister to respond to his concern, except to say that he raised some interesting points for future debate.

Finally, I agree with the hon. Gentleman that websites and the internet can be huge resources for voluntary and community groups, but in the end, websites are just facilitators for activities, events or projects organised by local community groups. Websites are an important modern tool, and the ODPM agrees that they should be available to community groups across the country, which is why we have supported a wide range of infrastructure tools and other help for local community groups, and why we will continue to do so.

Question put and agreed to.

Adjourned accordingly at eight minutes to Three o'clock.

House of Commons

Monday 21 March 2005

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

Sports Action Zones

1. **Simon Hughes** (Southwark, North and Bermondsey) (LD): What assessment she has made of the effectiveness of sports action zones; and if she will make a statement. [222736]

The Minister for Sport and Tourism (Mr. Richard Caborn): An initial evaluation relating to the establishment of the 12 zones was conducted by Sport England in 2001. Further evaluations were conducted in 2002–03 and 2003–04. A summary of the findings of the most recent evaluation will be published by Sport England this summer.

The work in all the zones shows, in varying ways, that sport has made a major contribution to dealing with some of our problems in promoting health, the integration of ethnic minority groups, crime reduction and social exclusion. We expect the good practice to go into the mainstream work of developing the sports infrastructure.

Simon Hughes: Our hon. Friend the Member for Vauxhall (Kate Hoey) chairs with me our sports action zone in Lambeth and Southwark, which is brilliantly led by Brian Dickens, and we have experienced huge success in that zone in our two boroughs. Will there be an opportunity in the near future, whoever is in government, to roll out the zone across the rest of our boroughs so that the benefits spread? The Minister gave a list of lessons learned, including access, participation, health and social inclusion. Will there also be an opportunity to share with the rest of the country the lessons that boroughs such as ours have learned?

Mr. Caborn: Very much so. I thank and congratulate my hon. Friend the Member for Vauxhall (Kate Hoey) and the hon. Gentleman on their work in the action zone. We are rolling out a further 18 zones and I hope that, as the hon. Gentleman says, the genuine good practice and innovation that stem from them will now fit into the actions of regional sports boards in developing their strategies. They involve health, social inclusion, education and the development of sustainable communities, and the zones can play an important role in that.

Kate Hoey (Vauxhall) (Lab): The Minister should be aware that one of the lessons from the sports action zones is that a bottom-up, not a top-down approach works. When the approach in our area was top down for the first two years, with Sport England trying to run it, it did not work. When it was bottom up, with genuine neighbourhood support from community groups, the South Bank employers group and all the people who lived there and knew what they needed, it worked. Does the Minister agree that it is important that the funding continues and is not diluted in a London sports board, thus getting broken up and not necessarily used for inner-city areas such as mine?

Mr. Caborn: Well, I do not know about the last part of the question—*[Interruption.]* Bear with me. Sports boards are charged with targets of greater participation. I remind my hon. Friend that, when I came into the job, Sport England was passing down 98 different sports initiatives to the regions. There was no bottom-up process; it was a case of ticking boxes and getting the dosh without anybody measuring what was happening. That approach has changed significantly in the sports boards, which bring in health, social inclusion and business to ensure that they drive up participation and also target the least well off in our society. I hope that, in the next few years, we will tackle the issues that my hon. Friend raised and use sports action zones in doing that.

Mr. Nick Hawkins (Surrey Heath) (Con): The Minister knows that I will always be happy to welcome more money for sport anywhere in the country. I recognise, as the hon. Member for Vauxhall (Kate Hoey) did, that there are good areas where the approach in the sports action zones has been bottom up. However, does the Minister recognise that, in some parts of the country, there are still complaints that the money is not getting to the sharp end and that too much is being spent on bureaucracy? Does he acknowledge that, in any further development of the sports action zone programme, the Government need to be especially careful to ensure that taxpayers' money going to sport reaches children in disadvantaged areas and is thus spent on sport, not administrators?

Mr. Caborn: Very much so. The hon. Gentleman knows that Sport England's employees have reduced from 600 to a little more than 200. There is much going into the regions and the county sports partnerships. I suggest that he has a quick word with his Front Benchers, because the plans for sport that they will present at the next election appear centralist by any stretch of the imagination. Indeed, they would scrap everything except the Minister for Sport.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): Is my right hon. Friend aware that the city of Coventry was honoured by his visit last month to see the new Coventry arena? He is to be congratulated on seeing the project through from inception to realisation this

year. Does he realise that it stands as a model for the country and shows how sporting facilities, zones and new arenas can contribute to the regeneration of a city and, indeed, a region?

Mr. Caborn: That is absolutely true. Anyone would think that there was an election in the air, but I could not possibly comment on that. The project to which my hon. Friend refers is extremely good for regeneration. It has taken a long time getting there, but I have had the privilege of going to see the development to date, and I am sure that it will have a major and much-needed impact on Coventry's economy, in terms of how it can diversify using sport and other activities.

Tourism Deficit

2. **Mr. Adrian Sanders** (Torbay) (LD): If she will make a statement on the UK tourism deficit. [222737]

The Minister for Sport and Tourism (Mr. Richard Caborn): The UK's tourism deficit was £17.3 billion in 2004. National tourism deficits in the developed world reflect various factors, including rising prosperity. By way of illustration, Germany's deficit stood at £27.1 billion in 2003. Of more importance is our industry's impressive domestic and inbound performance, with a record £12.8 billion spent by 27.5 million overseas visitors last year. That illustrates a rising trend.

Mr. Sanders: Does the Minister agree that a way of dramatically reducing the tourism deficit would be to introduce an aviation tax, because Brits spend far more overseas than is spent by overseas visitors to the United Kingdom?

Mr. Caborn: The hon. Gentleman will know that tax is a matter for the Treasury. However, the industry has been working with my Department recently to address the structural weaknesses in tourism. We have now moved tourism into the regional development agencies, where it is seen as a major economic driver, especially in the south-west, as the hon. Gentleman will appreciate, as he comes from Torbay, where RDA money has already been invested. I hope that that trend will continue. This is about identifying skills and quality, developing EnglandNet, and having sound data on which to base decisions for the future. It is also about addressing structural weaknesses, and the industry and the Government are now working together in a strong partnership to do that.

Mr. Kevan Jones (North Durham) (Lab): My right hon. Friend recognised the importance of the regions in promoting tourism. Will he congratulate One NorthEast and the North East Tourism Advisory Board, of which I am a member, on the production of their recent strategy for the north-east? It is not just about promoting the wonderful attractions and beauty of the north-east of England, but about ensuring that tourism plays a key part in the revival of the economy there.

Mr. Caborn: Very much so. I congratulate my hon. Friend on what has been done in that regard. There is no doubt that creating a new structure for tourism in the north-east has had a difficult start, but I am sure that a solution has now been found that is acceptable to all parties and that will drive tourism forward as part of the region's economy development strategy. I look forward to seeing further developments in the area.

Mr. Robert Key (Salisbury) (Con): We could do with more visitors to south Wiltshire. Twenty-one years ago, I attended the birth of English Heritage, whose first priority was to be Stonehenge. Eight years ago, a Select Committee described the facilities at Stonehenge as a national disgrace, and eight years ago in July, the Prime Minister said that the Government would do their best to put that right. All that time has passed, but we have nothing to show for it. We know that the inspector's report on the tunnel is now with Ministers, but will the Minister give us an assurance that Stonehenge remains a priority for his Department as well as for the Government as a whole? What can I do to help the Minister in this regard?

Mr. Caborn: It is not often that I get an offer like that. We are waiting for the report that the hon. Gentleman mentioned, and it will go to the Department for Transport. I accept that this has gone on for far too long. All that I can say on behalf of my Department and of English Heritage is that this matter is a priority and that we want to see things happen. So the sooner we get the report, and the sooner that decisions are made by the Department for Transport, the better.

Andrew Mackinlay (Thurrock) (Lab): Will the Minister hold discussions with the Secretary of State for Northern Ireland, bearing in mind the very wrong perceptions that people overseas—particularly in north America—have of banks being robbed there and of crime in urban environments? In fact, Northern Ireland is one of the most attractive and peaceful parts not only of the United Kingdom but of western Europe, with the hills of Antrim, the lochs of County Down, and the Sperrins. Could not the British Government do more to promote interest in and awareness of Northern Ireland, rather than seeing so many people being attracted to Ireland via Dublin?

Mr. Caborn: That question is timely, because later this week I shall be meeting Ministers and other representatives from the four devolved authorities, and I shall make sure that my hon. Friend's point is conveyed to them. There is no doubt that Northern Ireland is a beautiful place, and it is unfortunate that the worst events are sometimes disproportionately reported in the press, while the best things are left out. I shall convey my hon. Friend's sentiments to the people responsible for these matters in Northern Ireland.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): As the Minister confirmed in an answer a few moments ago, the Government can accurately measure the tourism deficit and take steps to narrow the gap only if they have reliable statistics or sound data. Given that the Secretary of State, after the Hartwell meetings, made better statistics a priority—a fact later confirmed by the

Government's policy document "Tomorrow's Tourism Today"—and that the Department of Trade and Industry's science review of DCMS last year said that only if DCMS implemented the tourism statistics improvement initiative's findings would the statistical base be accurate and reliable, why are the Government continuing their miserly approach and turning their back on the needs of the tourism industry by denying funding for TSII?

Mr. Caborn: That would be absolutely wrong. As the hon. Gentleman knows, because we held a conference a few weeks ago in Birmingham, the industry has acknowledged very clearly to us that we are sitting down with it in the implementation group, which I chair. We are addressing, probably for the first time in a long time, the real structural weaknesses. Data are one of those, but not the only one. We are looking very seriously at those structural weaknesses and driving that agenda for change—not just in the industry, but through the development agencies, with which there is now a very strong partnership. Data are part of that and we are acting on the issue. As the hon. Gentleman knows, I said in an answer that we will produce those data in the not-too-distant future.

This is one of a number of issues that we are considering in terms of ensuring that the industry is fit for purpose and can achieve the objective, which is to increase its worth from £74 billion to £100 billion by 2010. That is achievable, it will mean a lot more jobs and those data are important to achieving it.

Listed Buildings

3. **Sir Sydney Chapman** (Chipping Barnet) (Con): What recent meetings she has had with English Heritage concerning the listed buildings regime. [222738]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): I have particular pleasure in answering a question from the hon. Gentleman at what might be his last appearance at DCMS questions.

As part of the regular meetings with the chair of English Heritage, we have discussed progress on the current heritage protection review. Some of those discussions have referred to the changes to the listed building regime, which is due to be implemented next month.

Sir Sydney Chapman: I am delighted to hear the right hon. Lady's response to my question, because she knows that, in certain parts of the fourth estate recently, there was speculation that her Department would not hand over the powers of the listed building system to English Heritage next month. Now that she has confirmed that she will be doing so, may I congratulate her and say that I have such confidence in English Heritage that even if she handed over the designation orders as well, I would be pleased?

Tessa Jowell: As the hon. Gentleman knows, a number of administrative transfers will take place next month, but, as part of upgrading and modernising the designation system, which is rather dense and impenetrable for many local residents, we intend to go further. We hope to publish those proposals in a White Paper later this year or early next, and they would have to be followed by legislation, but we consider the administrative changes that will take place next month a first step.

Mr. Derek Wyatt (Sittingbourne and Sheppey) (Lab): This year is the 200th anniversary of Trafalgar. As we have such a rich maritime history, can I persuade my right hon. Friend to ask English Heritage to list not just buildings, but our great ships, as it used to, so that they do not sink?

Tessa Jowell: That is an interesting proposal from my hon. Friend—one that I will certainly ask English Heritage to consider and provide advice on.

Mr. John Hayes (South Holland and The Deepings) (Con): Has the Secretary of State calculated how many listed buildings will be affected and how many lost due to the Deputy Prime Minister's plans to bulldoze the north and concrete over the south? She is aware that those plans will do a great deal of damage to a number of historic settlements, including a number of listed buildings. Will she make such an assessment and bring it to the House, and will she give the House a chance to debate and overturn these disastrous plans?

Tessa Jowell: We have just heard from the Opposition—it is not surprising—another myth that has no basis in fact. We have a strong and robust heritage protection system, which I intend should become more flexible and more susceptible to public involvement. There is no question of the need for new homes, which are desperately needed in the south of England, being compromised in the way the hon. Gentleman suggests. He is simply making a rather cheap, party political point.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): I am extremely grateful for the work that English Heritage is doing in the north-west, particularly in supporting work in my constituency to look after the grade II* listed buildings on the Hooton aerodrome? One of the problems that has emerged is the shortage of money to repair buildings, and the resultant tendency for preference to be given to grand mansions rather than our industrial heritage. Can my right hon. Friend use her Department's offices to work with English Heritage to try to gear in private sector money to help buildings for which alternative uses could be found to succeed in the future?

Tessa Jowell: Yes, that is a very good proposition, and one which English Heritage has been applying in different parts of the country. Notable buildings, which fall under the auspices of English Heritage or the National Trust, can often make an important contribution to modern regeneration, which is one of the important objectives. There are many examples of that. I therefore welcome my hon. Friend's suggestion.

Peter Bottomley (Worthing, West) (Con): If the right hon. Lady anticipates the election, in the light of her remarks to my hon. Friend the Member for Chipping Barnet (Sir Sydney Chapman), can we anticipate the

result and say that we will bring a fresh mind to the question of whether there should be new legislation? We do not want too much modernisation of the protection of our ancient buildings.

Tessa Jowell: We have many fresh and vigorous minds on this side of the House ready to be applied to the next stage of heritage protection.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): Following up the question from my hon. Friend the Member for Worthing, West (Peter Bottomley), may I say what a pleasure it is to be asking the Secretary of State a question on what might be the last occasion that she answers from the Dispatch Box? However, will she confirm that more than 1,000 grade I and grade II* listed buildings are currently on the at-risk register, and one in six of those are owned by the Government or by local authorities? How will those be helped by the £14 million cut in the budget of English Heritage announced recently by her Department, coming on top of the £19 million cut in the previous spending review? Is it any wonder that English Heritage has said that her Department has no regard for the heritage's contribution to people's quality of life or to the economy? Will she now match our pledge to guarantee the future of the heritage lottery fund, and to boost it by an extra £100 million a year?

Tessa Jowell: Let me take the hon. Gentleman's intervention point by point. First, it does not square with the many discussions that I have had with English Heritage. The figures that he quotes do not take account of the fact that this spending round saw English Heritage gain an additional £13 million. Will he welcome the increases that, in this tough spending round, we were able to establish for the museums sector, and the above-inflation increase for most of our regularly funded arts organisations? In relation to English Heritage and the heritage sector more generally, I pay tribute to the fact that it has saved money by tackling bureaucracy and inefficiency, which has now been translated into what would be described as front-line activity. I hope that that process will continue.

Art Market

4. **Mr. David Heathcoat-Amory** (Wells) (Con): What steps she is taking to promote the UK art market. [222739]

The Minister for the Arts (Estelle Morris): The Government support the UK art market in a number of ways. Our policy of free admissions to national art galleries and museums has substantially increased public access to contemporary and non-contemporary art, and raised awareness and interest in the visual arts. The own art scheme, administered by the Arts Council, is directly supporting the art market by enabling the general public to buy art through interest-free loans.

Mr. Heathcoat-Amory: Is the right hon. Lady aware of the damage that will be caused by the implementation in January next year of the directive on the artist's resale levy, which will drive art sales out of this country to centres such as New York which do not impose the levy? Given that the European Commission never carried out a regulatory impact assessment, given that the Government's own assessment concluded that 1,000 jobs would be lost as a result of the directive and given that—to be fair—the Government voted against the original directive, will she demand an urgent re-examination of this further example of job-destroying European regulations?

Estelle Morris: The right hon. Gentleman is correct in saying that the Government have argued vociferously in Europe about the droit de suite. We should bear in mind, however, that the art market is tremendously strong in the United Kingdom at present. It is worth £4.2 billion to the economy, so I do not think that it is vulnerable or weak.

Let us be clear about what this measure will mean. It will mean that artists or—for 70 years after their deaths—their successors will have a share of the resale value of any work of art that goes to the British art market. Given that art inflation is significantly above general inflation, I suppose there is an argument that those who produce works of art should have a fair share of the profit; but we have always felt that it would have been better for us not to be party to this measure, and have argued to that effect as vociferously as possible.

I think the right hon. Gentleman would have to admit that the art market has recognised the work that the Government have done. We will continue to defend, in a number of ways, a market which, as I have said, is incredibly strong at present—probably far stronger than it was when the right hon. Gentleman's party was in government.

Mr. Tony Banks (West Ham) (Lab): Droit de suite may be a good idea in principle, but would it not be better for the levy thus raised to be spent on promoting the arts generally, rather than going to the families of artists—some of whom will take ages to trace, and may be incredibly wealthy themselves?

Estelle Morris: That may be so. I do not know how easy it would be, but as my hon. Friend knows, that is not part of the proposal. We are currently consulting on the details, a process led by my noble Friend the Minister for Science and Innovation. I am sure that he will read my hon. Friend's comments and reflect on them, but I do not want to give the impression that Europe will be swayed. The motive behind the proposal is to ensure that the person who produces a work of art has a share of the income when it is sold, sometimes at an immeasurably higher price in a relatively short period.

Mr. Richard Allan (Sheffield, Hallam) (LD): As the Minister will know, in 2003 very strict regulations were imposed on the UK art market to implement United Nations sanctions banning dealing in material that might have been looted from Iraq. The regulations have now been in force for some time. Has the Minister made, or will she make, an assessment of their effectiveness and their impact on the UK art market?

Estelle Morris: I am aware of the huge amount of work that the hon. Gentleman has done in this regard, and of his part in the enactment of the legislation. We

have not yet made a valuation, but I will ask whether this is an appropriate time for us to do so. Once the legislation has had time to settle down, we can establish what has happened. I entirely agree that a valuation ought to be made at some point.

Libraries (Funding)

5. **Linda Perham** (Ilford, North) (Lab): if she will establish a standards fund to provide capital for library buildings, books and information and communication technologies. [222740]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): I welcome the Select Committee's report on public libraries. I share many of the concerns about the current state of the library service, of which I know my hon. Friend has been a long-standing advocate. There is an unacceptable variation in the extent to which they are resourced to be a local service for knowledge, discovery, information and reading. The quality of books is a key factor in the appeal of a library, and we are currently considering—along with local authorities—how efficiency in the purchasing of books, yielding more money with which to buy them, can be achieved.

Linda Perham: The Select Committee report also drew attention to the condition of public library buildings. Would my right hon. Friend consider establishing a partnership fund between national and local government and the lottery to secure investment in improving those buildings?

Tessa Jowell: We have made the issuing of private finance initiative credit for the improvement of the library service a priority. My hon. Friend is right: the quality of a building has a major impact on the level of use. I commend the London borough of Tower Hamlets, which has taken some imaginative steps through partnership to develop modern, beautifully designed libraries. As a result, library use has increased in a deprived borough.

Licensing Act 2003

6. **Andrew Selous** (South-West Bedfordshire) (Con): If she will make a statement on the implementation of the Licensing Act 2003 as it affects community and village halls. [222741]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): Community and village halls that wish to provide entertainment or to sell alcohol will now be able to do so with a single licence, and with no additional cost for permission to carry out the wide range of activities that they might want to provide.

Andrew Selous: Will the Secretary of State act before this November to prevent the widespread damage that the Licensing Act 2003 is expected to cause to our 19,000 community and village halls across the country? In particular, the role of the designated premises supervisor is far too onerous to expect volunteers to take it on. Will the Secretary of State instead consider awarding a comprehensive premises licence at no, or very low, cost to these halls? After all, it is not as if community and village halls have been hotbeds of antisocial behaviour in the past.

Tessa Jowell: No, we are certainly not going to put this legislation into reverse; it is on the statute book and we are implementing it. We are discussing with Action with Communities in Rural England some of the points that the hon. Gentleman raises, but he should be aware that during this legislation's parliamentary stages, village halls were made exempt from licence charges except where they wish to serve alcohol. As he knows, they can certainly apply for temporary event notices should they choose to do so—

Andrew Selous: Twelve times a year.

Tessa Jowell: Yes, exactly—they can apply 12 times a year, but only the police have a right of appeal against a temporary event notice. We on the Labour Benches regard the involvement of local communities and the upholding of local residents' rights as an important part of this legislation, along with curbing precisely the risk of antisocial behaviour—not necessarily from village halls—that the hon. Gentleman refers to.

Mr. Owen Paterson (North Shropshire) (Con): That was a most complacent reply, which showed a complete lack of understanding of the value of village halls, particularly in isolated rural areas. Putting village halls on the same level as commercial premises—the Act's basis—is utterly absurd. The Secretary of State says that she is talking to the industry's representatives; will she publish the results of those discussions as soon as possible? I have received not a single letter from anyone running any of my village halls stating that they want this interfering new regulation.

Tessa Jowell: What I just said is that we are discussing with ACRE—the body that represents village halls—the implementation of the 2003 Act. It is as important to local communities in rural areas as it is to those in urban areas that their peace and the quiet enjoyment of their homes be safeguarded. We shall ensure that the application of the licensing regime through the local authorities is proportionate. Indeed, that is why the burden on village halls in that regard is much less than on city centre pubs, as it should be.

Archaeology

7. **Hugh Bayley** (City of York) (Lab): What steps her Department is taking to promote public interest in archaeology. [222742]

The Minister for the Arts (Estelle Morris): The Government are fully committed to increasing public interest and participation in all aspects of the historical environment, including archaeology. As a result of the recent spending review, £2.5 million has been allocated to the portable antiquities scheme.

Hugh Bayley: National and amateur archaeologists will warmly welcome the Government's new funding for the portable antiquities scheme. Heritage comes alive and becomes meaningful to most people when it is local

and relates to their own neighbourhood. The Council for British Archaeology, which is based in York, is concerned about the proposed changes to English Heritage's education service. Can the Minister assure me that the Government will maintain support for local and regional education in heritage and archaeology?

Estelle Morris: Yes; my hon. Friend has a particular interest in this issue, given his constituency, and I pay tribute to the work that he does. There is no doubt that English Heritage has re-organised its education service in the past few years. Change is always unsettling and leads to some lack of certainty, but I am pleased to say that the money that English Heritage is putting into education has increased. Indeed, a lot of money has gone into front-line services, so that more people with different skills are working with children. In addition, and as my hon. Friend knows, our Department and the Department for Education and Skills have been working closely with English Heritage to ensure that the quality and shape of its education service is as effective as it can be. I suspect that, over the next few years, as the new proposals bed down, my hon. Friend will see education services in his constituency, and, indeed, throughout the country, improving in quality.

Mr. Don Foster (Bath) (LD): I welcome the Government's decision to fund the portable antiquities scheme, which is crucial for the 95 per cent. of finds that are not covered by the Treasure Act 1996. Is the Minister aware that the hon. Member for City of York (Hugh Bayley), who raised the question, is a member of the all-party archaeology group, which made recommendations to establish a cross-departmental committee at ministerial level to examine archaeological issues? Her Department alone cannot cover them all, so does she agree that it is important to establish such a committee, and that one of its first priorities should be to investigate the proposals to scrap the GCSE in archaeology?

Estelle Morris: I am grateful to the hon. Gentleman for his comments on the portable antiquities scheme. The security of funding for it over the next three years has been welcomed by all. I take his point about the need to ensure that Departments work closely together, and I would not deny that archaeology spans a number of different Departments. Ensuring seamless support for it is sometimes difficult, but I hesitate to commit the matter to a committee. What inevitably ends up happening is that more time is spent servicing and organising the committee than on carrying out work on archaeology itself.

I would not want to go as far as establishing a committee, but I can give an assurance that I shall keep an eye on how the different Departments are working, as they are not working as well on this matter as they should. I have asked my officials to ensure that, in the months ahead, they monitor how archaeological issues are tackled. If it appears that appointing a committee is the most appropriate way of making progress, I would have no problem supporting it, but I am not convinced at this stage that that would be the best way forward.

Junior Football and Rugby

8. **Mr. Huw Edwards** (Monmouth) (Lab): What support her Department gives to junior football and rugby. [222743]

The Minister for Sport and Tourism (Mr. Richard Caborn): As part of our national strategy for physical exercise, school sport and club links, the Football Association and the Rugby Football Union are receiving a little more than £750,000 each to allow them to build sustainable high-quality links between school sport partnerships and accredited clubs. In addition, on the football side, the Football Foundation has supported projects worth a little less than £300 million, with support from the FA Premier League, the FA and Sport England.

Mr. Edwards: Does the Minister share my pleasure and admiration when he sees hundreds of young people playing football or rugby in different parts of our constituencies? Those games are supervised by coaches and there are facilities that were just not available when my generation was playing football some time ago. Does he appreciate that those who administer junior rugby and football often incur considerable costs, especially travelling away from home and in respect of logistical problems? Any help that the Minister's Department and the equivalent in Wales could give would be gratefully appreciated. Finally, will he join me in congratulating—

Mr. Speaker: Order. There are far too many questions there.

Mr. Caborn: Thank you for that protection, Mr. Speaker. My hon. Friend knows that our commitment to two hours of quality physical activity and sport for every child, every week from the age of five to 16 is probably one of the biggest investment programmes in school sport that there has ever been—[HON. MEMBERS: "A grand slam"]—and it has to be added to the £60 million investment going out to various governing bodies to develop club to school links, which is another major investment. [HON. MEMBERS: "Another grand slam."] My hon. Friend is absolutely right about the welcome for the new coach's certificate. It is the first time that all governing bodies have signed up to a national coaching certificate that is providing some of the quality coaches that we need. I do not want to go on too long, Mr. Speaker, but I want to say that when I first took up this job, no national sport was headed by a British coach, which was an indictment of our coaching system. I hope that we can continue to change it in the years to come.

Bob Russell (Colchester) (LD): While I welcome the figures that the Minister mentioned about grass-roots football, does he agree that the sums of money in the highest reaches of professional football are so substantial that more should be done to draw it down through the lower leagues and into grass-roots and school football?

Hon. Members: Grand Slam!

Mr. Caborn: I would agree with the hon. Gentleman, but remind him that the distribution of money out of the

premier leagues in English football is as good as any in Europe. That does not mean that it is good enough, but the European leagues have not invested £20 million as the Football Foundation, the FA and the Government have done. We are talking about £60 million each year going into grass-roots sports via those three sources of funding. The premier division is playing for success and has developed community programmes. The contribution is therefore considerable. It could do better—that is for sure—but I must commend what has been done to date as probably the best contribution in Europe.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): But does my right hon. Friend accept that the sum of money he has told the House about is inadequate to deal with the needs, say, of my local rugby union football club, Camelot, which runs women's and girls' teams as well as men's teams? The links to schools are not necessarily strong in some areas, so it is important that people's struggle to provide flourishing facilities is given more support than my right hon. Friend has currently been able to announce.

Mr. Caborn: A number of my hon. Friends have asked me from a sedentary position to congratulate the Welsh on the grand slam, which I do. The team played some fantastic rugby not only in the final, but also in the games running up to it—[HON. MEMBERS: "Hear, hear."] I hope that satisfies my hon. Friends.

What my hon. Friend the Member for Hemel Hempstead (Mr. McWalter) said is absolutely true, but I suggest that investment in sport, which deals with social inclusion, health and education in our communities, will continue. There is no doubt about that and I hope that some of the issues raised by my hon. Friend will be addressed; but we are changing the whole structure of the sport so that there is more participation and more of a bottom-up approach, as hon. Members on both sides of the House have said. That is what the regional boards are starting to deliver through the county partnerships.

Hugh Robertson (Faversham and Mid-Kent) (Con): Many people in both the Football Association and the RFU would say that the greatest support that the Department can give both junior football and junior rugby would be to help the clubs by reducing bureaucracy. The Minister himself clearly agrees. On Friday, he said that Labour had listened to the concerns of front-line staff about too much bureaucracy. If that is to be anything more than just more talk, will the Minister tell the House exactly which organisations he intends to reduce or axe altogether?

Mr. Caborn: May I welcome the hon. Gentleman to the Front Bench as the Opposition spokesman for sport and tourism? It must have been quite a shock for his Front-Bench colleagues. The previous spokesman announced their manifesto on a Friday, was criticised on the Sunday and walked away on the Monday. Probably the reason he walked away was centralisation. The hon. Gentleman talked about bureaucracy. All the Opposition want to do is to bring sport back to a Ministry of sport. That is their recommendation. We have been removing bureaucracy from the system, as I have already said. The number of employees at Sport England went down from more than 600 to 200. We have streamlined the whole regional structure and most of the governing bodies accept that.

Heritage Lottery Fund

9. **Mr. Tim Boswell** (Daventry) (Con): How much has been distributed by the Heritage Lottery Fund in each year since 2000. [222744]

The Minister for the Arts (Estelle Morris): The Heritage Lottery Fund has awarded the following amounts in each financial year from 2000–01 until 31 January 2005: £326.6 million, £350.7 million, £367.2 million, £341.1 million and £268.1 million.

Mr. Boswell: Does the Minister accept that there is a degree of discomfort about the apparent cut both in support from the lottery, by the diversion of funds for other purposes, and in the core grant to English Heritage? Is it not time that Ministers abandoned their preconception that the heritage is the private fiefdom of the privileged and understood the important economic and social contribution that it makes, as well as its contribution to our history and the fact that it is actively enjoyed by people of all walks of life?

Estelle Morris: The hon. Gentleman fails to see that since the Labour party has been in power more people, from a wider range of backgrounds, have accessed heritage than ever before. There has been no diversion of funds from the Heritage Lottery Fund to other purposes. The percentage is clearly set out and agreed by the House, and we have kept to it. Furthermore, the hon. Gentleman should consider what the HLF money has been spent on; there have been a number of education and widening access projects. Indeed, the HLF has managed to preserve the heritage of our country and to ensure that more people have access to it. That is a record of which to be proud and I am happy to congratulate the HLF on it.

Chris Bryant (Rhondda) (Lab): The Minister will know that there has been much talk of a bid to the Heritage Lottery Fund from commercial west end theatre owners to try to refurbish some of the most beautiful buildings that we have in London, which are one of the major reasons why many tourists come to this country. Does she believe that it would be suitable to give £125 million to bring those theatres into the modern era, so long as we can ensure transparency in how that money is spent and decent access for ordinary people to go to those theatres?

Estelle Morris: I accept that money needs to be spent on the west end theatres, which bring a lot of money to the capital, and theatres throughout the country. I accept that something needs to be done. My hon. Friend will be aware of the difficulties of giving lottery money to the private sector, but I have made sure that those involved are working together and I know that the west end theatres will put in a bid. It is up to the Heritage Lottery Fund and, indeed, the Arts Council, to which they have also put in a bid, to respond. If they respond favourably, no doubt they will make sure that

mechanisms are in place to ensure that the money is properly spent, but that is a matter not for the Government but for the appropriate lottery boards.

Mr. Hugo Swire (East Devon) (Con): My hon. Friend the Member for Daventry (Mr. Boswell) is right: the Heritage Lottery Fund has lost out enormously since the New Opportunities Fund was created in 1998 to supplement health and education spending. In fact, I can give the exact figure: £800 million. Will the Minister give an assurance, as the Conservative party has, that Britain's heritage will continue to be a major recipient of lottery funds after the current licences expire in 2009? Does she not agree that it is time to take the Government's hand out of the lottery till?

Estelle Morris: The hon. Gentleman should know that, last Thursday, we outlined the period in which consultation on the future of the lottery distributors will take place. The results of the consultation will come in by June next year. I am sorry that he has just suggested that he is not prepared to listen to the results of that consultation and that, no matter what anyone says, his mind is made up. That is a pity. The lottery is an excellent initiative, but it is right that, from time to time, we consult the people who buy lottery tickets—that is where the income comes from—to ensure that they still agree with the way that the money is being spent on their behalf. I look forward to that consultation—and I, for one, definitely support the Heritage Lottery Fund.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Churches/Cathedrals (Accessibility)

1. **Michael Fabricant** (Lichfield) (Con): What guidelines are given by the commissioners to the councils of churches and cathedrals concerning the accessibility of such buildings to people other than those wishing to worship. [222790]

Second Church Estates Commissioner (Sir Stuart Bell): The commissioners recognise that our churches and cathedrals are not just for worshippers; they attract millions of visitors, generating £91 million a year for the economy and supporting 2,600 jobs. Our cathedrals and churches bring educational, musical, artistic and community activity, as well as the spiritual. The commissioners are therefore happy to encourage such accessibility.

Michael Fabricant: Would the hon. Gentleman be surprised to hear that, in Lichfield cathedral, for example, there were 83 concerts last year? Some 5,000 people attended those concerts and recitals and a further 10,000 people came to the Close in Lichfield to visit the mediaeval market. [HON. MEMBERS: "Hear, hear!"] Does the hon. Gentleman agree that there needs to be some co-operation between cathedrals so that best practice can be adopted?

Sir Stuart Bell: I am grateful to the hon. Gentleman for his question, and the applause that he received from those around him would indicate that he may have some difficulties at the general election. I presume that that is not necessarily the case.

As the hon. Gentleman will know, I visited Lichfield cathedral last year, and I listened to a concert and also saw many mediaeval books in the library. It was a significant and impressive experience. Certainly, the cathedrals would wish to work together in best practice, but when we see people coming to our churches and cathedrals for purposes other than worship, we enjoy the idea that they might also participate in the worship—but not in the middle of a Mozart concert.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Unitary Authorities (Ballots)

2. **John Mann** (Bassetlaw) (Lab): Whether the commission has given advice on ballots for the establishment of unitary authorities. [222791]

Mr. Peter Viggers (Gosport): I am informed by the Electoral Commission that, in last November's referendum in the north-east region, its statutory responsibilities included commenting on the questions in relation to the establishment of unitary authorities and advising on the clarity of the ballot papers. However, the Electoral Commission has not provided general advice on ballots for the establishment of unitary authorities.

John Mann: Some of us did not particularly want regional government, but we would be quite happy to hold ballots on unitary authorities. Is that not exactly the kind of thing that the Electoral Commission should turn its eye to?

Mr. Viggers: The Electoral Commission has a limited role as a precursor to the Government's proposals for referendums on elected regional assemblies in the three northern regions. The boundary committee for England was directed by the Deputy Prime Minister to carry out a local government review and to set out options for unitary government structures in the north-east, the north-west, and Yorkshire and the Humber. However, that was the result of a direction from the Deputy Prime Minister, and the Electoral Commission does not give advice on unitary authorities. That is a matter for the Deputy Prime Minister.

Electoral Participation

3. **Bob Spink** (Castle Point) (Con): What recent representations have been received by the commission on increasing participation in elections among young people.

Mr. Peter Viggers (Gosport): The commission tells me that it receives frequent requests for information, advice and assistance on increasing young people's participation in elections. It has an extensive programme to raise understanding and awareness of the democratic process among young people.

Bob Spink: I am grateful for that response. Is the hon. Gentleman aware of the excellent work done by the Foyer Federation, which produced the booklet, "Opening doors for young people"? Only 39 per cent. of people under 25 voted in the last election and we must do something spectacular to raise that level. Does he think that a TV campaign targeted at young people might help to increase their participation in the democratic process?

Mr. Viggers: Yes, the commission recognises that young people are a key audience for its voter awareness activities and has set up dedicated programmes of activities and campaigns to address that. More can always be done, but hon. Members will agree that the commission must balance the needs of key audiences and the population in general within the budget provided.

Mr. Gordon Prentice (Pendle) (Lab): The Electoral Commission is keen on text voting, internet voting and so on as a way of driving up participation by young people. Is there not a problem in that those new methods of voting could compromise the integrity of the secret ballot? If we move away from the cardinal principle that people vote in secret, democracy is in peril.

Mr. Viggers: Well, indeed. The House knows that a lot of work went into the creation of the secret ballot, the whole point of which was summarised by H.S. Chapman, one of the prime movers of the secret ballot, who said:

"by combining secrecy with limited vote-tracing both protected the elector and detected fraud when election results were in dispute."

We all recognise that postal voting can do a great deal to drive up participation in elections, but it is important, as the hon. Gentleman said, that we do not lose the golden thread.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Church Finances

4. **Hugh Bayley** (City of York) (Lab): What steps the Church Commissioners are taking to ensure good management of the Church's financial affairs.

Second Church Estates Commissioner (Sir Stuart Bell): In the first instance, by appointing the Second Church Estates Commissioner so that he can be answerable to the House. In the second instance and in relation to those Church funds which commissioners manage and which stand at £4 billion, by maintaining a balanced investment portfolio with annual review of asset allocation.

Hugh Bayley: Now that the Charities Bill has passed through this place and is being considered by the other place, can my hon. Friend assure me that the financial affairs of Anglican cathedrals will be better managed in future, to avoid the sort of problems that arose with Bradford cathedral recently when its insolvency left a number of my constituents, who worked for a company called Past Forward, unpaid for work that they had done for the cathedral?

Sir Stuart Bell: I am grateful to my hon. Friend and congratulate him on his interest in Bradford cathedral on behalf of his constituents. He and I had many meetings at that time. As I explained to him then, cathedrals are independent bodies, governed by the Cathedrals Measure 1999, so the commissioners' remit does not run to their supervision or to accepting liability on their behalf.

On the Charities Bill, let us hope that it enters the statute book before the Dissolution of Parliament, whenever that comes. In the meantime, my hon. Friend will know that the commissioners have had helpful talks with the Home Office on the Charities Bill and are satisfied with it.

Chris Bryant (Rhondda) (Lab): Does my hon. Friend accept that good management of the Church's finances also means ethical investment so that every investment using dead men's money, which largely subsidises the Church's activities, is made on the basis of sound ethical investment, without investment in companies that are involved in the arms trade or are poor employers in this country?

Sir Stuart Bell: The commissioners' investment policy is of long standing. It is an ethical policy and we do not invest in breweries, cigarettes or arms, as my hon. Friend knows. We are keen on corporate governance and look at companies' corporate governance. We even have corporate governance within the commission. His point is well taken and is in line with our policy. We have an ethical policy on investment and that will continue, although it is, like all our policies, reviewed from time to time.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Postal Voting

5. **Bob Russell** (Colchester) (LD): Whether the Commission intends to reissue advice to (a) election returning officers and (b) election agents on the level of penalties which will be imposed for breaches of the postal voting system.

Mr. Peter Viggers (Gosport): The commission informs me that, with the political parties, it has developed an advisory code of conduct on postal voting. A draft was published in April 2004 and the commission intends to publish the final version shortly. The code is intended to give guidance to candidates and campaign workers. The commission has also worked with the police on guidance on fraud prevention and has issued a comprehensive guidance manual for returning officers. I shall ask the commission to place copies of all those publications in the Library of the House.

Bob Russell: I am most grateful for that reply and I hope that the hon. Gentleman and everybody involved will ensure that the information is drawn to the attention of everybody who is actively involved in elections, whenever they are held, because we have seen instances when the rules have not been complied with.

Mr. Viggers: Indeed. It may not be widely recognised that postal voting is now very widespread. I am advised, for instance, that in some areas, such as Newcastle, Cardiff and Stevenage, some 50 per cent. of voters have registered for postal votes. The commission expects that demand—in Great Britain only, not in Northern Ireland—in the forthcoming general election, whenever it may be, will be in the region of 15 per cent. It is obviously extremely important that proper scrutiny and supervision should be exercised.

John Cryer (Hornchurch) (Lab): Havering borough was one of the first pilot areas for an all-postal ballot in the last local elections in London—some time ago. Some of the results in those elections showed deeply unsettling inconsistencies, although nothing further arose. Does the hon. Gentleman agree that we need to send a strong signal that anybody found guilty of perpetrating fraud will be pursued with the full force of the law, because, as he says, there will be a sharp rise in the number of postal votes at the next election?

Mr. Viggers: The Electoral Commission has made recommendations for changes to the law on postal voting. However, its current position is that, under the code of conduct, it is committed to self-regulation to begin with, but it will keep the operation of the code under review.

Dr. Julian Lewis (New Forest, East) (Con): Is it not a fact that the reservations expressed by the hon. Members for Pendle (Mr. Prentice) and for Hornchurch (John Cryer) carry great weight? The creation of a system of postal voting on demand, in which the genuineness of those applying for and receiving the ballot papers cannot be verified, has been a disaster. The secrecy of the ballot box has been destroyed by the wholesale expansion of a scheme that used to be properly reserved for people who had special reasons for voting by post because they were not able to go to the polling station.

Mr. Viggers: The Electoral Commission would probably take the view that the language used by my hon. Friend was rather stronger than is justified by the circumstances. The commission believes that there is a place for postal voting, but it has moved away from the concept that all-postal voting should be the norm in local elections. It now believes that the norm should be based on what it calls its foundation model. The commission's work on voter choice is nearing completion and will be published in due course.

David Winnick (Walsall, North) (Lab): I have supported the postal voting system, if only because it means greater participation by those who might not otherwise vote. Is the hon. Gentleman aware, however, that greater safeguards are now needed and, if they are not introduced, the whole idea should be reconsidered? The secrecy of the ballot is our main concern and must always be so.

Mr. Viggers: The House will have heard the hon. Gentleman's contribution. I repeat that the Electoral Commission takes the view that postal voting has an important part to play in our electoral system but that safeguards are extremely important.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Surely, though, we must not sacrifice integrity for participation. The views that have just been expressed in the Chamber echo a widespread unease about the slackness of the new postal voting regime. I hope that my hon. Friend will not think that his code of conduct will in any way be sufficient, and that he will go back to the Electoral Commission and stress that the rules must be applied with the greatest vigour in order to ensure that we can be satisfied that postal votes are properly recorded and used.

Mr. Viggers: The Electoral Commission will hear the points that are made in the House. The commission has made a series of recommendations to the Government to strengthen the legal framework for postal voting. The Government have accepted many of those, and the commission will continue to keep under review the structure and operation of postal voting in Great Britain.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Residential Estate

6. **Simon Hughes** (Southwark, North and Bermondsey) (LD): What plans the Church Commissioners have to sell parts of the residential estate. [222796]

Second Church Estates Commissioner (Sir Stuart Bell): The commissioners have entered into discussions with several specialist housing providers with a view to selling the freehold of some of their London residential properties. Tenancy agreements in the event of such sales will not be affected. The commissioners have informed tenants of the discussions taking place, and will communicate with them and other interested parties throughout.

Simon Hughes: Will the hon. Gentleman, first, tell me either now or later by letter which residents in Southwark would be affected by the proposed change of landlord? Secondly, will he ensure that he passes on to his colleagues the fact that it would be entirely unacceptable if a transfer of landlord from the Church Commissioners to somebody else resulted in tenants being in any way financially disadvantaged?

Sir Stuart Bell: I can inform the hon. Gentleman that the discussions that are taking place relate to 480 properties in Stoke Newington, Maida Vale and part of the Waterloo estate, which might be in his constituency. I will be happy to check out the exact figures for his constituency. The commissioners believe that what we are doing will be a good deal for tenants, because unlike the commissioners, the likely new owners are expected to be focused housing providers who are able to invest in the properties for the long term. The commissioners have a wider investment portfolio and a duty to deliver the best possible return in order to help fund the work of the Church.

Point of Order

3.32 pm

Mr. Martin O'Neill (Ochil) (Lab): On a point of order, Mr. Speaker. Is it in order for a Member of this House to enter the constituency of another Member to accompany a Member of the European Parliament on what is called "a mobile surgery"? The hon. Member for Perth (Annabelle Ewing) is, as we speak, in my constituency to be, as she said to the *Alloa Advertiser* on 17 March,

"on hand . . . to deal with issues that are decided in the House of Commons."

I did not contact the hon. Lady, although she sent me an e-mail at 8 o'clock this morning to tell me that she was going to be in my constituency. As she is a candidate for the new Ochil and South Perthshire constituency, this is not news to me, but what is news to me is that she is assuming that she can participate in surgeries in my constituency. As I understand it, the election has not been called, Parliament has not been dissolved and, although I am standing down, I am still the hon. Member for Ochil, with an office and a programme of surgeries that will stretch at least into the month of April and perhaps beyond.

I have been in this House for as long as you, Mr. Speaker, and I have never encountered anything like this during those 25 years or more or in the six general elections in which I have fought. Is this a point of order that I am raising or am I merely drawing your attention to an act of gross discourtesy?

Mr. Speaker: The hon. Gentleman is quite right; we came into the House on the same day. He has an excellent record of looking after his constituents. I would expect hon. Members to come to some arrangement as to how things should be conducted when they go to a constituency, but I do not expect a Member of Parliament to go into another Member's constituency and hold surgeries. That is for the elected representative. As the right hon. Member for Glasgow, Springburn, I would be more than happy if any hon. Member wished to come to Springburn and hold a surgery, but under the circumstances the hon. Gentleman is right to raise the matter. Courtesies are important in this House and we should not be holding surgeries in someone else's constituency.

BILL PRESENTED

Video Games Bill

Keith Vaz presented a Bill to amend the Video Recordings Act 1984, to extend certain provisions of that Act to video games and to make provision about the labelling of video games: And the same was read the First time; and ordered to be read a Second time on Friday 8 April, and to be printed [Bill 90].

Youth Disorder and Engagement

3.35 pm

Ms Oona King (Bethnal Green and Bow) (Lab): I beg to move,

That leave be given to bring in a Bill to impose a duty on local authorities to provide youth services and establish local partnerships to promote youth participation and engagement; and to make other provision in connection with the reduction of youth crime.

It is of great importance to my constituents and me that I am able to introduce the Youth Disorder and Engagement Bill. In July 2003, I organised a meeting for 150 local constituents to meet the previous Home Secretary and to discuss ways of tackling youth disorder, which is a hugely important issue to me. Local residents were in touch with me every day, as they were worried about vandalism, arson, graffiti and intimidation by groups of youths. The meeting attracted a wide range of residents both young and old from all ethnic groups.

Consensus was reached about the two approaches required. First, as Members would expect, people wanted more police on the streets. Since then, I have circulated questionnaires, held local meetings, secured an Adjournment debate, and listened to constituents on the doorstep and in my surgeries. All the consultation convinced me that the initial consensus was correct—everyone wants to be able to walk down the street without fear, and no one wants graffiti, arson and gang fights. The way to achieve that is through a combination of more police and better youth services. We have all heard requests for police, but I hear fewer requests for better youth services. We now have more police. Since 1997, there has been an increase in Tower Hamlets alone of 43 per cent. or 200 new police officers. We have safer neighbourhoods teams, and every area of my borough will have its own team of police officers by July this year. Tower Hamlets will be the first authority in the country to roll that programme out to ensure that residents feel safer.

The safer neighbourhoods programme is delivering exactly the sort of community policing that my constituents were asking for, and we have already experienced a drop in crime. In the past year, crime in Tower Hamlets fell by 5 per cent., and in one of the first neighbourhoods to have a safer neighbourhoods police team it fell by 15 per cent. That programme is clearly working, but what about youth services? Consultation with residents led directly to this Youth Disorder and Engagement Bill, which is intended to make sure that every borough takes responsibility for providing youth services. It is a scandal that such an important area of service provision is not a statutory duty, and it is now time to crack down on antisocial local authorities that do not take young people's needs seriously.

Youth services must be good quality, and must work as a partnership, which means setting strategy locally with all the stakeholders, including the police, the education authority, Connexions, the voluntary sector, parents and young people themselves. Most importantly, youth services must reach the hard-to-reach—kids who have dropped out of education, kids who have been in prison, kids who have recently settled in the UK and, of course, girls. In the past, most youth

services have predominantly attracted young men, not young women. Youth services must be both creative and preventive. Kids should have the chance to develop skills and enjoy leisure activities, but intensive work must be undertaken with vulnerable children and those most at risk of offending.

Not many things in Tower Hamlets are getting worse, but I would be kidding if I said that everything was fine. Two years on from the last time I took 150 residents to meet the Home Secretary, we still have graffiti—my house was done last weekend—vandalism and gangs of youths hanging out on the streets. But let us consider some of the issues that those young people face, and some ideas about how the Bill could help local authorities develop good youth services.

Tower Hamlets has almost 20,000 young people between the ages of 13 and 19. Fifty per cent. of the community in Tower Hamlets is white, but 60 per cent. of pupils are of Bangladeshi origin and many live in poor quality, overcrowded housing. Our overcrowding rate is four times the national average. Many families are on low incomes. I imagine that in most constituencies there are areas where the majority of pupils are not entitled to free school meals—in Tower Hamlets 60 per cent. of children are entitled to free school meals.

Tower Hamlets youth services are rising to the challenge, but even Tower Hamlets council has said that although the youth service has performed well, it has not been well regarded. I shall mention aspects of the service that have worked well. One is the rapid response team, which was set up to deal with gang violence, to defuse incidents and to bring a youth work response to antisocial behaviour. The team provides street-based youth work, three mobile youth work vans and early intervention work in schools.

Let me give an example of one young person, Tony, who had already been involved in gang violence when he met the rapid response team. He was sent to a young offenders institution at 16, after being found guilty of grievous bodily harm, and his probation officer referred him to the RRT. He was given one-to-one support to help avoid a return to his problems and to get appropriate training. He is now on a modern apprenticeship course and works with the rapid response team to help other young people get out of the conflict situations they have been in.

Another example is Asad, who had dropped out of school and felt that the new start initiative was his first real chance to express himself and develop his own choices. He was supported into volunteering as a youth worker and has finally started a degree in youth and community work at Greenwich university. He said, "Lots of my friends were getting into all sorts of trouble. I thought I was heading the same way, but meeting the new start team and trusting them has given me the chance to leave that life behind."

We need to ensure kids like that are given the chance to fulfil their potential. This Bill is the first step towards giving every young person the chance to overcome setbacks, disaffection, violence and, in the case of the young people I described, deprivation. The Bill would give them the chance to walk down the street and be welcomed as a force for good, as Tony now is, not feared as part of a youth problem. The Bill is the next step towards bringing back confidence on the streets for all of us.

In July 2003, 150 people from Bethnal Green and Bow came to Westminster. Tonight another 150 people from my constituency are coming here to meet the new Home Secretary and to discuss the next steps in tackling antisocial behaviour. I am sure my right hon. Friend will listen to what we have to say. I am delighted that my right hon. Friend the Secretary of State for Education and Skills, who is a Tower Hamlets resident herself, is present in the Chamber. I look forward to the time when we ensure that excellent youth services are part of the solution to the problem of youth disorder. I therefore request that leave be given to introduce the Bill.

Question put and agreed to.

Bill ordered to be brought in by Ms Oona King, Mr. Bob Blizzard, Ms Julia Drown, Mrs. Lorna Fitzsimons, Mr. Fabian Hamilton, Kate Hoey, Alan Keen, Tony Lloyd, Mr. Andrew Love, Ann McKechin, Mr. Andrew Miller and Joan Ruddock.

Youth Disorder and Engagement Bill

Ms Oona King accordingly presented a Bill to impose a duty on local authorities to provide youth services and establish local partnerships to promote youth participation and engagement; and to make other provision in connection with the reduction of youth crime: And the same was read the First time; and ordered to be read a Second time on Friday 8 April, and to be printed [Bill 91].

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [16 March.]

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—*[Mr. Gordon Brown.]*

Question again proposed.

Budget Resolutions and Economic Situation

3.46 pm

The Secretary of State for Education and Skills (Ruth Kelly): Last week, the Chancellor set out the Budget choice facing our country: to continue to build on a platform of sustained economic growth and investment in the future of our country through education, skills, early years provision and child care, or to cut £35 billion from public services. That is not a question of potted plants at the Department of Trade and Industry, as the hon. Member for Westmorland and Lonsdale (Mr. Collins) suggested last time we debated the subject in this place—no, it is a sum equivalent to every teacher, doctor and nurse in this country.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): Is the Secretary of State seriously telling the House that she wants people to believe—I dare say that she does, so rather does she believe herself—that any incoming Government would sack every nurse, teacher and doctor? Why does she not treat these debates with a degree of seriousness?

Ruth Kelly: Is the shadow Secretary of State disagreeing with his own shadow Chancellor that a £35 billion cut from public services is "vast", as the shadow Chancellor said on "Breakfast with Frost" last week? Does he agree that £35 billion of cuts is vast, or not? Can he confirm that he would match the £9.4 billion spending programme that the Chancellor announced to rebuild or refurbish every primary school in Britain? Can he confirm that he would make the extra spending on Sure Start, skills or junior apprenticeships, or make the £1.5 billion investment in further education colleges?

Mr. Collins: Yes. Now can we have a real debate?

Ruth Kelly: I am delighted about that, because the hon. Member for Havant (Mr. Willetts) said that those are non-priority areas. Indeed, when he was shadow Secretary of State for Education he described Sure Start as the beginnings of the "nanny state".

Derek Conway (Old Bexley and Sidcup) (Con): Perhaps we could address issues that mean something to the people who may be watching this debate instead of engaging in the usual political knockabout. Will the Secretary of State tell the House exactly what is happening to adult education funding under her Government? The Sidcup campus of Bexley college has certainly been hampered for funds and does not see the fabled growth that we hear about from Labour Ministers.

Ruth Kelly: It has increased; indeed, it has increased significantly, and I shall come to the House tomorrow to talk further about that. We are making unprecedented investment not only in skills, but in further education colleges to update and transform them to deliver the skills that this country needs.

Mr. Jim Cunningham (Coventry, South) (Lab): Coming back to the question posed by the hon. Member for Westmorland and Lonsdale (Mr. Collins) about whether the Conservatives would slash everything if they were in government, they would take us back to the old days when we had fewer teachers and doctors and were knocking down schools and hospitals. That is the sort of policy that they want to pursue, and he is not being honest about that. This is not knockabout—it is serious stuff.

Ruth Kelly: I completely agree with my hon. Friend. I am delighted that the hon. Member for Westmorland and Lonsdale has now committed his party to doubling spending on Sure Start over the next three years and having 3,500 children's centres in this country. That is not what his right hon. Friend the shadow Chancellor has set out in his medium-term fiscal strategy, which says that spending on schools and child care social services will be protected, but that there will be a freeze in the non-schools budget.

Mr. John Bercow (Buckingham) (Con): The Secretary of State has been advised robustly by my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) about the desirability of using synthetic phonics in the effective teaching of reading. If she agrees with that proposition, will she confirm to the House that we will not have to put up any more with the ramblings of Kimberley, Meek and Miller, who are three so-called experts in the teaching of reading? They are on record as saying:

"Within the psychosemiotic framework the shared reading lesson is viewed as an ideological construct where events are played out and children must therefore learn to position themselves in three interlocking contexts."

The right hon. Lady had the good fortune to have a privately financed education, but millions do not and never will. Is not that sort of nonsense responsible for the destruction of the life chances of a generation of school pupils in state schools in this country?

Ruth Kelly: I am pleased to say that the hon. Gentleman, whom I admire greatly, is right on the subject of synthetic phonics. We have a synthetic phonics strategy in our schools—it is called the national literacy hour. We introduced it in 1998 and its approach is now almost entirely based on synthetic phonics. Indeed, if hon. Members look at the results of the Clackmannanshire study, to which I believe the hon. Gentleman is referring, they will find that they are remarkable compared with those of control groups in Scotland that do not use synthetic phonics. However, if its results are compared with those under the national literacy strategy taught in England, the gap is not the same. He will agree with me that it is right to teach our children phonics. I want that teaching to be ever improved in our primary school system.

It is our ambition to be the best-educated, best-trained and best-skilled country in the world. All the evidence shows that if we really want to offer children the best start in life, we must invest in the early years. That is why children and families are at the centre of our strategy. It is right that we do more to support parents and families with young children.

The children who face the greatest challenges in learning to read and write need to be helped at an early stage. By 2008, we will be investing almost £1.8 billion in Sure Start, thus doubling the funding available now. Over the next five years, early years will become a fundamental part of the welfare state which will be able to respond to the varied needs of children and families. By 2010, we will extend from 500 to 3,500 the number of Sure Start children's centres, so there will be one in every community offering information, health care, family support, child care and other services. We will extend the free early education entitlement for all three and four-year-olds to 15 hours a week, thus working towards our goal of 20 hours a week.

We must continue to invest in our schools and to reform them so that we drive standards ever higher, promote good behaviour and widen opportunity. All parents have the right to have their children educated in modern facilities and orderly classrooms with strong discipline and good standards of teaching. We now have more teachers than before, with more than 28,000 recruited since 1997. There are now 105,000 more support staff in our schools.

The standards of teaching are better than ever before. Our children are gaining the best results ever at age 11, GCSE and A-level. Those results compare with the best in the world, but we must go further. Some 78 per cent. of 11-year-olds achieve level 4 in English and 74 per cent. gain level 4 in maths, but we know that the chance of children achieving five good GCSEs is almost seven times higher if they reach those expected standards. We must support teachers in driving standards ever higher. To do that, we need to focus on the needs of every child and have first-rate places in which children can learn. Last week, the Chancellor announced the 15-year programme to rebuild or refurbish all our secondary schools to world-class standards. He said that that strategy would be extended to all our primary schools.

For those children who have not reached the expected standard in literacy and numeracy by the end of their primary school education, we will continue to place a relentless focus on the basics at secondary school, thus ensuring that every child who leaves school is equipped with functional English and maths for work and for life.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): Will the Secretary of State clarify her statement about rebuilding all secondary schools? We support that policy, so it is not a trick question. The Labour party's website says that all secondary schools will be rebuilt by 2016, whereas the Department's website states that three in every local education authority will be rebuilt by 2015. Which is correct?

Ruth Kelly: We have a 15-year strategy to rebuild or refurbish all our secondary schools. The first will be rebuilt in 2007 and the strategy will go on from there. We have a programme for primary schools on the same timetable. However, not all local authorities will have to wait for their place in the 15-year programme. In the interim period, we can offer the chance to all local authorities to have their most run-down schools rebuilt or refurbished. I am not aware of the details on the Labour party website, but I suggest that they relate to local authorities not having to wait in the queue for all their secondary schools to be rebuilt or refurbished.

The key to ensuring that every child who leaves school is equipped with functional English and maths for work and for life is to free the curriculum for 11 to 14-year-olds to provide space for tailored support—help with the basics, and challenge and stimulation for children who would benefit from it.

Behaviour is good or outstanding in most schools. We are clear that there must be strong measures when dangerous and violent conduct occurs. However, all parents and teachers know that we face the challenge of low-level, disruptive behaviour in our classrooms. The answer is not to create new sink schools, full of excluded children, but to redraw the line on what is an acceptable standard of behaviour in the classroom, nipping bad behaviour in the bud. We must have a zero tolerance approach to bad behaviour, providing schools with the resources that they need for on-site or off-site facilities to withdraw children from the classroom when and if they need to do that.

Mr. Kelvin Hopkins (Luton, North) (Lab): Is my right hon. Friend interested in the recent research that shows that food and drink additives have an enormous effect on children's behaviour? In a school in America, where children have been removed, they take away all the drinks that contain additives and the children calm down and become normal. I hope that my right hon. Friend accepts that serious point.

Ruth Kelly: My hon. Friend always makes serious points and he is right to raise that one. We know that healthy meals promote good standards of behaviour and that children achieve more when they are fed healthy food. That is why we have recently been talking about the new school foods trust that we are setting up and how we can make change happen in our schools so that all children have the chance to eat a healthy meal. I shall present more details of our proposal in the next few weeks.

I want every secondary school to be part of a network of schools by September 2007. We must focus our efforts on those schools that are found by Ofsted to have

[Ruth Kelly]

unsatisfactory behaviour. That is why I recently announced that local authorities would draw up urgent action plans to support the schools identified by Ofsted as being in that category, backed up by return visits from Ofsted within a year to check on progress and ensure that improvement is under way.

Through increased and sustained investment in information and communications technology, we also ensure that learning is tailored closely to each young person's needs and circumstances, including the facility to learn from home when necessary. Strong, autonomous schools, closely linked to home and each other, with a strong sense of mission and purpose, will transform opportunities for our children. If all young people are to make the most of their skills and talents, it is crucial to give them the opportunity and encouragement to stay in learning until they are at least 18. Far too many young people drop out of school at 16 or 17. Our participation rate at the age of 17 is one of the worst in the industrialised world.

The White Paper on 14 to 19-year-olds, which was published last month, outlines our proposals to build on the current system of GCSEs and A-levels to enable all our young people to combine practical, work-based learning with traditional, academic learning in the classroom. In future, children will learn the subjects that they enjoy at their own pace in places that motivate them.

Dr. Ian Gibson (Norwich, North) (Lab): I was sorry that my right hon. Friend passed over the subject of Sure Start so quickly. I visited a Sure Start centre in Norwich this weekend, and I was amazed at the design of the furniture there—I was interested to find out that it had been made by the Amish—at the state of the kitchens and at the food that was being given to people. The encouragement that was being given was very good. My right hon. Friend is talking about 14 to 19-year-olds, but we now have a generation that is being encouraged to think and act differently. Does she agree that that is a credit to all the policies that we are operating across the whole educational field?

Ruth Kelly: I completely agree with my hon. Friend. What is more, all the evidence shows that if we get the early years right, and if children start school ready to learn at the age of five, it has an impact on their performance right through primary school. The Sure Start system works best when parents feel that they have control and ownership of the courses in the Sure Start programme which they can attend while their children are learning and playing. In some Sure Start programmes, we have seen really innovative learning programmes, involving dads and books, for example, and mums learning to cook—to come back to the point made by my hon. Friend the Member for Luton, North (Mr. Hopkins). The scheme presents a huge opportunity to make a lasting difference not only to children but to their parents.

We recognise that, when a child reaches the age of 14, there are sometimes financial barriers to their participating in education, particularly for those from lower-income households. That is why we are rolling out education maintenance allowances nationally. They will play a significant role in widening access to further and higher education by encouraging more young people from lower-income backgrounds to enter academic or vocational post-compulsory education. More than 290,000 young people have enrolled for education maintenance allowances under the national scheme so far.

Mr. Hopkins: My right hon. Friend may know that some of the early pilots for the EMAs were carried out at the Luton sixth-form college. They provided a double bonus, because the families were helped and the students turned up for their classes and learned better as a result of having the reward of the EMA.

Ruth Kelly: I am delighted that my hon. Friend has mentioned the pilot schemes in his constituency. The EMA pilots were also carried out in my constituency, so I have first-hand experience of their fairly dramatic impact on raising participation and attainment, partly because of the incentive to complete courses involved in the EMA programme. We have a real opportunity to encourage participation and to tackle the financial barriers that exist.

Mr. Patrick McLoughlin (West Derbyshire) (Con): The Secretary of State says that EMAs offer a tremendous advantage to people staying on at school. If that is the case, why does she not believe that tuition fees have a deterrent effect on people considering going to university?

Ruth Kelly: The hon. Gentleman will know that we are reintroducing grants for the poorest students, abolishing up-front fees and ensuring that students will not have to pay a penny while they are learning. I hope that he took note of the study recently produced by the Institute for Fiscal Studies, which said that students will be £1.5 billion better off under the Government's programme than they would be under the one proposed by the Opposition.

As a result of the Budget, we will be able to offer an extra 20,000 opportunities in pilot areas from 2006–07 for disaffected 14 to 16-year-olds, either at work, in college or with the voluntary sector. In 1997, as we emerged from the Conservative years, there were just 75,000 apprenticeships. By 2008, 300,000 young people will be in apprenticeship training. We also want to ensure that the 150,000 16 and 17-year-olds in the United Kingdom who are in employment with no training improve their skills, so we will pilot new approaches to encourage those people to take up apprenticeships or other structured training. We will also pilot learning or activity agreements for those young people not currently in education, work or training. This is clear evidence of our determination that every young person should fulfil their potential through education and training. As a result, I want our participation rate at the age of 17 to rise from 75 to 90 per cent.—one of the best in the industrialised world. Every teenager must have the opportunity of a guaranteed place in sixth form, on an apprenticeship or in training.

Tomorrow, with your permission, Mr. Speaker, I will publish the details of our second skills White Paper. Together with the proposals in the 14 to 19 White Paper,

it will set out our ambition to create a skilled and competitive nation in which all adults have access to basic skills training and the opportunity to progress. It will describe the new national employer training programme, which will build on the success of employer training pilots. It will offer employers easy access to the skills solutions they need, including free training for their employees without a first full level 2 qualification. We expect the new programme to reach full capacity by 2008, when it will cover 350,000 learners and 50,000 employers.

To achieve our ambitious plans for 14 to 19-year-olds in skills, we need a step change in capital investment in our further education colleges. I want to see a network of strong and vibrant colleges delivering training to industry standards in modern buildings with leading-edge equipment—colleges that can respond quickly and flexibly to the needs of employers and young people; colleges that make a major contribution to the productivity of the country.

This Government will invest £1.5 billion over the next five years to support the long-term transformation of the sector. That is the Budget choice facing the nation: continued investment and reform for the future—in early years, child care, the renewal of primary and secondary schools to world-class standards, investment and skills, and training—or a £35 billion cut in spending, which cannot but eat into education and skills.

That is the choice facing the country. I commend this Budget to the House.

Mr. McLoughlin: On a point of order, Mr. Speaker. I think I heard the Secretary of State say that the Government are to publish a White Paper tomorrow. Bearing it in mind that they have designated today as the day to debate education, would it not have been more appropriate and courteous to the House to have published it today?

Mr. Speaker: That is not a matter for me.

4.7 pm

Mr. Tim Collins (Westmorland and Lonsdale) (Con): I think that Members on both sides of the House would probably agree that the Secretary of State's speech was disappointingly thin, but let us begin on what I hope is a note of consensus: all Members of the House agree that schools, teachers and pupils are working very hard, and often very successfully. They are to be praised for what they do and congratulated on what they succeed in doing, despite the difficulties and challenges that they face.

The Chancellor boasted in his Budget speech of all the extra money he has put into education. To be clear, the Conservative party does not doubt that he has put a lot of extra money in. We do not assert that it has all been wasted and we do not propose, contrary to the wholly unfounded assertions of Ministers, to do anything other than increase spending on education in general and schools in particular very strongly in coming years.

I hope that we hear no more of the juvenile nonsense that we heard today about the absurd fiction that Conservatives plan to sack every nurse, doctor and teacher in the country. Frankly, it demeans public debate when such charges are thrown around. For the record, and for the Secretary of State's benefit, we do not intend to slaughter the firstborn either.

There are, however, genuine problems with this Administration's education record. For example, the Select Committee on Education and Skills has pointed out that it is often difficult to see that the Government's education proposals have been properly thought out or that they are delivering appropriate value for money. It has warned that the Government should not continue to overclaim the effect of some of their increases in expenditure.

The Select Committee has also pointed out recently that the Government's city academies, although they are based on city technology colleges and therefore are not something with which we differ in principle, have yet—shall we put it mildly?—to prove their full successful potential.

This very morning, a programme for international student assessment, or PISA, study indicated that investment in high technology and computers, welcome though it is, is by no means guaranteed to produce higher outputs in terms of better exam results or a better grasp of literacy and numeracy. The Statistics Commission has again warned the Government that they should not overclaim the progress on literacy and numeracy. I am delighted that this week, unlike last, the Secretary of State seemed to heed that warning. The National Audit Office, no less, has pointed out that the Government have spent £885 million on anti-truancy initiatives without making any progress. Indeed, on the Government's figures, truancy is now one third worse than it was in 1997.

Furthermore, calls have been issued by employer organisations, universities and others indicating increasing concern about the extent to which exams are not as robust as they ought to be. Clearly, when an A grade can be awarded in GCSE maths for 45 per cent. of the marks, or a pass mark awarded in one GCSE exam for 18 per cent., something is fundamentally wrong. This party has a strategy to reverse those problems, starting with a root and branch clear-out at the Qualifications and Curriculum Authority. The Secretary of State appears to have no answer at all beyond a vague promise to examine A-level standards again in 2008. That is simply not good enough.

The Chancellor, in his Budget statement, used some interesting language:

> "Head teachers of a typical primary school will receive £31,000 this year, rising to £34,000 and then £36,000, a guarantee over the next three years ... of a total of more than £100,000. Head teachers of the typical secondary school will receive £98,500 this coming year, rising to £109,000, rising then to £115,000—a guarantee over the next three years of a total of almost one third of a million pounds."—[*Official Report*, 16 March 2005; Vol. 432, c. 269.]

He used the word "guarantee" twice. What does the Red Book say about those figures? On page 149, in a footnote, it states:

> "These figures are an approximation ... however, the Government intends to revise this formula which will mean that increases in allocations to schools will be distributed differently ... These figures should therefore be taken as a broad indication only."

So much for a guarantee. Head teachers up and down the land feel that they have been here before, because the last time the Chancellor gave us such a Budget was in

[Mr. Tim Collins]

2002, which was followed by some of the most acute financial crises for many of our schools for 10 to 15 years or more.

We welcome the principle of additional sums being paid direct to head teachers, but we wonder why all sums are not paid direct to them, as they would be under the Conservative party's proposal to make all schools grant-maintained and to take local education authorities out of the funding process entirely.

Mr. Peter Luff (Mid-Worcestershire) (Con): On the subject of guarantees and promises, will my hon. Friend confirm my understanding that our party is committed to the education spending plans of the Labour party? Therefore, were a Minister to come to Worcestershire to promise the delivery of a new school—say, the Christopher Whitehead school in Worcester—that could equally be guaranteed under our party's proposals. What is more, our proposals would also guarantee a narrowing of the funding gap between Worcestershire schools and the shire counties schools, which has grown monstrously in recent years.

Mr. Collins: The answer is yes. Indeed, I, too, visited the Christopher Whitehead school a little while ago, and unlike the Minister for School Standards, I did not claim that only by voting for my party was there any prospect of that school getting additional funding. Since he was quoted in the local newspaper as saying that that school would get extra funding—which it has needed for at least the past eight years of Labour Government—only if Labour was re-elected, I am happy to confirm that it would of course get that money under a Conservative Government, along with a great deal more financial freedom.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): When I was chair of a finance committee in the metropolitan borough of Sandwell in the early 1990s, we had to make something like £8 million of cuts in Sandwell's education budget. Let us compare that with the growth in the education budgets for Sandwell under the Labour Government, which the Opposition have made a welcome commitment to sustain. Does the hon. Gentleman agree that the essential difference that explains why such commitments can be made is that this Government have turned round the economy with a huge increase in public resources which can be invested in our public services? That was lacking under the Conservative Government.

Mr. Collins: I am grateful to the hon. Gentleman for pointing out that any increases in public spending in the future, under this or any other Government, will depend on the state of the economy. I must tell him, however, that the turnaround in the economy occurred considerably before 1997, and that the longest period of economic growth since records began—to which the Chancellor seems always to refer—started considerably before 1997.

All of us—Members in all parts of the House—accept that one decision by the Government for which they do deserve a great deal of credit, in the context of the present state of the economy, is the decision to make the Bank of England independent. I am sure that the hon. Gentleman will join in the joy and delight being expressed throughout the House that one party is still committed to an independent Bank of England—the Conservative party. All the others want to put it under the control of the European Central Bank.

Mr. Bailey: Will the hon. Gentleman give way?

Mr. Collins: No, I will not give way to the hon. Gentleman again.

If head teachers are to be trusted more and more with running their own budgets, even under the Chancellor's schemes, why are they not trusted to exercise the same professional freedom in deciding their own policies on admissions and exclusions?

The Secretary of State referred to the national literacy strategy. She used some very interesting terminology—terminology that I think she will find herself under considerable pressure to justify in the coming weeks and months. Of course she will not be responsible for these matters in the coming months; but she will be under pressure to justify it in the coming weeks, at least. She said—I think I quote her correctly—that she believed that the national literacy strategy was "almost entirely" composed of synthetic phonics. I must tell her that that is not the view taken by a good many distinguished experts, who point out that if synthetic phonics are to work, they must be used not alongside other approaches but first, fast and exclusively. How can any education system be seen as remotely satisfactory when—even according to the Government's figures, and even after the Government have dropped the pass mark—one child in four fails to reach the required standards in literacy and numeracy?

The Secretary of State also referred to the group of young people who are not in education, employment or training. No doubt we will debate that again tomorrow. She failed to mention that the number of such people has increased, not decreased, since 1997.

We thought that, in the light of weekend press reports, the Secretary of State might have something to say about the Government's response to Jamie Oliver's campaign for better school meals. We learned from *The Observer* yesterday that the Prime Minister has apparently identified that as a high priority, and has committed additional resources to it. The first thing that should be said is that no party that has been responsible for any part of education spending at national or local level in the past 20 years should be anything other than ashamed by what Jamie Oliver has discovered and publicised. It is clear that both resources and strategy have been badly wrong for many years, and they are still badly wrong today. Will the Secretary of State confirm, however, that the issue was barely mentioned in the five-year plan for education, sidelined in the three-year spending plans, ignored in the public service agreements, and not mentioned in the Budget?

It would have been helpful if the Secretary of State had been able to clarify—given that both she and the Prime Minister were quoted at great length in yesterday's and today's newspapers—whether they have identified a single penny of new money for initiatives in that regard, and where any such money would come from. When the Conservative party announces its

response, very shortly, it will not take a great deal for that response to be considerably more substantive than what we have heard from the Government to date.

The Secretary of State rightly mentioned child care. My right hon. Friend the Member for Maidenhead (Mrs. May), the shadow Secretary of State for the family, will set out our detailed proposals soon, but I shall say a few words now. The Government have a mixed record—not a record of unmitigated failure, but not one of unmitigated success either. There has been a genuine and substantial increase in the number of state-funded places available in nursery education and child care places for very young children.

For that reason, I am happy to confirm again that we will preserve and improve Sure Start, and will not abolish or cut it. However, since 1997 there has been a sharp decline in the number of places provided by individuals and groups that are not funded by or subject to the direction of the state. There has been something of a failure to recognise or understand that parental needs and preferences are not uniform or identical. There has been little to no research into or focus on the quality, rather than the quantity, of child care provided. In particular, there has been little analysis of why children aged 11 and above in Scandinavian countries seem to perform appreciably better than ours, even though they do not start formal education until the age of seven or later. In short, when the Chancellor announced in his Budget statement that he simply wants more years of education, rather than a focus on quality, many will have sighed with irritation rather than pleasure.

Our priority is not to spend less on education; it is to continue to increase spending strongly, but to spend the money more wisely. We will reduce the number of administrators in the Department for Education and Skills by two thirds, transferring all the money direct to the front line in schools. We will do away with the absurdity of the Government's top-up fees scheme, which will cost the taxpayer £1.1 billion a year, in order to give universities an extra £900 million a year.

Mr. Hopkins: I am interested in the hon. Gentleman's suggestion that the Conservatives would devolve more spending to the front line. Gershon's report suggests that in fact, pooling resources and scaling up—particularly to local authorities or even to Government for matters such as ordering—would be a more efficient way of spending money. One could save money by greater centralisation, rather than by more devolution.

Mr. Collins: Gershon came up with a number of very interesting recommendations in his report, but if his bottom line is that—to summarise the hon. Gentleman's intervention—centralisation is a way of saving money, I should point out that that flies in the face of the experience of all Governments in at least the past 50 years. The fact is that the more decisions are taken in Whitehall, the less value for money one gets. That is why we are determined—on the basis of independent advice received from the extremely respected James committee—to proceed in entirely the opposite direction, and according to the view that value for money will proceed from devolving power and decision making, rather than from taking it upwards.

I was going through a list of some of the ways in which we will spend money differently from this Government. We will scrap the top-heavy, expensive and unpopular learning and skills councils, transferring money away from their huge administrative costs and into the proper provision of vocational education and training instead. We will abolish the failed Connexions programme and use the savings to fund the re-creation of a proper careers service.

Mr. Willis: I have heard the argument for getting rid of the Learning and Skills Council, which is in the James review's report. How would a college get its money under the Conservative proposal? Would a Conservative Government directly fund each student, or would a new quango be created to distribute funds to the colleges?

Mr. Collins: I am grateful to the hon. Gentleman for his question. We propose to merge the Higher Education Funding Council and the Further Education Funding Council, reducing the number of quangos by one. We do indeed intend to apply to further education the principle of money following the student, as we already propose to do in secondary education, and as is the logical consequence of the changes taking place in higher education. We furthermore intend to offer both FE and HE a much simplified funding structure that involves no top-slicing and getting rid of all the silos. The hon. Gentleman will be familiar with the frustration that many FE colleges and HE institutions feel when the various bureaucracies that interfere with their work tell them how to do their job. We propose something much simpler and much more cost-effective.

In our first term, we will invest in providing 600,000 additional school places as part of our commitment to giving 100,000 extra parents their first choice of school. We will invest in building new "turnaround schools" to sort out the problem of disruptive children in mainstream schools who cannot be educated, and who do not allow others to be educated. That is in clear contrast with the Secretary of State. She said that she is in favour of drawing lines in the sand, of zero tolerance and of cracking down hard on misbehaviour, but it transpires that that means that head teachers still would not have the final say on exclusions, and that she believes that she knows better than they do whether a child should be excluded. Moreover, we will invest in keeping special schools open, rather than allowing more and more of them to close in pursuit of a politically correct and often entirely inappropriate strategy of one-size-fits-all inclusion.

Ruth Kelly: I am very much looking forward to the moment in the hon. Gentleman's speech when he discusses his proposal to take money out of the state system, through a voucher policy, and to put it into the independent sector. He disagreed with my figure of £1 billion last week; will he now confirm how much his proposal will actually cost?

Mr. Collins: What we established last week was that the Secretary of State had produced a figure that she alleged was the cost of the Conservative policy, but she could not provide a single Conservative quotation to justify it. We also established last week that the policy

BEST COPY AVAILABLE

[Mr. Collins]

that she criticises us for advancing in respect of education is exactly the same policy that her Government are currently implementing in respect of health. In other words, a patient is usually paid for by the taxpayer, and a child is usually paid for by the taxpayer when access to a state hospital or school is required. People who want to access a school that is not owned or run by the state are, in the Secretary of State's view, taking money out of public services in education, but if they want to use a hospital that is not owned or run by the state, they are acting in accordance with the spirit of proper reform in health care. In our view, that is a sensible policy to pursue across the whole of the public services. How, then, does the Secretary of State distinguish what we are proposing for education from what her Government are now doing in health?

Ruth Kelly: It is interesting to note that the hon. Gentleman is giving an entire speech on education without mentioning his party's policy of introducing vouchers, under which money can be taken out of the state system and put into the private sector. He asks me where I came across the £1 billion figure, and I can tell him. I got it from Lord Blackwell, head of the No. 10 policy unit between 1995 and 1997. *[Interruption.]* The hon. Gentleman knows that, and if he is going to disagree with the Conservative head of that unit, perhaps he will tell us how much money his voucher proposal will take out of the state education system.

Mr. Collins: The Secretary of State should apply one of the rules advanced by a former Labour Front Bencher in the House of Lords. It became known as Healey's first law of holes: when in one, stop digging. If the best that she can come up with is a reference to someone who has not been associated with the Conservative Government for nearly a decade—

The Minister for School Standards (Mr. Stephen Twigg): There has not been a Conservative Government for nearly a decade.

Mr. Collins: Well, he has not been associated with the Conservative Front Bench for nearly a decade either. The Secretary of State will have to do rather better than that. If she wants to get into the business of quoting independent think-tanks, I was interested to hear that earlier in her speech she quoted the Institute for Fiscal Studies. I would have thought that that was somewhat unwise for any Minister in a Budget debate. It is perfectly in order for me to point out, Mr. Speaker, that the Institute for Fiscal Studies believes, and has said on the record, that the Chancellor will have to increase taxes very substantially after the next election, by something in the order of £11 billion. That has been said again and again, and we are happy to go into the general election on the basis of a battle of the think-tanks, if that is what the Secretary of State wants.

The choice at the next election will not be about how much money should be spent on our schools—both parties wish to spend broadly the same—but about how it is spent. Labour says more and more of it should be spent on bureaucrats, form fillers and top-heavy quangos. We say that more and more of it should be spent in schools by head teachers on their own priorities and, yes, money should follow parental preference. Labour says that quantity is all that matters—more exams, more years of education, more places at university. We say that quality, merit and proven effectiveness are what really matter in child care, exam credibility and access to university. No one is benefiting if more and more graduates leave with higher and higher debts in pursuit of fewer and fewer well-paid graduate-level jobs.

In this Budget, as ever, the Chancellor has been boastful. We say that the fundamentals of education are no more secure under this Administration than are those of pensions, taxation and competitiveness. With truancy up, violence up, a teacher assaulted every seven minutes, confidence in exams falling, literacy and numeracy standards unacceptably poor, and the quality of school meals a national disgrace, we do not want more of the same. It is time for a change, so let us have that general election right now.

4.28 pm

Dr. Ian Gibson (Norwich, North) (Lab): I was sorely tempted to discuss the initiatives of the Design Council and its chair, George Cox, particularly examining the products of small businesses. However, I changed my mind and decided to talk about how small businesses came about in the first place. Here in the Chancellor's document is a seven-page initiative about science, innovation, technology and engineering. We do not usually hear those subjects discussed in such a full-hearted way, so I am extremely encouraged by the contributions of Labour and, in particular, the Chancellor to developing ideas in this sphere.

There has been a slow realisation of the importance of such subjects, which has led to the doubling of the science budget under the Labour Government. A long time ago, I promoted a ten-minute Bill asking for that and never believed that it would happen, but it has—I should have asked for the budget to be quadrupled. The Government have given great encouragement. I am pleased about that and congratulate them.

The importance of science and technology in developing the economy and business and in employing people and so on is seriously to be welcomed.

Mr. Jim Cunningham: Like my hon. Friend, I welcome the Chancellor's increases for science and technology. I am sure he agrees that that is important for research and development in universities and industry, and for so many aspects of our economy.

Dr. Gibson: I agree and I shall deal with that point in more detail to show how we can plug some of the gaps in those developments.

I want particularly to talk about the £2.5 billion that is being put into biotechnology. One aspect of biotechnology was highlighted in the Budget speech—stem cell research. Many Labour Members, including my right hon. Friend the Secretary of State, will remember that we argued about that subject profusely, but we came up with legislation that has stood the test of time and has put Britain at the forefront of research in that field. Christopher Reeve was extremely confident about this country. Just before he died, he expressed

support for our arguments and congratulated us on being well ahead of America. We do not often hear that in the fields of science, technology and engineering these days.

There are many benefits just around the corner. The organisation that the Chancellor is setting up, to be headed by Sir John Pattison, includes the Stem Cell Foundation. In terms of stardom, the list of its members reads more like a Chelsea football team than a Norwich football team. I exempt myself from those remarks as I confess that I, too, am a member of that body. Everybody else is a knight or a dame, including Sir Richard Branson, Sir Christopher Evans and Dame Mary Archer. It is a glittering group. I shall probably be asked to take the minutes, which I shall gladly do.

Some of the work going on in this country is within a year of reaching clinical trial. In London, in Newcastle, at Roslin in Edinburgh—Dolly the sheep emanated from work there—and in Durham, people are carrying out research on brain infarctions and using stem cells to sort out some of the problems. In the long term, there will be work on Parkinson's and Alzheimer's. Diabetes is being investigated and that work is very close to clinical trial. Corneal and bone repair research is going on, as well as work on graft structures for heart valves and blood vessels. Within a year all that work will have reached phase 1 or phase 2 of clinical trials with patients. We can bet our bottom dollar that there will be some successes in that field and the UK is ahead of the game.

As well as the stem cell foundation, the Medical Research Council will be receiving more money. The Wellcome Trust will be putting more money into such research and the Department of Trade and Industry will also be involved. All that forms a nucleus that will keep this country ahead in one aspect of biotechnology, although of course other work is going on in the private sector.

Much money has gone into economic research and knowledge transfer—for example, the Richard Lambert business initiative to enable businesses and universities to work together better. The fault does not always lie with the universities; sometimes businesses do not relate to the people who are developing that bright new technology. I am not referring merely to stem cell research.

Mr. Willis: Does the hon. Gentleman agree that a big problem faced by many of our universities that lead bioscience technology research is that they cannot get technicians to support the scientists? There is a mismatch between what schools are doing, especially at level 3, and what the universities actually need in terms of technical support. Does the hon. Gentleman have a solution for that problem?

Dr. Gibson: I thank the hon. Gentleman for that intervention. Yes, I will address the training of our young people in universities in the latter part of my speech, but we must consider more than just the universities: university students and graduates come from schools, so the science, engineering and technology taught in schools, as well as the technicians themselves, are extremely important. We are missing a trick or two in that respect, and I shall make some suggestions about that.

We are putting much more money into clinical research, and not just in relation to stem cells. We are putting money into engineering under the Budget. We are bringing researchers over from other countries. Indeed, Roger Pedersen—a friend of mine who is a professor in stem cell research on the Addenbrooke's site at Cambridge—has come from California and will not go back because we are ahead of the game. In the next week, there will be another sensational recruit and transfer from across the great pond into this country. So we are well up front.

The Chancellor announced that we will put money into sustainable energy and other energy developments in relation to climate change and global warming. He also announced science cities. Now there is a concept. I asked various eminent people about the term "science cities", and the only answer that I got was, "Well, that'll be another sign outside a place. Does it mean anything?" If we read the script properly—we have more to do on it—the relationship between the science and business communities will be extended and will grow because of the feeling of being a science city. They exist across the world. For example, Sir Richard Sykes of Imperial college tells me that Novosibirsk—I have been there—in Siberia is an amazing science city, where it is minus 20° centigrade outside, so the scientists and teachers do not get out very much, as hon. Members can imagine. Perhaps that is not a bad idea, so let us have a bit of global cooling as well.

Bristol, Birmingham and Nottingham are all areas where we will have science cities, and they are being developed under the aegis of the regional development agencies. Not all the regional development agencies are up to speed at encouraging interaction between universities and businesses to develop a part of their region into a science city. The other night, the Home Secretary and I entertained many glamorous people in Norwich in a business tent to collect huge sums of money for the Labour party—who in their right mind would vote for anyone else these days?—and we asked them what they would do about making Norwich a science city. There was a long silence, and we said that, as soon as we get back and get on with business, Norwich would become a science city and we would knock some heads together. The concept is intended to drive people together in order to promote the whole science arena, in the areas that the Government have identified, to the level of world excellence.

Peter Bottomley (Worthing, West) (Con): Just in case someone reads this speech after today, can the hon. Gentleman name a serious scientist who either believes that the present number of Labour MPs is good for the Labour party, democracy or science, or wants to see the present Government returned to power?

Dr. Gibson: I can assure the hon. Gentleman that that was in the first motion passed at the Stem Cell Foundation, and the House would miss several eminent Labour Members' contributions to science and technology and, indeed, to higher education—top-up fees and so on—if we were not returned to government. Many constituents will believe that, and

[Dr. Gibson]

many members of the Royal Society believe the same thing, too, but there may be one or two people in other places that I have missed.

Peter Bottomley: Just for clarity, will the hon. Gentleman, who is well recognised in scientific circles, say whether he is suggesting that the Royal Society or the Stem Cell Foundation had a vote on whether they preferred to see the Labour Government return for another term of office?

Dr. Gibson: I have not seen the minutes, but I seem to recollect that there was such a vote following a discussion of the issue at the first meeting. There was no opposition, and Lord May and Lord Winston, as one may expect, go along with me. Those people are forming in that foundation a paradigm for many other areas as well, but we shall return to that, no doubt.

There are one or two storm clouds. I do not pretend that everything is wonderful. There are many more things to do, and the Budget has opened the way for that. There are certainly questions about research and development, as the hon. Member for Worthing, West (Peter Bottomley) will remember in relation to health care. We lag behind in terms of initiatives and developments in comparison with India and China, but we should not hold up our hands and wallow in defeat; we should say that we can do as well, if not better, and that is the spirit that the Budget has delivered to many scientists in this country. For the first time, we have doubled that budget and people are smiling and beginning to work, but there is more to do in that arena.

The problem is not just competition, but trying to persuade small businesses to develop that sort of work and to increase research and development in science-intensive small businesses. A private Member's Bill that my hon. Friend the Member for Cambridge (Mrs. Campbell) intends to present has been picked up in the Budget, which requires Departments to provide money for research. It will be mandatory for 2.5 per cent. of the research and development budget to come from Departments.

There are problems accessing venture capital. Venture capitalists are strange people—I met some in Cambridge on Friday night—and talk in billions not millions of pounds. They work in the short term and want results within one or two years, but results take longer than that in many enterprising and innovative research arenas. We must marry those two different views and, at last, we are starting to talk to venture capitalists. The aim is to encourage small businesses—not just bright people from universities but inventors and the James Watts's of this country because they have bright ideas and need support.

Another problem is VAT, as hon. Members know, for organisations involved in biomedical research and so on. I have taken two cases to the Inland Revenue to ask its officials to remove VAT because of the nature of the research. A charity in my constituency is trying to develop a cancer information centre, but has been told that because it is connected with a private finance initiative hospital it must pay the full rate of VAT. The money comes from charity and there is a lot of reaction against that decision. The Minister will recognise that problem, which arises time and again. I never want to meet another official in my life, although when one puts the arguments one sometimes wins £1 million for a university or £2 million for a charity. I hope that something will be done about the VAT problem. The process is clumsy and we must do something about it.

There is something fundamentally at odds with the problem of developing small industries. The antipathy of many young people to taking their research and discoveries to the marketplace must be seen to be believed. The culture in this country is that people dirty their hands if they go into business after doing magic work on this, that or the other, whether chemistry, physics or mathematics, and so on. The sort of people that I have talked about—Paul Grayson, Chris Evans and Richard Branson—have had such experience but they are true entrepreneurs in a sense that is sometimes hard to define. Many people think of themselves as entrepreneurs, but are not because someone else takes on the marketing and development problems, proof of concept stages and so on. Making a discovery does not suddenly result in a glorious product that the world awaits. It must be marketed and it is difficult to tell someone to leave it to another professional or expert in the area to develop the product. Partnership and teamwork are necessary and we are beginning to accept that.

I once thought I had the answer to prostate cancer. I discovered a gene and went to my bosses at the university to ask them for advice on how to start a company. The answer—I kid you not—was, "You need headed notepaper." That was depressing. To get a kick-start and an introduction to someone who has been through the process is a big step. One gets depressed, but then one gets on with winning the research assessment exercise and glorious kudos as a scientist, but one forgets the other aspects of the work. We need to do much more to encourage that side of matters.

If there is one factor that distinguishes the US from this country it is that people in the US take risks. In the US, people can fail once, twice and even three times, but they are still not failures. It is recognised that it may take four attempts to achieve something, but every time something does not quite make it, lessons can be learned. That is how Americans are encouraged to think, but that does not happen in this country. People are deflated and put down if something does not work. The knives go in and people are put off. We have to change that culture, and we should start in schools by encouraging people to experiment and think. If they do not succeed the first time, they should be patted on the back and told to try, try and try again. We have a long way to go in introducing that attitude into our teaching culture.

The Government have also talked about other aids for small businesses, including tax credits, involving the Inland Revenue, ways to give people the confidence to get on and do it, and setting up Lambert-type interactions. However, we still have a serious problem with physics and chemistry departments in universities closing. That is not a new phenomenon, but when universities lose key departments, it is demoralising for those who work in them and it creates a threatening environment for everybody else. I am pleased that the Government have started to consider how we can prevent such closures.

We know that we need bright young people, not only for policy-making but for research, development and innovation. However, the number of people taking the subjects I have mentioned has been declining for several years, and that contributes to the closure of departments. If they are closed, we will not be able to take on the extra students coming through the system who want to be chemists or physicists, or to develop new subject matter. We have intervened to try to increase the number of university places, but we have to be smarter. We have to look at the root cause of the decline in student numbers that has led to the closure of departments. We need to inspire students and young people in schools to study science. We want teachers who can be creative and enthusiastic. We need to change the curriculum, because it is dull and boring. When I visited a school in Norwich, I found that stem cell research was not taught to scientists but to those studying religion. That is fine, but scientists should be talking about the big idea in science in this country at the moment. I invite colleagues to ask whether stem cell research is being discussed in the schools they visit.

Another reason for the falling numbers of science students is the funding arrangements for research and teaching in this country. Departments often nick money out of their research budgets to pay for teaching. Strange ratios have developed for different subjects, but nobody seems to know why one subject gets more for teaching than another. I am sure that there is an explanation, but it is not convincing in terms of the overall visionary economic plan that we have to increase the number of students in some areas. Nor can anybody tell me how many physicians, mathematicians or biotechnologists we will need. There is no overall plan, but we need one.

We must also be honest and admit that not all universities can do everything. That is a brave thing to say, but every region can provide the surety that, whatever subject someone wants to study, they can find a course that they can follow within easy travelling distance of home—I shall not go into all the reasons why someone might want to stay at home or why they should not do so. We need to take hold of the regional development agencies and take something from them—not just money but some of their people, who could interact with others on a regional affairs committee or some such body to solve our infrastructure problems in order to ensure that the subjects are taught. We will never have enough money to teach every subject that we want to teach in universities. That is a hard thing to say and believe. Yes, we will get more students; we want more graduates and we want more of them to go out into the business world and into pure blue skies research. We must allow for that on a regional basis, although I do not see it happening in some RDAs.

Policies must not dictate that research is the only thing that is important. A vice-chancellor once told me, "Forget teaching. Give the students 20 minutes and then walk out and get on with your research. That is much more important." We must not have that. We must create structures in which very good teachers just teach and do not do research, and vice versa. We must work out such interaction on an original basis.

A vice-chancellor who does not live far from me once said, "If you were starting the university system in this country over again, you would not have Essex and Norwich universities down the road from each other." Both Essex and the university of East Anglia have had to close physics and other subjects because neither is big enough separately. Together, they would be dynamite. We have a long way to go to get such things going. All the restructuring in universities at the minute is demoralising without a bigger, visionary picture.

The Budget opens up all these questions. For the first time in my life we are beginning to hear serious discussion about science, technology and engineering. There is a serious belief in our Government about using knowledge to create the businesses and wealth that will not only provide jobs, excitement and enthusiasm throughout people's lifetimes, but enable us to compete in the world markets, which are becoming tremendously serious. We can do it, and this Budget is the first line in the sand.

4.52 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I begin by thanking the Secretary of State for Education and Skills for her comments about our teachers and lecturers. I share the view that in most schools, colleges and universities, to which the hon. Member for Norwich, North (Dr. Gibson) referred, an excellent product is delivered to our young people, and we should celebrate that rather than always try to find reasons to denigrate.

I welcome the admission by the hon. Member for Westmorland and Lonsdale (Mr. Collins) that the Conservative Government made a fundamental error in introducing compulsory competitive tendering for school meals. I am sure that he was referring to that fatal mistake of saying what matters is how cheaply school meals can be provided rather than their quality. The hon. Gentleman has always been honest enough to admit the huge mistakes that the Conservatives made during their 18 years in office.

Mr. Jim Cunningham: Does the hon. Gentleman agree that it has taken the Conservatives a long time to admit that?

Mr. Willis: One always welcomes a repentant sinner; that is much more important.

The hon. Member for Norwich, North made a powerful and thoughtful contribution, as he does to any education debate. However, I wondered when he would get to several elements of Government policy that move us in the opposite direction. The recent publishing by the Office for Fair Access of the universities that are to charge so-called differential fees reveals that the full £3,000 top-up fee will be charged for 91 per cent. of courses. I do not believe that that is a differential. That means that there is a new flat-rate fee of £3,000 in our universities. I had hoped that the hon. Gentleman would say what impact that will have and how it will detract from the ambition to attract the young people whom we want to go to university. Are we to retrench a middle-class higher education system, which he and I would decry?

I also wanted the hon. Gentleman to say something about the letter from the Secretary of State to the Open university and to Birkbeck. During our debate on higher education last year, we were promised a review of part-

[Mr. Willis]

time students and funding, which would start with work at the Open university and Birkbeck. The review, however, concluded that they will not receive a single extra penny to support part-time students, and both institutions will regard that as a betrayal. As we move towards a higher education market in which more students study part-time—they will be earning and learning—everyone, whatever their political party, must address the issue.

Peter Bottomley: While the hon. Gentleman was speaking, the Secretary of State was shaking her head. Would he allow her to intervene and explain that all the reports that the Government would not help Birkbeck and the Open university were wrong?

Mr. Willis: I am always happy to allow the Secretary of State to intervene if she wishes. That is her prerogative.

Ruth Kelly: We are working with the sector, and I believe that the Higher Education Funding Council is working with the Open university to look at the widening participation premium available to part-time students. We want to see if we can promote that agenda. As a consequence, I am hopeful that the Open university finances will improve, and I hope that the hon. Gentleman takes that into account.

Mr. Willis: I am grateful to the Secretary of State, but the hon. Member for Worthing, West (Peter Bottomley) will note that rather than having found a solution, she is hopeful of finding one. To be fair to her, the OFFA letter to the Open university and Birkbeck rules out any additional resources to support part-time students next year. That is the starting point.

In response to the hon. Member for Norwich, North, after the general election, all hon. Members must revisit the issue of higher education. I do not believe that our debates on the Higher Education Act 2004 resolved anything; they merely fudged the funding issue. We did not address the purpose, function and shape of higher education and its relationship, not only with further education but with the 14 to 19 sector. If we are to meet the 21st-century challenges that the hon. Gentleman identified, we must undertake a radical review of post-14 education through to higher education and level 4 provision. I find that an exciting, not a negative, concept, and I hope that all political parties will support it.

No one knows what will happen to them after the election or what role they will have in the House. For the past eight years, however, I have attended the annual ritual of the Chancellor's Budget. I was very impressed the first year, but less impressed the second. I may have become a little more cynical and a little less gullible. *[Interruption.]* I am grateful for the confidence of the Minister for Lifelong Learning, Further and Higher Education that I am not a cynical person. I am not Welsh either. However, after 50 successive quarters of growth and the proud boast that our economy is now outperforming virtually every other economy in the world, why do our students have to incur massive debt to finance their university education? Why do the elderly have to pay for care in their old age, why do we all have to pay for simple health measures such as eye checks and dental checks—if one can get a dentist—and why is it not possible to guarantee our poorest children a simple nutritional meal at lunchtime unless a celebrity chef intervenes? Why, when our country was infinitely less wealthy, were all those services free? I am often asked that question by my constituents, but it is extremely difficult to answer.

It is not until one sifts through the fine print of the Red Book that one realises that all is not as it appears. The Chancellor has created a sophisticated illusion that we are all winners, but in reality he has produced a Budget in which, to pay for the increases for pensioners, schools, child care, stamp duty relief and next year's bus passes for the elderly, he has assumed income that will be hard to guarantee and even harder to sustain.

I shall give one example. The Chancellor has assumed a £2.825 billion tax receipt over the next three years by clamping down on fraud and tax avoidance. Considering that this is the ninth Budget presented by the present Chancellor, one could be forgiven for asking why he has not already dealt with such massive tax fraud if it is so obvious.

Mr. Hopkins: The hon. Gentleman is making a strong case. It has been estimated that there is a tax gap of some £37 billion. The Chancellor could go much further with more tax inspectors and more rigorous tax inspection, and draw in much more revenue than he is doing with his current proposals.

Mr. Willis: I am grateful to the hon. Gentleman for his intervention, but if it is so straightforward to recover all the money being lost through tax avoidance, why has it taken nine years to do so? If it had been done sooner, we might not have had to impose fees on university students. And if there is another £35 billion out there, we would not need the James review, would we? We could pour that sum into the coffers.

What happens if the Chancellor is not successful? He has not been successful yet in driving down that fraud. Presumably, that is why pensioners are getting a £800 million rebate for only one year, and why taxes will have to rise to meet any shortfall. We should not assume that any of the proposed benefits announced last Tuesday can be sustained without extra borrowing or increased taxation. Equally, we should not assume that all the benefits that the Secretary of State for Education and Skills announced today or that were announced in the Budget are as transparent as they first appear.

The Liberal Democrats support and applaud extra investment in education. On the surface, the Budget is brimming with extras. As a trustee of the e-Learning Foundation, I particularly welcome the additional £300 million contribution from the Treasury to the e-Learning Foundation. That is a significant and welcome sum. It will help lever additional funds from parents and business to tackle the huge digital divide that exists in parts of the country.

There was an impression that the introduction of IT in schools had been completed, yet in 2004 one third of our secondary and primary schools failed to meet the target for the number of computers they should have, and half of all computers in our primary schools are at

least three years old. The New Opportunities Fund money that went into providing much of that equipment was seen as a one-off, but unless we can sustain that technology and get head teachers to continue to invest in it, all we will do is build in obsolescence, which will do nothing to bridge the digital divide. The stark realisation has dawned, and the Chancellor admitted in his Budget speech that we need to provide laptops for children to take home and use there.

Mr. Desmond Swayne (New Forest, West) (Con): Has the hon. Gentleman seen the Royal Economic Society report published today, the questions that it raises about the value of technology in education, and the finding that the more pupils used computers, the worse they got at the basics of arithmetic?

Mr. Willis: I confess that I have not read that report, but I have seen the announcements about it. We should not give way to that sort of neanderthal approach to information technology. The idea that using the internet and the huge resources available to youngsters in their home and in the classroom takes away from other aspects of learning is a nonsensical concept.

Many youngsters have internet access in the home, but 2 million children do not. Those who have access to the internet at home have a whole world of information at their fingertips. We should not deny those opportunities to children who are often the most needy. Research by the e-Learning Foundation shows that children of single parents are particularly at risk from digital exclusion, yet it is often they who would benefit most. Removing the digital divide is too important for any one party to address, and I hope that after the next election there can be an all-party taskforce to consider how we ensure that digital access is available to every child throughout the country.

The commitment to primary school refurbishment is welcome. An additional £9.4 billion of expenditure to rebuild or refurbish half our primary schools over 15 years is ambitious, but the programme will not start until 2009, and without careful strategic planning at local level we may see what we have seen at secondary level—the development of a two-tier primary system, with thousands of schools still out of the programme by 2020.How do the Government intend to prioritise the primary school rebuild programme? Will it be done through local education authorities or will it, as happened with the secondary programme, be directed from the Secretary of State's office? Can the Minister confirm or knock on the head the impression that the new resources for rebuild will be given only to projects where extended school provision is offered? Will voluntary-aided primary schools be included in the programme? Where they serve communities with open admissions, as is usually the case in rural areas, will they receive 100 per cent. capital support or will they have to provide the capital element? That applies particularly to the Church of England, which is the main provider of primary education in rural areas. In other words, will the voluntary-aided capital programme and the capital programme for controlled schools come together?

The development of new, exciting primary schools will make a real difference to the learning opportunities of our youngest children, but I think that the Secretary of State will agree that it would not make as much difference as allowing children to be taught in small classes by qualified teachers supported by trained teaching assistants. The Prime Minister often boasts about what the private sector has to offer in education, but the key selling point in any independent prep school prospectus is not about buildings but about children being taught in small groups. That is because any parent or teacher believes, as all the research confirms, that giving children greater individual attention when they are developing their learning skills pays massive dividends in later learning.

Dr. Desmond Turner (Brighton, Kemptown) (Lab): We would all agree that smaller class sizes are highly desirable. However, as I am sure the hon. Gentleman accepts, per capita funding for students in the independent sector is at least double what it is in the state sector, and that is after this Government have practically doubled per capita funding. Class sizes of 15 would be marvellous, but how does he propose to pay for them?

Mr. Willis: I am grateful to the hon. Gentleman, because I am coming to that point. It is important not to have fanciful economics in terms of how we will pay for election promises.

The Government have done a good job as regards early years. We support the Sure Start programme, and it is good to hear Conservative Members say that they will support its continued roll-out. We support the extra 3,500 early years centres by 2010, and that will certainly be in our manifesto. But I ask the Minister this: why compromise that huge achievement by moving children from groups of eight, or at the most 12, in nursery classes to groups of 30 or more when they reach infant classes in primary schools? I think the hon. Gentleman would agree that that does not make sense.

The School Standards and Framework Act 1998 said that there could not be more than 30 children in a class, but the response of the Department for Education and Skills to a recent parliamentary question shows that a significant numbers of classes in our infant schools have more than 30 children in them. There are good explanations for that, so I do not think that schools are bypassing the policy. I think that there are about six categories under which children who arrive in an area may join a class and thus take its size above 30.

If we are talking about investing billions of extra pounds into early years education, why compromise that if there is another way of achieving the objectives? Liberal Democrats have chosen to invest resources to reduce key stage 1 infant class sizes to 20. That would require employing 15,000 more infant teachers, so the project is large. We would pay for that by scrapping the child trust fund. We have always made it clear that it is far better to invest in children when they are five and six than to give them something that they can cash in at the age of 18, so we have made a policy choice. We could use that £1.5 billion to give our youngest children the best chance that they have ever had at the beginning of their school careers.

Angela Watkinson (Upminster) (Con): The aim of having infant class sizes of 15 is highly desirable, but if primary schools continue to admit similar numbers of children as at present while they are taught in classes

[Angela Watkinson]

of 30, it is logical that schools will need twice as many rooms and that the internal layout of schools will need to be completely reconfigured. How would the hon. Gentleman overcome that problem?

Dr. Desmond Turner: Liberals do not like minor details.

Mr. Willis: With due respect to the hon. Member for Brighton, Kemptown (Dr. Turner), either we will have a sensible debate in the House on an important issue, or we will not. The hon. Member for Upminster (Angela Watkinson) made a sensible intervention. I actually suggested class sizes of 20, not 15, but the logic behind what she said was right. The Government are putting more than £9 billion into a primary school build programme, so we would prioritise that and ensure that additional classrooms were available to accommodate additional teachers.

I also tell the hon. Lady that the demographic trend shows that the number of children coming into our primary schools is significantly down. Something in the region of 6,000 classrooms and teachers will become available simply because of falling rolls. It is logical to the Liberal Democrats that rather than allowing those teachers simply to go out of the door through redundancy or retiring early, let us use them as part of our recruitment of 15,000 teachers and ensure that they are working with our youngest children to give them the start in life that only the wealthy could afford in the past. The Conservative party and the Government might not accept that that would be a proper use of the £1.5 billion that the Chancellor has set aside for the child trust fund, but the Liberal Democrats will go into the election saying that giving children a flying start to their education is our priority.

I was pleased that the Chancellor indicated in his Budget statement that he was adopting a Liberal Democrat policy that he heard first at a conference of the Association of Colleges—I think that the Economic Secretary to the Treasury was at the conference this year. I spoke at the conference about a policy of colleges for the future. The Liberal Democrats have always asked what is the point of renewing all the schools when what is often needed in communities is new colleges. To be fair, the Chancellor has come on to that ground and given an extra £350 million for the final two years of the spending review, which will make a total amount of £1.5 billion. That welcome new money should be seen as a down-payment. I hope that, when the Secretary of State makes her statement on skills at the Dispatch Box tomorrow, she will say more about that capital investment in our stock. If we could bring together the colleges for the future and schools for the future programmes and view them as one entity, we would do an enormous amount to build an infrastructure for our young people in the future.

The Liberal Democrats would like the £5 billion of capital resources that is earmarked for the increasingly discredited academy programme to be used to rebuild and build facilities for 14 to 19-year-olds. We will make a quantum leap in the 14 to 19-year-old programme to improve our depressing figures for truancy, school exclusion and so on. If we give young people a flying start and wonderful options at the age of 14 to 19, including the exciting things that the hon. Member for Norwich, North mentioned, we will keep kids in our schools and in learning, feed into industry and higher education, and have well-motivated and qualified young people.

When the Economic Secretary winds up, perhaps he could say a little about whether the 35 per cent. ceiling on what the Learning and Skills Council can give as a capital grant for rebuilding a college will be retained or whether colleges will get access to 100 per cent. capital funding in the same way as schools if they rebuild their kit. It is grossly unfair that one sector gets 100 per cent. funding from the state and another, which we regard as crucial, does not.

Although the Chancellor has at last acknowledged the need to invest in further education stock, today revealed another example of the scandalous injustice that affects two thirds of our 16 to 19-year-olds—the 700,000 people who study in FE colleges. Those young people, who disproportionately come from poorer, less traditional and less affluent backgrounds, are short changed by the sum of approximately £500 a year—a loss of some £500,000 to the average FE college.

The Budget was an opportunity to make some progress towards the commitment, made during the passage of the Learning and Skills Act 2000, that schools and colleges that delivered the same programme would receive the same funding. Five years on, the gap is 12 to 14 per cent., despite initial claims to the contrary by the Minister for Lifelong Learning, Further and Higher Education in a parliamentary answer to the hon. Member for Finchley and Golders Green (Dr. Vis) on 21 February. When I challenged the Minister, he admitted in a parliamentary answer on 17 March that he had conveniently dealt with only part of the funding gap in his reply to the hon. Member for Finchley and Golders Green. He stated:

"I recognise that there is more to overall levels of funding than differences in funding rates and I acknowledge that there are other important differences between school and FE funding."—[*Official Report*, 17 March 2005; Vol. 432, c.447W.]

We welcome that acknowledgement because we have never had it previously.

We are committed to creating a level playing field between schools and colleges for revenue funding. However, it is difficult to quantify the problem when Ministers refuse to provide accurate information about the funding gap. Will the Secretary of State agree to place in the Library—it would be good if she did it now—the recently completed report of the Learning and Skills Development Agency, which the Learning and Skills Council commissioned? It quantified the funding gap and is the definitive research into that. We therefore know what we are talking about. I hope that when the Economic Secretary responds, he will give a commitment about when that research will be published so that we can all have access to it.

Further education is constantly left out when we discuss education in the House but it is crucial if we are to deliver the skills agenda that the country needs. It cannot be right that lecturers in FE colleges are paid on average 8 per cent. less than teachers in schools, and that gap must be closed. It cannot be right that the facilities in our FE colleges are often outdated and overcrowded,

or that enrichment programmes are often decimated in order to make a budget's ends meet. This hardly shows a commitment to world-class vocational options.

Yet, as sharp-end delivery struggles for resources, there appears to be little brake on the spiralling cost of administration. Administrative costs for the Learning and Skills Council have now rocketed to a massive £330 million, with additional administrative costs added to almost every programme. I hate to give succour to the hon. Member for Westmorland and Lonsdale, but these spiralling costs represent a real issue that needs to be addressed. There is no one else in the Chamber at the moment who sat on the Learning and Skills Bill Committee, but we were told at the time that huge savings would be made by moving from the Further Education Funding Council and the training and enterprise councils to the new Learning and Skills Council. However, in 2000—the last year in which they operated—the FEFC spent £29 million, and the TECs £118 million, on administrative costs. Yet, four years later, the administrative costs of the Learning and Skills Council have spiralled to £330 million. That is a huge additional cost, yet we were told in 2000 that there would be a £50 million reduction as a result of the introduction of the LSC.

The 47 regional learning and skills councils have grown like Topsy. They now have huge bureaucracies to deal with relatively small amounts of money, yet any major decisions get referred to Coventry. The adult learning inspectorate now spends £28 million a year, and the new Sector Skills Development Agency—the Government's pride and joy—now has a budget of £188 million over the next three years. I want to know what all these organisations actually do to add value to the front-line services that are delivered in the workplace and in our colleges.

The Liberal Democrats believe that it is time for a radical realignment to simplify the structure and to amalgamate the Learning and Skills Council and the Sector Skills Development Agency with the regional development agencies to form single regional skills and development agencies. We need to slash red tape and bureaucracy, and use the savings to bridge the funding gaps in colleges so as to provide the resources to skill our work force. Further education and the skilling of the nation are crucial issues, and we are delighted that the Secretary of State is to come to the House tomorrow with a new statement. In the meantime, I hope that the Minister will be able to respond to a number of the issues that I have raised today.

5.22 pm

Dr. Desmond Turner (Brighton, Kemptown) (Lab): I endorse the remarks made by my hon. Friend the Member for Norwich, North (Dr. Gibson) about the crucial effect of the investment that the Government have made in science and its spin-offs. The hon. Member for Worthing, West (Peter Bottomley) made a rather cheeky intervention on my hon. Friend and asked him to name a scientist who would wish to see the return of a Labour Government. I have to say to the hon. Gentleman that I know many scientists—some of whom are extremely distinguished—and when I put to them the prospect that there might be another Conservative Government, their reaction is either to recoil in horror or to laugh with derision, because it is total nonsense and an absolute oxymoron. There is no comparison between the Conservatives' proposals and the seriousness with which this Government have addressed the issues of higher education and the feeding through of the results of higher education and research into innovation and into our economy, the growth of which will have doubled as a result of this Budget.

Conservative Members have made much of the £35 billion, or rather they have tried to make very little of it. They have tried to pretend that it is not there or that it is something that we have dreamt up to beat them about the head with. Can I assume, therefore, that Conservative Front Benchers are repudiating the statements of the shadow Chancellor? If I understand him correctly, he has said that at the end of another six years a Conservative Government would be spending £35 billion less than us. If that is not £35 billion of cuts, exercised at the rate of approximately £6 billion a year, what else is it, or does the Conservative party not understand the meaning of the English language?

Peter Bottomley: Will the hon. Gentleman give way?

Dr. Turner: Yes, it could be amusing.

Peter Bottomley: Is the hon. Gentleman the only Member of the House who did not see the photographs the day after his Chancellor and his Prime Minister had to face a simple question? The person who saw the humour was the Chancellor; the person who looked as though he had egg on his face was the Prime Minister.

Does the hon. Gentleman agree that that is probably the last time the Prime Minister will allow an independent photographer to attend such proceedings? We will be back to the stage-managed press conferences typical of his leadership. The fact is that the Chancellor understood the difference. It is a great pity that the hon. Gentleman and the Secretary of State for Education and Skills do not.

Dr. Turner: It is nice to know that Conservative Members see the relevance of serious politics. It is quite simple: £35 billion less is £35 billion less. They cannot talk that away, and they certainly cannot laugh it away.

The Opposition have described the Budget as a vote now, pay later Budget, as if the Chancellor had introduced a few populist measures to tempt people into voting Labour. Conservative Chancellors never did that, did they? Perish the thought. I am surprised, given the nature of the criticism that the Opposition have mounted, that they have not put forward their own coherent alternative Budget. It is completely missing.

In the Red Book, we have a coherent, joined-up financial statement whereas all we have had from the Opposition is what can best be described as a few cheap tricks to try to tempt the grey vote back into the Conservative fold. I seem to remember that a previous Conservative Government broke the link between pensions and earnings. In so doing—in the high-

[Dr. Turner]

inflation times that they presided over, with high wage inflation—they cheated pensioners out of about £22 a week per head.

Mr. Swayne: Will the hon. Gentleman give way?

Dr. Turner: Happily. I love Conservative interventions.

Mr. Swayne: Does the hon. Gentleman recall that, in those times of high inflation, prices were rising faster than earnings when the link was broken?

Dr. Turner: And it was under a Conservative Government. The hon. Gentleman has made my point.

The Conservatives are making a virtue of restoring the link, but we have already restored the link in respect of the pension credit limit. We have invested more in pensions and supporting the poorest pensioners than the cost of the link. By the time pension credit limits have risen by the amounts already advertised, there will be few people with any severe need who are left out. All the Conservative proposal would do is give money to those pensioners who do not need it and take it from those who desperately do. That can hardly be described as an antithesis of a vote now, pay later proposition.

The Conservatives have offered us another bonus on council tax, but they forget two things. First, under a Conservative cuts regime, councils would get less Government grant, so council tax would go up much more. Therefore, even if pensioners got a £500 discount, it would be £500 off a much higher council tax, and because this is a zero sum game, the rest of council tax payers would pay much higher amounts to pay for that. One cannot just address one little item in isolation from the local government taxation system; one must address the whole complex issue.

A Conservative Government created the council tax, and it is a deeply flawed tax—most people would agree with that.

Angela Watkinson: The hon. Gentleman referred to the £500 discount, which the Conservative party in government would give to every pensioner household over the age of 65. If he can do simple arithmetic, he will know that £23 billion of reinvestment in schools, hospitals and other public services, plus £8 billion less borrowing to avoid Labour's third-term tax rises, plus £4 billion of tax cuts adds up to the magical £35 billion. Of that £4 billion of tax cuts, the first that we have announced is the £500 council tax discount, which has been carefully costed at £1.3 billion, and we still have a further £2.7 billion to announce—quod erat demonstrandum.

Dr. Turner: That is fantasy arithmetic. One cannot give away—or pretend to give away—that much without absolutely slashing the rest of public expenditure.

Angela Watkinson: Will the hon. Gentleman give way?

Dr. Turner: Not again.

The Conservatives say that they will protect—not enhance, so it is not much of a promise—health and education, which leaves only about 60 per cent. of Government spending. I calculate their tax cuts at around 10 per cent. of public spending. That 10 per cent. will therefore be taken off only 60 per cent. of public spending, so the cuts will be very deep. To return to my point on council tax, that is precisely where the Conservative proposals will hit hard.

The hon. Member for Upminster (Angela Watkinson) says that the Tories are bidding £500. If that is not a vote now, pay later proposition, I do not know what is. Council tax needs a thoroughgoing review. The Chancellor has offered his council tax discount on a one-year basis, for a very good reason: the whole system needs review, which is what this Government will do in their next term. They want to achieve two things: to make the basis of the tax more progressive, and, given that it is far too narrow—

Mr. Willis: This is dangerous territory.

Dr. Turner: Yes, I know. Ability to pay would also be taken into account, which is not the case currently, apart from in relation to benefits. I would therefore be confident that a pensioner discount would last not just for the year after the election but in perpetuity. It needs to be done in the round, however, as it is a complicated issue, and cannot be done as a little gesture.

Another of the proposals that I have heard launched was free care for the elderly. That great proposition, which I am sure we would all love to offer, has been promised by the Leader of the Opposition. However, those who read the Conservative documents carefully, as I have, will see that it is not quite as simple as that. The Conservatives are promising to pay for care for the elderly only if the elderly person concerned has first paid out of his or her own resources for three years. That means having to have well over £20,000 in liquid assets, and also having to live for three years. It is a sad fact of life that the average life expectancy of those who go into residential care is less than three years. That too is something of a false promise.

Mr. Jim Cunningham: I may have misunderstood my hon. Friend, but he seems to be suggesting that this is an additional means tax introduced by the Conservatives. Am I right in my assumption?

Dr. Turner: Yes, I think so. It is a means test under which only those who are already fairly wealthy receive any benefit. But, as my hon. Friend knows, that is a familiar pattern in Conservative promises.

Let me say something about environmental taxation. I am sorry that the Minister has just left the Chamber, because the next part of my speech was intended for him.

Mr. Swayne: Save it!

Dr. Turner: No.

We heard some severe criticism of the Budget from my hon. Friend the Member for Nottingham, South (Alan Simpson) on Budget day, which I felt was a little curmudgeonly. It is not surprising that this Budget does not contain much in the way of major new

environmental fiscal measures. Indeed, it would have been foolish to include such measures at a time when the Government are undertaking a complete review of climate change policy. Fiscal policy is obviously a central plank of the delivery of that policy, so it would be silly to make major changes in this Budget. The next Budget—the next Labour Budget—

Mr. Andrew Love (Edmonton) (Lab/Co-op): Just after the election!

Dr. Turner: Exactly. I expect that Budget to be quite different.

Let me make a few suggestions to the Treasury. Let me suggest a few fiscal measures designed to combat climate change. I am happy for us to maintain the climate change levy and the renewables obligation to promote energy conservation and the deployment of renewable energy, but I think we must enhance those measures considerably. We must beef up the renewables obligation, or lay on top of it something that is much more powerful in encouraging new, renewable, non-carbon-emitting electrical generation technologies into market deployment.

The Royal Society recently suggested a carbon tax, and the Science and Technology Committee has suggested a comprehensive system involving a carbon tax and a carbon tax credit. Electrical generators emitting carbon dioxide would pay a carbon tax—at present they constitute about 96 per cent. of our generating capacity—while generators that do not emit carbon dioxide and operate on the basis of renewable resources would receive a carbon tax credit.

A carbon tax would generate the resources needed to supplement and speed up investment in renewable energy. This is not a stealth tax but a "behaviour tax", which is intended to punish environmentally bad behaviour and to reward the good. We could profitably extend that principle throughout the whole range of environmental taxation; indeed, it is already embodied in some existing taxation measures.

We must also address transport. We cannot go on not increasing what is, in effect, a carbon tax on fuel—the fuel escalator—year on year. To be fair, it was introduced by the Conservatives and I totally support it. We all know that it reached the limit of public acceptability a few years ago, since when the Treasury has been a little leery of increasing it. We are going to have to bite the bullet sooner or later and start progressively increasing it, but again, we can use corresponding carrots. For example, we can go further with lower taxation for environmentally friendly fuels, and we can probably do more to stimulate the production and sale of biofuels.

We could also do more by using the proceeds of carbon taxation to accelerate the development and deployment of hydrogen fuel transport initiatives—on which, of course, we would charge no tax at all, thus making such initiatives very much more attractive. We have to overcome the enormous hurdles of getting the public to accept the use of hydrogen and of setting up distribution, but once they are overcome, such initiatives have the potential to reduce our carbon emissions by about 50 per cent. That is a very worthy long-term aim, and fiscal measures will be a key driver in achieving it.

Mr. Hopkins: I am very interested in what my hon. Friend is saying, which I broadly support. Recent research suggests that a particularly efficient way to develop renewables is to build energy-efficient buildings, which are more economical pound for pound than wind generators, for example. Does he think that the Government need to take more seriously building installation and technology that saves energy?

Dr. Turner: I thank my hon. Friend for that intervention, with which I broadly agree. There is a great deal more that we can do in terms of energy conservation, and in fact this Budget contains further measures to that end. I want us to go further and to introduce much more stringent building regulations. The technology for zero-emission buildings exists now. We should strongly encourage its use, and we need more fiscal measures to do so.

Returning to transport, we have made a start by implementing differential road taxation for vehicles according to their CO_2 emissions. I thoroughly endorse this approach but I would be inclined to go very much further, starting with a zero rate for vehicles that emit no CO_2 at all, escalating to quite punitive rates for "Chelsea tractors" that emit grossly excessive amounts for no useful purpose whatsoever. In fact, such vehicles are usually used to drive children to school in Chelsea.

Aviation, however, is an outstanding problem for which no identifiable technical fix exists at the moment. There is a technical fix in sight for all the CO_2 that we currently produce, except that produced by aviation.

Mr. John Wilkinson (Ruislip-Northwood) (Con): The hon. Gentleman is talking nonsense, as he has been for a considerable period of time. Substantial improvements have been made in the fuel efficiency of power plants, particularly in respect of fuel consumption. Such technological improvement will continue, as it will in the aerodynamic sphere to reduce aerodynamic drag and as it will in the structural sphere to ensure that composite and other materials offer lighter but stronger structures. Could the hon. Gentleman please get something right?

Dr. Turner: I am perfectly well aware of everything that the hon. Gentleman mentions, but it does not alter the fact that we use air transport far more than we ever did or that CO_2 emissions from air transport have approximately doubled over the last 10 years and are likely to double again. It represents a very large source of CO_2 and I was making the point that it is the only major area of energy use where we cannot see a technical means of avoiding CO_2 emissions.

After the Hindenberg disaster, I imagine that it would be pretty difficult to persuade passengers to travel on a plane fuelled by hydrogen and even if they were so persuaded, there would not be much room for them. Unfortunately, even in liquid form, hydrogen is so light that it would virtually fill the fuselage, leaving little room for passengers. That is another awful technical difficulty to be overcome before we can achieve non-carbon-emitting aviation. I would like the Government to fund research into that subject in order to find a way forward.

[Dr. Turner]

The measures I have outlined are more radical than those contained in the Budget. They are for the next Budget, but I welcome some of the measures in this Budget. For example, the reduction of VAT to the minimum on micro-CHP plants has delighted the British combined heat and power industry. Micro-CHP has the capacity, if it is widely used, to save millions of tonnes of CO_2. The same applies to heat pumps. Instead of losing the heat in extraction, it is recovered and kept within the building—a very useful energy conservation measure.

Mr. Swayne: On a point of order, Mr. Deputy Speaker. Is it in order for an hon. Member to deliver a speech entirely fuelled by gas?

Mr. Deputy Speaker (Sir Michael Lord): I really do not think that that is a point of order for the Chair.

Dr. Turner: The hon. Gentleman should know that. I greatly welcome—

Mr. Mark Francois (Rayleigh) (Con): Further to that point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: I have heard enough of such points of order for the time being and would like Dr. Turner to continue.

Dr. Turner: Thank you, Mr. Deputy Speaker.

Mr. Francois: Will the hon. Gentleman give way briefly?

Dr. Turner: Oh, I suppose so.

Mr. Francois: I am grateful to the hon. Gentleman for his courtesy in giving way. May I say that my hon. Friend the Member for New Forest, West (Mr. Swayne) has been slightly unfair to him? His speech has not been entirely fuelled by gas; a large part of it has been empowered by wind.

Dr. Turner: How very droll.

I also welcome the landlord's energy-saving allowance and its extension to solid wall insulation. Again, it may not sound very important, but 50 per cent. of our housing stock cannot be insulated by cavity wall insulation because it does not have any cavities. I live in such a house myself. There is a desperate need for the development of cheap and easily used materials because the existing technique of using dry lining is quite expensive. The allowance will help landlords, particularly in respect of houses of multiple occupation, of which there are many in my constituency. Many are old, draughty, solid-wall buildings and very difficult to insulate. The grant will end up saving potentially thousands, if not millions, of tonnes of CO_2 output.

Reduced taxation for biodiesel and bioethanol is welcome but I should like a more rigorous attack on biofuels in future. I have slightly digressed from education, the principal subject of today's debate, but I make no apology for that as the subjects are not that strict. It is also clear that many Members on the Opposition Benches badly need educating.

5.50 pm

Mr. Mark Simmonds (Boston and Skegness) (Con): It is traditional to say a few courteous and polite words about the previous speaker, but I struggle to find complimentary words about the contribution of the hon. Member for Brighton, Kemptown (Dr. Turner).

Peter Bottomley: My hon. Friend should at least give the hon. Member for Brighton, Kemptown credit for not raising the question of unemployment. It is sad that unemployment has risen by more than 8 per cent. in his Brighton constituency over the past year.

Mr. Simmonds: I am grateful to my hon. Friend for that intervention. I was not aware of that fact, so he has added an interesting statistic to our debate.

The Government erroneously make great play of the fact that they alone are responsible for economic stability, growth and sustainability, whereas in fact, post-1997, they immediately built on the successful macro-economic policies of the previous Conservative Administration. They used that economic legacy as a foundation for what will ultimately be unsustainable and wasteful public expenditure.

Mr. Hopkins: The hon. Gentleman talks about the Conservatives' successful management of the macro-economy. Am I mistaken in thinking that the Conservatives entered the exchange rate mechanism and caused economic disaster in Britain? Is not it merely climbing out of that deep hole just before the election that he is claiming to their credit?

Mr. Simmonds: I am grateful to the hon. Gentleman for making those points and I have two things to say in response. First, I seem to recall that at the time the Labour Opposition were extremely supportive of our entry to the ERM. Secondly, the Chancellor admitted in his Budget speech that we have had sustainable economic growth for 50 quarters. That is about 12 and a half years, which takes us well beyond the incumbency of the present Government, so there is no doubt that my right hon. and hon. Friends who had charge of the Treasury for the 18 quarters before 1997 should be given credit for turning our economy around after our exit from the ERM.

Dr. Desmond Turner: The hon. Gentleman is missing a lesson from history. No Conservative Government have ever succeeded in sustaining economic stability for that long. They have always blown it with irresponsible tax cuts that took money from the poor and gave it to the rich.

Mr. Simmonds: I shall respond to the hon. Gentleman but then I want to move on quickly. One of the fundamental reasons why Conservative Governments have often struggled with the economy is that—probably with the exception of the transfer of power that will happen on 6 May—every Conservative

Government have inherited a shambles from the previous Labour Administration. *[Interruption.]* One example is 1979 and another is 1970.

Despite the Government's claims, almost all independent commentators believe that there is a black hole in the Chancellor's figures and thus a necessity for fiscal consolidation and tightening. The Government will need to cut spending or raise taxes—perhaps both. They will have to retreat from their current expansionary stance on fiscal policy and control their spending. If an election were not looming, taxes would now be increasing against the backdrop of a faster-than-anticipated deterioration in the Government's budgetary position.

Mr. Hopkins: The hon. Gentleman seems to be suggesting that we should deflate, yet that would make the problem worse—if indeed there is a problem at all—by raising unemployment, thereby raising benefits and reducing tax revenues.

Mr. Simmonds: I am not saying that. If the hon. Gentleman had been patient, he would have heard that I am advocating the control of public expenditure and a tightening of the fiscal deficit, which will bring public expenditure under control without harming the delivery of public services. Such a policy has been carefully set out by my right hon. Friend the shadow Chancellor, building on the foundation of the thorough and detailed James review.

The fiscal deficit in the United Kingdom last year was greater than that of France, Germany, Italy and Canada. The deterioration in the UK's fiscal position since 1999 is bigger than in any G7 country. Indeed, the International Monetary Fund has advised that a cut in expenditure of £12.5 billion is required, equivalent to 3.5p on the basic rate of income tax: in other words, a fiscal adjustment of 1 per cent. of gross domestic product—an enormous sum. Almost all informed commentators have estimated growth forecasts below the Chancellor's, which currently stands at between 3 and 3.5 per cent. That is well above consensus expectations, which are much closer to between 2.5 and 2.75 per cent.

When I looked at the detail of the Chancellor's forecast I was shocked to see that growth in investment spending and exports looked wildly optimistic, at a figure of between 6.75 and 7.25 per cent. Even if we accept that world trade picked up last year, we see that UK exports grew by only 2.6 per cent. The deteriorating budgetary position has been facilitated by two factors: faster than projected growth in spending and a shortfall in tax receipts. That shortfall was hardly surprising given that between 2001 and 2003 growth failed to reach 2.5 per cent. per annum, on which the public finances arithmetic is based. Nothing was done when that growth figure was not hit. That is why public borrowing is deteriorating and the Chancellor has to keep revising his borrowing forecast.

It was clear from the Budget statement that the Chancellor had to start tightening his fiscal position immediately, which he supposedly did by penalising businesses such as the oil industry. Alternatively, had he loosened his fiscal policy it would have increased pressure to raise interest rates, as the hon. Member for Luton, North (Mr. Hopkins) correctly said, which could have triggered a further sell-off of sterling. The Government's net cash requirement has been revised upwards since projections three months ago suggested precisely the opposite of the fiscal tightening that the Chancellor claimed in his Budget speech.

We hear much about the Government's success in job creation. The figure that is often bandied about is 2 million jobs. However, the House may not be aware that 927,000 of those jobs have been created in the public sector since 1997—jobs bought with taxpayers' money, not created by economic growth. Public sector employment growth continues to accelerate. Of course, some of those jobs are extremely valuable and worth while. The people taking them make an extremely valuable contribution to the delivery of public sector services in all our constituencies.

The problem is not just that public sector jobs have been purchased by taxpayers' money. In the manufacturing sector, 1 million jobs were lost between 1997 and 2005, yet in the previous seven years, between 1990 and 1997, only 500,000 jobs were lost—half the amount. Those job losses are a direct result of the UK's losing its competitive edge in a globalised marketplace.

Mr. Love: Does the hon. Gentleman accept that, at a rate of nearly 75 per cent., employment is at a record level? Does he accept the contribution that the Government have made in getting people back into work?

Mr. Simmonds: I welcome any economic policies that stimulate employment and stop the unemployment trend. I accept that there has been significant growth in the number of people in work as a result of some of the Government's policies. However, I argue that that economic growth was built on the foundations that the previous Conservative Administration put in place after the UK fell out of the ERM. As I shall say later in my remarks, I want to ensure that, especially given the competition from China and India, we remain competitive in a globalised marketplace. We cannot sustain a situation where there is an increasing tax burden, an unsustainable increase in public expenditure and increases in regulation and bureaucracy that make us less competitive in the global economy. That position is evidenced by the United Kingdom's trade deficit.

Last year, the trade deficit was £57.9 billion—five times worse than in 1997. The UK's overseas trade deficit in January alone was £5.2 billion for goods and £3.7 billion for goods and services. The UK has not become more competitive since 1997, but significantly less. Our productivity is 11 per cent. below the G7 average. Our only saving grace is that we are efficient in comparison with the inefficient EU economies, but as I said in response to the intervention made by the hon. Member for Luton, North, competing with Europe is not where the main battle will be in the near future.

An economy with high and increasing tax and low productivity that is increasingly uncompetitive is music to the ears of the business people in China and India. The UK must become more competitive, not less. Those two countries alone will account for 25 per cent. of the world's output in real terms by 2015. The Chinese middle class has just passed the 250 million mark—

[Mr. Simmonds]

larger than the total population of the United States. Increasing tax, spending and regulation, poor public sector productivity and minimal reform of public sector services are not the answer. Both being economically competitive and upskilling our work force is the answer to those challenges.

Mr. Hopkins: The hon. Gentleman correctly identifies that the trade deficit is substantial, but is that not simply a result of the appreciation in the value of sterling? Is not the fact that our currency is too strong causing us problems? Is that not much more significant than marginal changes in productivity and increasing training, although that is important?

Mr. Simmonds: I accept what the hon. Gentleman says. The increase in the value of sterling has played a role—as, indeed, has this country's consumer boom, which has sucked in imports, thus having an impact—but in my view, the significant contribution to the deteriorating trade deficit is our lessening competitiveness, compared with not just our European competitors, but countries around the world.

Mr. Bailey: I accept that we will face enormous pressure from China, India and the emerging economies, but does the hon. Gentleman agree that the one way to succeed in spite of that competition is to invest in education, research and added-value products? The only way to do that is to invest in our education system and in the ways outlined in the Budget. How does he square that with the proposed £35 billion in cuts, which, I notice, he has not mentioned at all?

Mr. Simmonds: I thought the hon. Gentleman's intervention positive and constructive until, rather sadly, he became wayward and disappeared off the path towards the end. I totally agree that investing in education—from pre-school through to higher and further education, about which I shall say a little more later—is the key to producing a skilled work force, thus increasing productivity. Indeed, that is why the shadow Secretary of State for Education and Skills, my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins), made it clear that the Conservative party plans to spend more on education than the Government, for the very reason that we believe that education forms a fundamental part of building this country's economic success for the future. That is why he has been so successful in disseminating the Conservative party's education policy.

In addition to the importance of upskilling the labour force, the Government trumpet their record on education, as the hon. Member for West Bromwich, West (Mr. Bailey) was trying to do. They rightly analyse that education is a key factor in raising aspirations and economic performance, but despite large sums of taxpayers' money going into schools in particular, the significant improvement in school standards occurred between 1997 and 1999, when the Government implemented their literary and numeracy strategies, while sticking to the previous Conservative Administration's spending plans. So without real, radical reform of the education system, there is no correlation between putting in additional public sector funds and driving up standards. That is evidenced by what has happened between 1999 and 2005.

Mr. Bailey: I appreciate the hon. Gentleman giving way for a second time. There was certainly an increase in literacy and numeracy standards—no doubt, as a result of the policies implemented during the time that he outlined—but he ignores the fact that in areas such as mine, where people have traditionally had few educational qualifications, a very significant increase in GCSE results has taken place during the past four or five years. That is only the result of current Government spending.

Mr. Simmonds: I am afraid that I do not agree with the hon. Gentleman. Like him, I represent a low-wage, low-skill constituency where education is the key for people to escape from socio-economically deprived areas. I would argue that money alone is not the solution. We need more radical reform, including reform of the curriculum, so that those students who do not currently engage with it do so. That is why I welcome the part of the Tomlinson report that the Government have welcomed. I can see no direct correlation that evidences and supports what the hon. Gentleman says.

One of the Budget documents, "Long-term global economic challenges and opportunities for Europe", gives on page 48 a list of conclusions about those challenges, one of which is

"the increasing importance of skill levels and flexible labour markets".

There has been virtually no progress on the former since the Government came to power and, without question, the labour market is less flexible, more bureaucratic and therefore less competitive than in 1997. I shall draw on some examples from my constituency. In rural and coastal Lincolnshire, we suffer from low aspiration at school, and when coupled with poor penetration from the higher and further education sectors, the work force struggle to upskill, thus exacerbating and perpetuating a low-skill, low-wage economy. Some 50 per cent. of the work force have no qualifications, as opposed to the national average of 29 per cent.

I am pleased that the Secretary of State for Education and Skills announced that £1.5 billion would go into the FE sector. I hope that, unlike most of the Government's announcements, some of that money will find its way to my part of Lincolnshire, where people with a desire to upskill will be able to do so. That factor, when coupled with poor access and the seasonality of employment, causes real socio-economic problems. In Ingoldmells, a resort just north of Skegness, there is a 600 per cent. increase in unemployment out of season and a 30 per cent. change each year in primary school rolls owing to seasonal fluctuations. That makes it even more disgraceful that the Government manipulate funding formulas and move resources away from Lincolnshire to shore up the Labour party's votes in its urban heartlands.

In addition, people may have been thinking of bringing inward investment and buying buildings to refurbish in the poorest wards in my constituency. I notice in the Budget that the stamp duty exemption

for investment in and refurbishment of commercial property in socio-economically deprived wards will be stopped. That will stop much-needed regeneration and therefore possible employment in those areas.

I do not approve of the duplicitous way the Chancellor announced his Budget, and I will give the House four examples of the significant positive points that he attempted to put over in his Budget. First, there was no mention of how raising the stamp duty threshold will be paid for by abolishing the stamp duty exemption for commercial investment in deprived wards. Secondly, there was no mention in the Chancellor's remarks that pensioners would get £200 off council tax for one year only. Thirdly, there was no mention that free bus travel would apply to off-peak tickets only. Fourthly, there was no mention that most of the money for the primary schools rebuilding programme has been announced already or that the relatively small additional sum would not be spent for another four years. It is because of that sort of duplicity that many politicians are held in such disdain.

Finally, macro-economic stability is essential, but we must retain national competitiveness, and that will not be achieved by ever-increasing taxation and ever-growing public expenditure on public services, without fundamental and core reform.

6.9 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome the Budget and want to explain how its provisions will affect my constituents. While praising its provisions and the Government's work in my constituency, I want to suggest some areas where we could go further or change direction a little.

My typical inner-city constituency is described as historically deprived. Four of its seven wards are in the 10 per cent. of areas with greatest urban deprivation. It has a low skills base, with almost 48 per cent. of my constituents having no qualifications, compared with the average of around 30 per cent. A lower than average number stay in education to the ages of 16 to 19, and a much lower than average number go on to higher education. It is typical of urban and historically deprived constituencies, but that is only one part of the picture, because it is being transformed in part by the general improvement in our economic situation. Low interest rates have led to a boom in house prices and construction, and the increase in public sector investment in the past few years is beginning to show in schools, hospitals and the number of policemen, and general practitioners.

The hon. Member for Westmorland and Lonsdale (Mr. Collins)—he is no longer in his place—said that the transformation in our economic situation started before the Government came to power. However, he did not say that, if that premise is accepted, public investment in local authorities, particularly in education, did not improve. In my area it went down, despite claims that the economy expanded under the Tory Government. The fact that a number of then Cabinet Ministers are now leading the Tory party can give no confidence that in the unlikely event of the Tories being returned to power the situation would be any different. If they could not do it then, why should we believe that they could do it now?

The child trust fund has enormous potential to combat long-term poverty and improve the take-up of long-term education. The Liberal Democrats' spokesman, the hon. Member for Harrogate and Knaresborough (Mr. Willis)—he is no longer in his *place—said that* there was a genuine policy difference between the Liberal Democrats and the Labour party, and I accept that. I believe that there is a strong and legitimate case for the child trust fund in education. First, it involves that proportion of the electorate who do not have bank accounts and in areas such as my constituency that is 20 per cent. of the electorate. The fund will provide a stake in the commercial world and with it an incentive for financial education, so that people understand and use that stake effectively. Without the child trust fund, that will not happen. Secondly, in the long term it will provide a fund that can be used for higher education. I have no doubt that if we are to reach our targets in higher education there must be a funding commitment, whatever party is in power.

Dr. Jenny Tonge (Richmond Park) (LD): Can the hon. Gentleman assure the House that he believes that when a child reaches the age when they can have access to the trust fund they will use it properly and not just splurge it on a motor bike?

Mr. Bailey: I believe that most will use it properly. Obviously, a Government cannot second-guess the aspirations of every young person, but the hon. Lady's argument was used against giving money to mothers on the basis that they would go out and spend it on drink and cigarettes instead of on their children. Unless we provide that investment and give children a stake in the future and an incentive to learn how to use that investment, they will never have aspirations.

Dr. Tonge: Surely the money could be used equally well in the early years to provide the same investment in the future and the same incentive to work and to do well at school.

Mr. Bailey: The hon. Lady is missing the point, because the Government are doing that as well. The level of investment in early-years education and schools is so great that it is questionable what the £1.5 billion that has been allocated for the child trust fund could provide. It is best used to provide young people with a stake in the future.

There is a general debate about poverty and its impact on education. If the bottom 20 per cent. of people in deprived areas are not given a stake in the future, all the evidence suggests that they will be trapped in a circle of poverty. The child trust fund provides a gateway out of poverty.

I recently visited the maternity unit at my local hospital, not because I am a politician who is predisposed to kissing babies—when I get close to them it usually has a horrifying effect on them—but because I wanted to talk to the young mothers about opening child trust fund accounts. Interestingly, while most had heard of the fund, none had opened an account. I flag that up as a serious issue, because the Inland Revenue is administering the fund and most people do not readily engage with a brown Inland Revenue envelope when it comes through the door, particularly the bottom

[Mr. Bailey]

20 per cent. of people who are not used to dealing with financial matters. It was suggested to me at the hospital that it would be a good idea if people were available not to advise young mothers where to open an account but to outline the scheme to them when their babies are born, to ensure that they take it up. Young mothers readily take advice from health specialists, and we should look into that joined-up advice to ensure that those who most need child trust funds have the information they need to set them up.

I have three Sure Start schemes in my constituency, and I am impressed by the work that they are doing. They engage young mothers and young children in a process that can affect them significantly in the long term.

I am pleased with the provisions for helping lone parents back to work, because that is a route out of poverty for many young parents. I have a disproportionate number in the northern part of my constituency.

I also welcome the emphasis on child care, which will enable young parents not only to find jobs but to find the necessary child care, which might otherwise be a hurdle.

Above all, I welcome the proposals for investment in primary schools. Last Friday, I visited Great Bridge school, a private finance initiative school that has just opened in Great Bridge, one of the most deprived areas of my constituency. It replaced a building started in 1870. Despite the best efforts of the teachers and other staff, the physical state of the building was an obvious impediment to good education. I toured the new building on Friday and was inspired by the change in attitude, the spaciousness and the state-of-the-art technology, including whiteboards and computers, which have transformed the morale of the staff.

Comments have been made about the impact of ICT on educational standards. It could be too early to reach a judgment on that particular school, but the technology there is providing marvellous motivation for both pupils and teachers. Teachers have told me that pupils are more ready to engage in computer learning than in some of the traditional forms. The quality of pupils' work, and its presentation, is also much improved, and that gives them a sense of self-esteem and self-worth. Our future lies in computers and whiteboard learning, in my opinion, and I am therefore very pleased with the level of investment in that technology in the Budget.

It is now difficult to find a secondary school in my constituency that has not had major building work carried out in the past four or five years. GCSE results have improved by 50 per cent. since 1997. The results at Alexandra high school have improved by 80 per cent. and those of Willingsworth high school by 100 per cent. Wood Green high school had results 12 per cent. better than the national average, which is almost unheard of in my area. Although those are just the dry statistics, they represent a revolution in life chances for the young people involved—50 per cent. more of them leave school or move on with good educational qualifications and a bright future ahead of them. As a result of the education maintenance allowance, which was piloted in my borough, more pupils are staying on in education and more are going to university.

I have a few comments about 14–19 education and the proposals outlined by my right hon. Friend the Secretary of State for Education and Skills recently. I am happy to say that my constituency still has a significant level of manufacturing employment of about 30 per cent. However, manufacturers tell me that in spite of the general employment situation, they still face a skills shortage. They have real problems in getting young people to consider industry and manufacturing as a potential career. I hope that engaging industry in the formation of our vocational curriculum for the 14–19 age group will mean that that problem is adequately addressed.

I come from a generation that thought that if one wanted to get on in life, one worked not in a factory, but in a white-collar job. We have to have a counter-revolution, because if we want this country to be successful and give industry the added value of our investment in education, we must ensure that some of those who benefit want to use it in the industrial and manufacturing context.

Mr. Hopkins: I agree with my hon. Friend, but how do we overcome the problem that the really high salaries and the big money are earned in the City and in the financial sector, not in industry, which is much more vital for our economy?

Mr. Bailey: I must admit that the moving of people from my constituency to the City has not been a huge problem in the past. I would be happy if my constituents had the skills base to work in local industry where there is a skills deficit. However, I accept the broader point that my hon. Friend makes, although we should not assume that everybody is motivated purely by earning big money, in the City or elsewhere. Many people want to live in the west midlands and they want to contribute to industry, but salary levels have to be adequate and appropriate for the level of educational qualifications that employees possess. Of course, some 30 years ago, people went straight from school at a young age into industry because salary levels were relatively good.

I emphasise the need to engage industry fully in the formation of the vocational curriculum, and we should consider pioneering ways in which industry and education can link up. If we are to enthuse people about going into science and industry, we need to start at primary, not secondary school level.

Finally, I wish to make a few comments about higher education and pick up the themes outlined by my hon. Friend the Member for Norwich, North (Dr. Gibson). I recently joined the Royal Society pairing scheme to try to get some insight into what was needed by the world of science. As somebody who forsook the study of science at the age of 14, it was a revelation to me to partner Dr. Laura O'Neill, a stem cell research scientist at Birmingham university. I was amazed by the work being done. The people I met were very appreciative of the investment put into higher education, which has provided modern, state-of-the-art facilities at that university. Significantly, the number of foreign scientists attracted to work there—by the facilities and the legal and ethical framework in this country—included some American scientists.

I am worried about career prospects for research scientists. I was horrified to find that highly qualified lab technicians were earning £12,000 a year, with no real

career prospects. If they could not get a fellowship, they could not be sure of any real career in science research. I welcome the money that the Government have outlined in the Budget for science research, but we need to address the need for a proper career structure that adequately recompenses those committed to research in science.

I was pleased to hear the dean of Birmingham university outline a number of initiatives to market the breakthroughs made in biotechnology through small companies. I welcome the Government's financial commitment to developing that and the elevation of Birmingham as a science city. I hope that Ministers will look on the work done at Birmingham university favourably for further funds, because it already has a track record of exploiting biotechnology advances commercially. With more incentives, I am sure that it will continue to do so.

The Budget will move Britain in the right direction. It is good for my constituency, and therefore good for the country. I say that not out of any local partisanship but because the social profile of my constituency is such that unless the Budget addressed educational qualifications, skills and poverty, we would not be able to meet the commercial challenges that we will face in the future. I welcome the Budget and look forward to Ministers developing the policies that have already brought great benefits to my constituency. In the long term, those policies will help my constituency to play a vital part in transforming this country's economy.

6.29 pm

Mr. John Wilkinson (Ruislip-Northwood) (Con): I am sorry that the Secretary of State for Education and Skills has gone. I was looking forward to commiserating with her about that nasty experience at the head teachers' conference when she seemed to have got the bird. I was wondering how that could have happened to such a nice person. All those of us who serve on European Standing Committee B—I see in his place the hon. Member for Luton, North (Mr. Hopkins), who is a regular attender like myself—always looked forward to the right hon. Lady's presence while we discussed the latest daft directive from the European Union or the latest crazy regulation that would further damage British employment and business and further constrain the British economy. She always smiled her way through such occasions, but she did not cause much mirth with her rather petulant and uncharacteristic outburst at the beginning of her speech to the House today, when she went into synthetic-phonics new Labour speak, fabricating facts about our intentions based on ridiculous ideas of how we would use the money saved from the cut in waste and bureaucracy which the Conservative party is determined to bring about in government. I am sure that she will grow into her job, but she will have to change her manner of addressing the House.

I remember on first entering the House being struck by how alike Labour Members were to their caricatures. As I leave this place, I detect that the same phenomenon is apparent. I was struck then, as I am now, that hon. Members quite honestly echo their mimics and impersonators on television—and none more so than the son of the manse, the Chancellor of the Exchequer. He is great on the theatrics of his performances. The volumes of *Hansard* have stacked up, as the regulations and burdens on industry, commerce and the individual pile up under his stewardship. They represent the voluminous and needless complexity of the British tax system. I always regard excessive complexity in the British tax system as a reflection not of the imagination or strategic thoughts of Her Majesty's Treasury, but of the tiny minds that must, unfortunately, still exist in some recesses of that refurbished building and of the susceptibility to pressure groups and every societal constituency to which the Labour party is subjected and is amenable in the run-up to a general election.

The Chancellor prides himself on creating stability. As far as the management of the British economy is concerned, he has produced stasis. We used to look forward to Budgets; they were exciting events—an annual occasion at which people put on funny hats and listened to imaginative proposals—but this one was a supremely boring occasion. People who had hoped for an optimistic vision in which British society would be galvanised so that it could realise its full potential went away disappointed.

Perhaps I have a somewhat simple view of the role of government; I do think that it exists to realise the full potential of each and every person in this country. That is why I was struck by two excellent speeches, which we have enjoyed. One was from the hon. Member for West Bromwich, West (Mr. Bailey), who spoke from his personal experience. He related life as he saw it, as he had experienced it, on behalf of his constituents. So, too, did my hon. Friend the Member for Boston and Skegness (Mr. Simmonds), who analysed with great clarity and precision the deficiencies of the Chancellor's Budget, but similarly did so in the context of eastern Lincolnshire, which I know well from my days in the Royal Air Force.

The Labour Government like nothing so much as to control each and every person's life. That is why I see no prospect, certainly not on the fiscal projections and given the black hole that undoubtedly exists in the Government's finances, owing to the very nature of socialism. It is socialism; the Government like to control almost as much as Ulricht's or Honecker's East Germany. They do it in a nicer way, but they like to spend more and more of the people's money as they think best. In the process, they create a mendicant society in which people have to ask for their entitlements through myriad and complex tax credits. It should not be so.

Mercifully, I never will have, or ever could I have had, the opportunities that Ministers on the Treasury Bench have enjoyed. I hope that they realise in the exercise of their responsibilities the magnitude of the chance that they are privileged to have been given on behalf of their constituents. If they really want the United Kingdom to be richer and more prosperous, they have to tackle the burden of tax and do it resolutely and imaginatively.

We must first, as my hon. Friend the Member for Boston and Skegness emphasised, do everything that we can to stimulate savings and investment. To that purpose, I would suggest, as I have no responsibility whatever, a lower rate of income tax for savings income over that for earned income. That is a very simple and perfectly straightforward measure, which could be introduced gradually. Its great merit is that it would

[Mr. John Wilkinson]

recognise the fact that the income that people derive from savings is income from money that they have put away, which has already been taxed.

Secondly, we ought to move, as in many countries in eastern Europe, to a single rate of income tax and a lower one, with higher personal allowances at the bottom, especially for the elderly. How wrong it is that we have this "rob Peter to pay Paul" system, whereby there is a one-for-one withdrawal of the age allowance over a certain threshold. That is deliberately impoverishing people in old age and making it harder for them to enjoy the benefit of their savings.

Thirdly, we ought to abolish inheritance and capital gains taxes entirely and create a genuinely enterprising economy, so that capital formulation is rewarded. Fourthly, because we ought to make it a virtue for people to provide for and have responsibility for their families, we ought to introduce tax relief for private school fees and for private medical insurance. I say that because thereby people would be not only providing for their own in the way that they think best, but saving the Exchequer by so doing.

Fifthly, we ought to reintroduce mortgage interest tax relief and encourage home ownership, starting of course at the lower tax rate band. Sixthly, we should abolish stamp duty on share transactions, to make the City of London even more vibrant than it is today. Seventhly, we should reintroduce dividend interest tax relief for pension funds, and do it gladly and unashamedly, because it was a disgrace that it was ever taken away.

Then, we should look at raising even further the bottom threshold for stamp duty on house purchase. The threshold of £120,000 that the Chancellor has introduced would hardly buy a garden shed in my constituency. At the same time, we need to diminish stamp duty on higher bands so as to encourage movement up the housing scale and the mobility of the labour force. Next, we should introduce over time a funded, state-approved pension scheme, as in Chile and Singapore, so that we can get investment in industry and commerce and a more dynamic economy.

Last but not least, in the context of the European Union constitution, we should renegotiate our relationship with the EU, not only to eliminate the British net contribution, but to ensure that we do not accept the EU's right to manage or back-seat-drive our economy. I am in favour of European tax competition, which is thoroughly healthy. Under a radical Conservative Government, we could win it for the benefit our people, to ensure their enrichment, prosperity and long-term fulfilment.

6.40 pm

Mr. Jim Cunningham (Coventry, South) (Lab): May I begin by querying something that the hon. Member for Westmorland and Lonsdale (Mr. Collins) said? I might have misunderstood him—if so, he can correct me—but he spoke about withdrawing funding from education authorities. That is a dubious proposal, because under previous Conservative Administrations local government, and education authorities in particular, were always under siege. The argument was that there were too many people at the centre, and local management of schools was introduced.

It has been suggested that Britain's economic recovery started before 1997. The hon. Member for Westmorland and Lonsdale said that it started under the Conservative Government, but I remind him of the disaster of the exchange rate mechanism. I am sure that he will remember negative equity and, before the disaster of the ERM, the fact that the manufacturing industry in the midlands, including the motor car industry, was losing thousands of jobs every day and every week. The Standard Motor company in Coventry is no longer in existence, so the hon. Gentleman's suggestion that the grass was greener under Conservative Governments does not stand up.

We have had many debates about rebates for council tax payers, but who made a mess of local government funding in the first place? In the 1970s, the famous Layfield report strongly advised Governments not to tinker with local authority finances. The Conservative Government of the early 1980s, however, introduced the poll tax, and we all remember the consequences. At the same time, they withdrew money from local government. Local authorities used to receive a HIP—housing investment programme—allocation for housing, but the Tories started to withdraw that. Various grants helped to keep rates down, but they were withdrawn on a large scale. In fact, capital programmes were capped. Those are the days that the Tories are harking back to, so they really cannot crow about their record in government. As has been said, they have an appalling record on the economy and on local government.

Whether or not the Opposition cut £35 billion of public expenditure, when they start talking about cutting waste and jobs we can bet our bottom dollar that there will be cuts in public services. Whatever the academic argument about cutting £35 billion, that is where the cuts will fall. To compound the felony, the Opposition have also talked about tax cuts.

To strike a positive note, I shall turn to the Budget. Inflation has been about 3 per cent. for eight years, which allows businesses and families to plan ahead. Families can acquire mortgages or take a holiday—whatever they want to do with their money, they know that the economy has been steady for the past eight years with inflation at 3 per cent. Businesses can look two, three or four years ahead and know how much they will spend on investment. From that perspective, the Government cannot be faulted. Over the past eight years, mortgage rates have averaged 6.1 per cent. Under the previous Government they reached 12 per cent. On one occasion, in fact, they reached 18 per cent. There is therefore a contrast between the way in which we run the economy and they way in which the Opposition did so.

Every year, a member of the Opposition finds a black hole in the Chancellor's Budget and suggests that there is a crisis around the corner. However, since 1997, 4,000 new businesses have been created. When the Opposition were in power, about 2,000 businesses went out of business every year. I welcome the winter fuel allowance, which will remain at £200 for the over-65s and at £300 for the over-80s. The Opposition contend that the Chancellor did not say that the council tax rebate was only available for one year. In fact, he did—he said that it was available for one year pending a review of the council tax system. Anyone who thinks about changing the council tax system should be

extremely careful, because history suggests that the House of Commons and Governments are not very good at doing so. We should therefore learn the lessons of the early '80s.

While we have had debates about occupational pensions, we have not discussed problems with civil service, teachers or local government pensions. If a political party wants to make the headlines it says that there are too many civil servants and that they do not do anything. That has been said again tonight. However, since the Government came to power we have created a number of public service jobs and recruited many badly needed doctors and nurses. That part of the equation is never mentioned by Opposition Members when they try to justify their position. I am concerned about civil service, teachers and local government pensions and about job cuts. In the past few months, the Opposition have mentioned some extraordinary figures for job cuts in the civil service, but they are also going to make cuts in public services. How many doctors and nurses are they prepared to make redundant?

An important issue for Coventry is the future of Peugeot, and recently we have had Adjournment debates on the subject. Over the past 18 months we have found it difficult to get answers out of the company. A few days ago, an announcement was made that 850 jobs would go, despite the fact that the Government had secured a grant of £14.4 million to assist the company with new developments and projects at the Coventry plant. However, the company says that it does not want that money. At some point, we must introduce meaningful legislation—the Government have announced their intention to do so—so that the consultation and information directive comes into effect. It is strange that Peugeot employees in France know something before the labour force in Coventry and Britain. We should have learned lessons from the collapse of Rover. BMW told its employees what was going to happen to them, but it also told them what was going to happen to the Rover labour force. Action was not taken, however, to enforce the relevant directive. The Government must take a radical look at that problem.

Mr. Hopkins: I agree very strongly with my hon. Friend. Does he agree that if we had the protection that European workers enjoy at their plants, the Vauxhall plant at Luton might have stayed open, given that it was the most efficient General Motors plant in Europe?

Mr. Cunningham: I do not disagree with my hon. Friend. When I served on the Trade and Industry Committee, we used to visit car plants and talk to the management and shop stewards. We must consult our labour force because we cannot continue as we have been.

I welcome the additional money that has been put into the health service, where it is badly needed. Still more will be needed in future as science develops and new medical techniques become available. The money will not all be spent on bureaucracy. We are accused of throwing money at the health service and getting nothing from it, but that is not the case. If the Government are putting money into the health service, they should monitor it to make sure they are getting something out of it, and they are doing so. We certainly are getting something back—a new hospital and more doctors and nurses in Coventry. People tend to forget that it takes about seven years to train a doctor, and it takes some time to train nurses these days as their training becomes more complex.

I welcome the extra money for education. I have always been concerned about further education. Vocational education could play a big part in getting young people in the inner cities interested in doing something with their lives by acquiring a trade. I know a number of young people for whom that has been a launching pad to university. We should concentrate on further education to the same extent as we do on university education.

When we speak about university tuition fees, we should remember that the previous Administration copped out when they set up the Dearing inquiry. I remember meeting on a train a vice-chancellor who had met the then Secretary of State. I asked whether the universities would get any more money, and the vice-chancellor said, "No. The Government have set up an inquiry by Dearing." We all know what happened—it was intended to get them through the 1997 election. People tend to forget what the Conservatives are capable of.

The Budget contains further measures to help jobs and businesses. Rates of corporation tax and capital gains tax have been frozen, which has not been mentioned in the debate. The freezing of insurance premium tax, the climate change levy, the aggregates levy and the tax on company cars are all important. I have raised issues such as civil service and local government pensions, but there are many positive measures in the Budget. Someone commented earlier that the Budget was boring. I would prefer a quiet Budget; exciting Budgets are often the result of crisis.

There is one issue that I should like my hon. Friend the Economic Secretary to look into. We have a problem in Coventry, which I am sure will spread to local government in the rest of the country—the funding of single status. That may lead to industrial action in Coventry this Wednesday. If the Government have made money available to fund changes in the health service, they could certainly assist local authorities with single status, as it was Government legislation which introduced that.

I welcome the Budget, particularly the positive measures it contains for businesses, especially small businesses. I commend the Budget to the House.

6.53 pm

Sir George Young (North-West Hampshire) (Con): It is a pleasure to follow the hon. Member for Coventry, South (Mr. Cunningham), who spoke movingly about the problems that confront his city following the decision by Peugeot on the Ryton plant. We hope the dialogue to which he referred has a productive outcome.

The hon. Gentleman was slightly less than fair on the actions of the previous Administration, who worked closely with Coventry city council on inner-city regeneration, housing renewal and other schemes that helped the ethnic minorities in his city, so I hope he is

BEST COPY AVAILBLE

[Sir George Young]

prepared to put a little on the other side of the scale, alongside the rather disparaging remarks he made about the Administration.

Mr. Jim Cunningham: I give the right hon. Gentleman credit. I remember that he and I had discussions about the Muslim resource centre in Coventry and the Indian community centre. Indeed, he was the Minister at the time.

Sir George Young: I am grateful. That is generous of the hon. Gentleman.

I shall make a brief contribution to the Budget debate. We have had the weekend to reflect on the Budget. We have had time to talk to our constituents. I was in Liverpool, Wrexham and Andover over the weekend, and in all three places I found a rather muted response to the Budget. I am not sure that it has had huge political impact. It certainly has not kick-started the Government's flagging re-election campaign back into life, as many Labour Members may have hoped.

There are a number of reasons for that. The Budget lacked what I would call bullet points. In my constituency, as in many in the south-east, the stamp duty changes will have little impact. Petrol duty has been frozen, but only for the time being. The council tax help is welcome, but it is only for one year and it is less than that promised by my party. Other parts of the Budget were too complicated. I shall return to that.

In the old days there was one highly visible budgetary thermometer—the standard rate of income tax. That told us something about the Budget and about the Government. Everybody knew how to read that thermometer. By and large, under the Tories it went down and under the Labour party it went up. Nowadays there is no single thermometer by which we can judge the Budget. Instead, there are hundreds of little sensors all over the body politic, all giving out slightly different signals. That makes the Budget much more difficult to interpret.

I do not say that as a criticism of the budgetary measures, but I do think that the move away from changing the rate, doing something significant about the allowances and focusing instead on micro-measures makes it more difficult for the public to read a new Labour Budget and come to a judgment about it.

Mr. Hopkins: The right hon. Gentleman is correct to say that the Budget is more complex these days, but perhaps it still represents a statement about the fiscal stance. The present Budget reflects a slight tightening of the fiscal stance.

Sir George Young: Indeed, and I shall come to that in a moment. It was the right thing to do, in view of the changing fortunes of the Government finances.

Over the weekend I detected some fatigue following the exchange of fire last week about public expenditure totals and who will spend how much. My heart sank when the Secretary of State for Education and Skills introduced the debate this afternoon with a sentence about £35 billion, which, I suspect, every special adviser now writes into every Secretary of State's speech. My view, which I fear will not be shared, is that the Easter recess would be a useful time to have a ceasefire and spare the public a little of the warfare that is raging. There is real election fatigue out there. I remember reading that in the first world war, on Christmas day the soldiers stopped shooting and played football in no-man's land. That might be a useful way of spending our Easter, but I suspect that all three parties have major political onslaughts planned for the Easter recess.

Peter Bottomley: Would it not be a good idea to return to what used to happen, when Ministers told special advisers what to do, rather than special advisers telling Ministers what to do?

Sir George Young: Yes. I hope that no Secretary of State who is to speak in the rest of the debate will repeat the £35 billion figure. The public are fed up. The more Ministers go on about it, the more damage they do themselves.

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis) *rose—*

Sir George Young: I hope that the Minister is not about to defend the constant propaganda that we have been hearing over the past week, which is wholly counter-productive.

Mr. Lewis: Perhaps I can help the right hon. Gentleman with three bullet points, and ask him to comment: low interest rates, low inflation and low unemployment. That is the barometer by which a Budget is usually judged. On spending, is it his party's position to match the Government's spending on schools, or on education? Massive sums of money are spent beyond the school system.

Sir George Young: I am not sure whether the Minister was in the Chamber when my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins) introduced the debate. He made our policy absolutely clear and it is in *Hansard*. I welcome low inflation and low unemployment. As a Treasury Minister some 10 years ago, I am prepared to take some of the credit for the financial position that the Government inherited in 1997.

As I listened to the Chancellor of the Exchequer last Wednesday describe how well things are going—in many cases they are going well, and I welcome that—I had to ask myself why, if things are going so well, the Chancellor has to borrow so much more than he thought, and has to borrow quite so much at this point in the economic cycle. That question has not been satisfactorily answered. Perhaps the Minister who winds up the debate will answer it. I respectfully agree with outside commentators who say that if Ministers, notwithstanding all the assertions that we have heard from them, want to sustain their planned level of spending, they will have to raise taxes in order to do so.

Incidentally, the actual level of Government borrowing is far higher than that stated by the Government. Who, for example, would lend to Network Rail after the debacle of Railtrack if the Department for Transport did not stand behind those loans? Now that the Strategic Rail Authority is

disappearing, the Department for Transport stands behind those loans, but miraculously that liability does not show up on the Government's balance sheet. Indeed, if one followed the National Audit Office's interpretation of liability, the Government's golden rule would have been shattered several months ago.

May I offer, with respect, a word of caution to the Government regarding their boasts about public services, particularly the NHS? Many hospital trusts and primary care trusts in the south-east, especially in Hampshire, are running large deficits and are having to introduce financial recovery plans in order to balance the books. The Mid Hampshire NHS Primary Care Trust is looking at spending reductions of some £14 million. It has to save £9.5 million to deal with a recurrent deficit and £4.5 million to deal with non-recurrent savings. It is looking at fewer staff, has not ruled out redundancies and is planning to reduce beds. That local debate, which I suspect is being reproduced elsewhere in the south-east, provides a rather discordant background to the harmonious noises that we have been hearing from Ministers about record investment in the health service. Once one nets off the impact of higher drug prices, reduced working hours for doctors and the high cost of recruiting temporary staff, the extra cash gets eaten into. Some of it is ring-fenced. Services that are not ring-fenced are the ones that are exposed to reductions in investment. NHS dentists, in Hampshire as in other parts of the country, are increasingly difficult to find.

Mr. Love: Can the right hon. Gentleman tell us what contribution would be made by the patient's passport that his party wishes to introduce, which would probably take in excess of £1 billion out of the national health service?

Sir George Young: It would have been welcomed by poor pensioners in my constituency who were unable to wait for the NHS to treat them and dug into their modest savings to pay for private treatment. If I may say so, Labour Members are wrong to assert that the only people who would benefit from that policy are the very well-off; that is simply not the case.

The Chancellor decided against raising tax allowances above inflation and is instead putting the money into tax credits. The House should pause and consider the practical and philosophical issues behind his decision, which I do not find easy to endorse. In the briefing that we all have today, Age Concern tells us that nearly one third of pensioners eligible for pensioner credit fail to claim it. This is not a new benefit, and there has been time for the take-up campaigns to kick in, but there is still a very low take-up, coupled with the horrendous complexity of filling in the forms and then operating the system. In today's post, I received a typical letter from the Inland Revenue. I quote:

"I am sorry to hear of the difficulties that Mrs W has experienced with her tax credit claim. Having looked into her claim, I can confirm that we have issued Additional Tax Credit Payments to the sum of £269.92 on Feb 22nd in order to prevent any further hardship."

We all have letters like that from the Inland Revenue about tax credit cases in our constituency. Of course, the claimant will have to pay back that money in the years ahead. The regime that the Chancellor keeps on developing has become so complicated and top-heavy that it is time to stand back and have a look at it.

When the Inland Revenue makes a mistake, it will ask the person to pay it back if they have not spotted it. How many of us who fill in our own returns will check the Inland Revenue's calculations line for line? Most of us will assume that it is a professional department and that having given it the correct information, it will provide the correct assessment. But what about the single parent who has filled in the form correctly, gets incorrectly assessed and is overpaid, and is then told that she should have spotted the overpayment and that the money must be repaid? Then the payments stop, she cannot pay the childminder and has to give up the job, and is back where she started. The House should have a serious debate about the alternative of raising the allowances, reducing the interface and streamlining and simplifying the system rather than piling extra resources into an increasingly complex scheme.

One or two Members mentioned council tax. Here we have another one-off payment to council tax payers alongside the one-off increase in grant of £1 billion to local authorities that was announced last December. What will happen next year, when the council tax payer will not get the £200 and when the £1 billion to local authorities is not repeated? It strikes me that the approach to local government finance is hardly joined up or coherent—it seems to be a rather ramshackle and unstable structure.

I want to say a word about the emergency action that the Chancellor took in the Budget. Of course, from time to time the Chancellor has to act quickly to stop an abuse, and I have no quarrel with that. However, the withdrawal, without notice, of stamp duty for commercial property in disadvantaged areas struck me as odd. The Chancellor introduced that with a great fanfare in 2003, and such inner-city initiatives take time to bed down and get taken up. The wards that the scheme applied to were chosen by the Chancellor, and there may be developers who were induced to invest and develop and now find themselves some 4 per cent. out of pocket. I hope that that does not damage the credibility of the Government's initiatives, which depend on trust and genuine partnerships with the private sector.

I want to end with three brief points on education. First, on school meals, I cannot be the only Member who has been e-mailed and written to over the weekend following the Channel 4 programmes with Jamie Oliver. There has been a very good response, and it may be that those programmes have the same impact on school meals as "Cathy Come Home" had on housing policy some 20 or 30 years ago. I was a little disappointed with the Secretary of State's response and delighted to hear my hon. Friend the Member for Westmorland and Lonsdale say that my party's response to the challenge of a policy on school meals will come out shortly and will be more imaginative than that of the Government.

Secondly, the Chancellor made a big play about deregulation in his Budget, but we heard nothing from the Education Secretary about deregulation in education. There is a real appetite on the part of teachers for less regulation and a more streamlined approach so that they can use their skills on the interface with children.

[Sir George Young]

My third point on education has not been mentioned—it concerns work force remodelling. That is an initiative due to be introduced this autumn whereby 10 per cent. of teaching time is made available to teachers for preparation, so that for one half-day per week they will no longer have to take classes. I have no difficulty with that policy, but there is real concern that insufficient resources have been given to schools to enable them to pay other people to take over the classes that the teachers will no longer operate. I read in the press a few days ago that although head teachers had initially supported the policy, they were having second thoughts because it was under-resourced. I hope that the Government will take that seriously. It is a small cloud on the horizon, but if they do not get it right, there will be serious disruption in schools later this year.

The Budget is unsustainable economically and has been unsuccessful politically. I therefore look forward to a Finance Bill introduced by my right hon. and hon. Friends in a few weeks' time which will do both tricks.

7.8 pm

Iain Wright (Hartlepool) (Lab): In my brief contribution, I want to focus on some broad macro-economic factors that the Chancellor mentioned in his Budget statement, and then to focus on matters, particularly the need for skills, that directly affect my constituents.

The Chancellor was right to outline the global competition that Britain faces. Members on both sides of the House have mentioned China and India as having the potential to become major economic superpowers in the next few decades. Economic growth rates, year on year, of some 10 per cent. in India and China and their almost insatiable demand for raw materials will naturally have profound consequences for the UK economy. I am worried that that sustained burst of demand will increase the unit cost of raw materials throughout the globe and that that, in turn, will damage the robustness of the UK economy's ability to fend off inflation in the short to medium term.

I am equally worried that the low wages offered in those countries will mean that British firms will not be able to compete. I have been told that workers in many parts of the Chinese economy are paid the equivalent of 75p a day. We cannot compete with that rate, and nor should we want to. The British economy should be concentrating on high-skilled, high-value, high-technology companies, not sweat-shop labour. I shall return to that point later.

I am confident that the structural changes to the UK economy made in recent years will enable us to maintain this sustained period of economic stability. Several factors have produced that stability. First and foremost was the decision taken in the first few days of the Labour Administration in 1997 to make the Bank of England independent. I do not wish to make petty party political points, much as I am tempted to. For example, I was impressed that the right hon. and learned Member for Rushcliffe (Mr. Clarke), who is not in the Chamber, introduced inflation targets when he was Chancellor, although the Conservative party now appears to despise targets as a means of improving performance.

I agreed with my hon. Friend the Member for Coventry, South (Mr. Cunningham) when he said that he approved of boring Budgets. I think that boring Budgets mean economic stability, so I would rather have them than exciting Budgets that reflect boom and bust and the stop-go economy of the 1980s and 1990s. That was my experience as I was growing up in my constituency. The Conservative Government of the 1980s decimated economic activity in Hartlepool and did that again in the early 1990s, so I would rather not have lessons in economic management and competence from the Conservative party. The fact remains that only a Labour Administration were bold enough to give the Bank of England independence, which was an important building block in helping to produce a stable and prudent economy.

A second key factor that is often grossly overlooked is the decision taken in 1997 to repay a substantial amount of the national debt. The figures provided by the Chancellor in his "Financial Statement and Budget Report" last week were impressive. National debt has reduced from 44 per cent. of national income in 1997 to 34 per cent. today. Apparently we have repaid more debt in one year than the combined total of that repaid during the previous 50 years. Debt interest repayments now represent the lowest share of our national income than at any time since 1915.

The fact that our debt repayments have been substantially lowered has meant that the Government have had the flexibility and added receipts to invest in schools and hospitals. Rather than wasting revenue on loan repayments and unemployment benefits, which is what happened in the 1980s, the Government have had the foresight and ability to spend money on our children's education, our health and law and order. Surely everyone can welcome that.

These factors, among others, have meant that the Government have presided over historically astonishing economic stability and growth. The International Monetary Fund report on the UK economy this month has been cited in some quarters as evidence that all the good work done in recent years will slide into an abyss. After reading the report, however, I do not share that interpretation. I see a British economy that is remarkably robust enough to withstand the shocks and uncertainties that the wider global economy will almost certainly throw at it. As the report states:

"The fiscal and monetary policy frameworks remain at the forefront of international best practice ... The economy remains enviably"—

I really like the word "enviably"—

"well positioned to sustain steady and strong economic growth over the medium term".

That does not appear to paint a picture of a Chancellor who has squandered prudence. Instead it shows that he has put in place and consolidated long-term prosperity and stability as the centrepiece of his economic policy.

I have never delivered a speech in the Budget debate before, so I did a bit of research by looking at previous debates, especially those held in 1997 and 2001. When I read the speeches made by Conservative Members, I was struck by their almost universal mantra that we were about to embark on a road of economic doom and gloom and imminent recession. Since 1997, the Chancellor has consistently been able to make a

mockery of such claims. I am sure that we will see with hindsight that the current claims made by Opposition Members about economic mismanagement will prove to be equally hollow.

I sincerely believe that the future of the British economy is with state-of-the-art technological companies and a highly skilled work force producing high-value products and services, such as disease-eliminating drugs arising from biotechnological advances and environmentally friendly energy sources that can be exported to the rest of the world. That is why the emphasis on research and development and science in the Budget is crucial to the long-term health of the British economy. Equally, the removal of regulation for our companies is a welcome step, and the principle that our well-run firms will be subject to less audit and inspection will go a considerable way towards ensuring that success and compliance with regulations are rewarded with freedom and flexibility.

The fact that added emphasis is being given to enterprise and entrepreneurialism is also welcome. We need to have at the forefront of Government thinking the ways and means of educating and nurturing a highly skilled work force with the capacity to produce world-beating ideas.

By chance, on the day on which the Chancellor delivered his Budget statement, I met David Waddington, the incoming principal of Hartlepool college of further education. The college has been absolutely central in my constituency during recent years in raising aspirations and increasing the number of people in Hartlepool with qualifications. However, David expressed concern over a long-term trend of skilled and educated people leaving the town after receiving a qualification to take advantage of the vibrant economy in London and the south-east. The Hartlepool economy has come a long way in the past 10 years, but I fear that a brain drain will result in fewer opportunities for prosperity in the town, which in turn will create the risk of higher dependency on benefits. Hartlepool people do not want handouts; they want the prospect of additional prosperity and stability.

There is evidence that that is happening, but I want it to go further and happen faster. The number of business start-ups in the town has recently increased massively after being decimated by the recession in the early 1990s, but we need many more businesses in my town to provide opportunities for wealth and employment creation. I urge the Chancellor to intervene, at least in the short term, to ensure that skills and qualifications obtained by Hartlepool people are rewarded with well-paid employment prospects and job opportunities in Hartlepool. We should continue to help businesses by putting in place the infrastructure necessary to compete with the rest of the country and the world, such as a direct, fast rail link to London and incentives for businesses to relocate to, or be established in, the town.

Other measures in the Budget will greatly help my constituents. The doubling of the value at which stamp duty is paid should have a positive effect on the Hartlepool housing market, in which most properties fall within the £60,000 to £120,000 price range. That will enable more people in the town to own their own homes and move further up the property ladder. I am slightly concerned that the move will accelerate still further housing market failure in the centre of the town relating to terraced properties, but in general, and on balance, I think that the proposal will stimulate demand.

It almost goes without saying that the extension of tax credits and help for pensioners will greatly assist hard-working families and older people in Hartlepool. The fact that the tax credits mean that a family with two children starts to pay income tax only on income above £21,200 will have a hugely positive effect on the majority—the absolute majority—of my constituents, because average earnings in Hartlepool remain below the national average.

I found a hugely important statistical table in this week's edition of *The Economist* showing the effects of the Labour Government's Budgets between 1997 and 2004, especially on the income of the richest and poorest in our society. It showed that the net income of the poorest 20 per cent. had increased by some 8 per cent. over that period, while the richest 10 per cent. had experienced a relative fall in their net income of about 5 per cent. I believe passionately that such a redistributionist economic policy, which flattens economic and financial inequalities in our society while encouraging and rewarding enterprise, is exactly what a Labour Administration should be pursuing.

David Taylor (North-West Leicestershire) (Lab/Co-op): My hon. Friend is right to point to the progress that has been made. However, is it not also the case that, in terms of wealth and income, the top 20 per cent. of the British population pay less in tax than the bottom 20 per cent.? There is still a good way to go and many more objectives for a third-term Labour Chancellor to achieve.

Iain Wright: I welcome my hon. Friend's intervention and agree that more remains to be done. However, a lot has been done since 1997.

The Budget has continued the themes of previous Labour Budgets of providing an extra share of the national wealth to the vulnerable and the hard working while consolidating economic stability to enable the wealth of our country to increase.

In the Budget, the Chancellor has not played games with the long-term condition of the country's economy. The measures that he proposed last week strengthen Britain's competitiveness while redistributing our additional wealth. I commend the Chancellor for his Budget.

7.20 pm

Mr. Desmond Swayne (New Forest, West) (Con): It is a great pleasure to follow the hon. Member for Hartlepool (Iain Wright). I thoroughly enjoyed my brief sojourn in his constituency in the autumn and I especially remember the highlight, which was attending a meeting about the local hospital. I am sure that the hon. Gentleman will acknowledge that he got a much better hearing in the Chamber this evening than at that meeting, thus giving the lie to the notion that we all behave badly in Parliament and it is all so much better out in the country. It was the other way round.

It is an enormous pleasure to be called to speak in the Budget debate, especially on a day when the theme is education. I taught pure economics—economic

[Mr. Desmond Swayne]

theory—for the best part of seven years and my results were quite good. Indeed, I boasted to colleagues that, were I given a reasonably intelligent Labrador, I could get it a pass at A-level, if it were prepared to put in some work.

Mr. Hopkins: By coincidence, I also taught economics. When I was teaching, there were statistics that demonstrated that economists had IQs that were 15 per cent. lower than those of mathematicians.

Mr. Swayne: I find that hard to believe given that pure economics is only applied mathematics.

David Taylor: No, it is not.

Mr. Swayne: I beg to differ. It is basically applied mathematics and the notion of a differential between economists and mathematicians is therefore difficult to sustain.

However, my incredulity at the Chancellor's economics is not difficult to sustain—they mystify me completely. I am all at sea with them. He was at great pains to point out that we were in the 50th consecutive quarter of sustained economic growth—the longest such period of economic growth. He is right. If we use that measurement, it is the longest period of economic growth since the reign of Queen Anne. However, one has to count 18 quarters under a Conservative Government.

I am concerned, at a time of such sustained economic growth, about the amount of borrowing in which we indulge—it is a worrying phenomenon. If we go back to the Budget of 1992, the prediction for borrowing this year was some £17 billion, and £18 billion for next year. Yet this week, the Chancellor told us that, for this year, the figure would be £32 billion, and £29 billion for next year. We are talking about a mind-boggling £150 billion to be borrowed in the next four years. Those figures no longer have any meaning for us; they are beyond our comprehension.

Spending is rising at a faster rate than economic growth and the deficit keeps growing. There are places in the Palace of Westminster where one can have the benefit of Sky television and I am often Downstairs in the mornings when the television is on—

Peter Bottomley: In the gym.

Mr. Swayne: I shall not say precisely where; I shall speak to my hon. Friend privately afterwards. However, one is bombarded with advertisements for loans: "Consolidate all your debt into one easy monthly payment and have that long desired holiday." It is interesting that the Griffiths commission report, which draws attention to the £1 trillion of private debt that has been accumulated and the possible consequences for economic stability, was published today. It makes our Chancellor's intention to borrow appear parsimonious. Nevertheless, there is no prudence in the proposals for Government borrowing.

Like the dream holiday that ordinary consumers are tempted to take, borrowing is sustainable and justifiable only if it will generate a greater source of revenue in future and if it is truly investment. People come to our surgeries having somehow found themselves in debt; for all sorts of purposes, they have taken on debt that they simply could not sustain. I wonder whether the Chancellor is so different in his calculations and his golden rule. Why did it take Sir Peter Gershon to identify £20 billion of Government expenditure that could be saved and much better deployed?

Since the Chancellor came to office, the public sector has grown by some 583,000 jobs. Those people are not all doctors, nurses, teachers or policemen, and it therefore poses the question what precisely they all do and what they add to the value of public services. Productivity growth in the public services has been reducing, as shown by the reports of the Public Accounts Committee and the Audit Commission. Improvement in results has not maintained the same rate of growth as it did under the previous Conservative Government. Crime detection statistics have plummeted and performance has not been impressive. The rate of improvement has been declining.

I want to end with an example, which, I appreciate, will prove controversial, as it did when I raised it in an intervention on the hon. Member for Harrogate and Knaresborough (Mr. Willis). The Chancellor said that he will increase expenditure on IT in schools by a further £1 billion in addition to the £2.5 billion that he has already put in. I draw hon. Members' attention to the report that the Royal Economic Society produced today. Its conclusions state:

> "Despite numerous claims by politicians and software vendors... the evidence so far suggests that computer use in schools does not seem to contribute substantially to students' learning of basic skills such as maths or reading."

It goes on to suggest that the relationship is inverse: the more access one has to that sort of technology, the more those basic skills decline. I can suggest one or two reasons for that.

I have been in classrooms where I have seen children sitting, looking bored, in front of computer screens, wondering what to do next. If one cannot read what is on the screen, the technology is of no benefit. If one cannot manage the mathematical concepts, the technology is of no assistance. Some of the technology in schools reminds me of the fashion for language laboratories in the mid-1970s when I was at school. I wonder how many of those laboratories survive. It was the fad and fashion of the time. We are the generation that did not have technology in schools but have survived quite well. Often, the argument for the necessity for such technology is, "Oh they'll need it to get a job; they'll need it in the workplace." And of course it is now commonplace for people in the work place to have to develop computer skills.

We are the generation who came through before even the Sinclair calculator was invented. We used logarithms and slide rules, and the personal computer was a mystery to us. However, we fared pretty well. I was once the manager in charge of risk-management systems for one of our leading banks, which was at the cutting edge of modern technology. When I took that job, I had not even seen a computer. The reality is that things were tougher for us, because at that time, we had to address the machines in their own native language. We did not have the interface of the mouse, or the ability to click on an icon. We have been able to pick up these skills quite easily, however, because we were

taught the basics of literacy and mathematics at school. That is the importance of school. In so far as technology can aid that process, it is welcome, but when it becomes a distraction from it, it reduces productivity, just like so much of the public expenditure from which we now benefit.

Peter Bottomley: I would not disagree with my hon. Friend's final point, but does he accept that what he was saying about technology was tosh? At first, people said that we should not take slide rules into exams, but then they became compulsory. That is no different from when the first electronic calculators came along when he was 10. They can be an aid to those who have also been well taught in the basics.

Mr. Swayne: I know that I am looking very well on it, but I think that I was 16 when the first electronic calculators came along. I certainly recall slide rules being compulsory in exams. There were two questions in our maths O-level that we had to do using a slide rule, and a couple that we had to do using logarithms. Of course I am not saying that technology has no place. I am just saying that I am sceptical. I said at the beginning of my speech that I had taught A-level economics for about seven years. At that time, I could have had the advantage of an electronic blackboard, had I had the will to use it. However, the reality was that it was an extremely sophisticated and expensive piece of equipment that actually produced no advantage whatever over the blackboard and chalk, except that it was more expensive. Frankly, I felt that the money could have been better spent elsewhere.

David Taylor: In the light of what the hon. Gentleman said earlier, will he confirm that he taught economics at Battersea dogs home?

Mr. Swayne: The hon. Gentleman takes me back. However, in the light of his question, I shall not say where I did teach.

Much of the Government's determination to spend money is misplaced. So much is being borrowed, and so much could be better spent. I am confident that our propensity to find savings rather greater than the further £12 billion identified in the Government's Gershon report is entirely realisable. Our determination for Government expenditure to grow by 2 per cent. less than the Government would have it grow is also an entirely laudable and achievable objective.

7.33 pm

Mr. Kelvin Hopkins (Luton, North) (Lab): It is always a pleasure to follow the hon. Member for New Forest, West (Mr. Swayne), and I was greatly entertained by the last part of his speech in particular. I must be older than him, because, before electronic calculators came in, I used to use an electro-mechanical calculator, which was like a vast electric typewriter. The last time I saw one, it was in a glass case in the Science museum. I am clearly almost from the stone age.

I would like to congratulate the Chancellor on a sensible Budget. I do not think that it will be remembered for very long, because Budgets are not. Harold Wilson memorably said that a week was a long time in politics, and I am afraid that Budgets, like everything else, are forgotten fairly quickly. What will not be forgotten, however, is the fact that we have had a strong economy for a remarkably long time and that, under the Chancellor, it has been managed extraordinarily well for the past eight years. We hope that it will continue in that vein for a long time to come. I might wish to debate some of the Budget's detail with my right hon. Friend the Chancellor—I would like to include some more radical measures, for example—but his reputation will be unmatched by others who have gone before and, no doubt, by some who will follow.

We have taken too much notice of the possibility of a deficit, and argued about what size a deficit might be. Any Opposition coming up to an election will naturally be alarmist about these things, but I do not believe that missing the objective of the golden rule by a few billion is a great tragedy in the history of economics. I would refer hon. Members to a fine book by J. K. Galbraith entitled "The World Economy since the Wars", which recorded that, in the second world war in particular, America borrowed like there was no tomorrow—it might have seemed as though there was no tomorrow—and finished up with the strongest economy that the world had ever known. Borrowing and having a deficit are not, of themselves, tragic. Indeed, with our gross borrowing at such an historically low level, there would not be a serious problem for the British economy even if the Chancellor broke his golden rule.

If the Chancellor did break the golden rule, and if, after being re-elected, he chose to raise taxes on the better off, I personally would not object. I know that that is not in his mind, but I would not object at all to such a proposal. Indeed, it would be very sensible. In fact, I would go somewhat further in spending some of the largesse of the wealthy on providing better public services and better pensions for people who are less well off. However, that is my view and I recognise that it does not represent the Government's view. I am perhaps a bit more traditional in that regard. With views like these, it is unlikely that I shall ever be promoted to the Front Bench, but I like to say what I believe to be the truth.

I should also like to congratulate the Bank of England on its management of monetary policy. I was sceptical about its independence, but it has been a success, not because of independence but because of the way in which it has managed monetary policy. I hope that I shall not upset too many people by saying that the Bank of England has managed monetary policy rather better than the Treasury would have done, because it has been more expansionist. I would guess that, by and large, it has set interest rates at about 0.5 per cent. lower than the Treasury would have done. The economy has therefore grown more quickly and demand has been sustained, which is a very good thing.

David Taylor: I endorse my hon. Friend's praise of the Bank of England's success in delivering monetary policy objectives. Does he believe, as I do, that that stands in stark contrast to the stability and growth pact surrounding the euro, and points up yet again the extreme undesirability of entering that seriously flawed arrangement?

Mr. Hopkins: As so often before, I agree entirely with my hon. Friend. In fact, he takes me to my next point,

[Mr. Hopkins]

which is that, if the Bank of England had not managed monetary policy very well, the Government could take it back and manage it themselves. However, they would not be able to do that if we had made the mistake of joining the eurozone. I am glad to say that my right hon. Friend the Chancellor has steered us well clear of it for eight years, and I hope that he continues to do so.

There is a danger of being a bit too cautious. We have had a symmetrical inflation target that was slightly higher than the asymmetrical inflation target on the continent of Europe, certainly in the first part of the eight years of this Labour Government. That has meant that we have been able to have a slightly more relaxed monetary policy. However, I believe that there is more scope for relaxing monetary policy—and keeping an eye open for opportunities to do so in the future—so as to ensure that demand does not fall.

Sustaining consumer demand in the economy is fundamental to keeping employment high. When employment is high, tax revenues are high, benefit payments are lower, and the economy works well. That is the kind of economy that we had from the end of the second world war until the mistakes of the 1970s were made. We are now moving back in that direction, and I hope that my right hon. Friend the Chancellor will not press the Bank of England to be too cautious with monetary policy so as to cause the economy to deflate, or to make the terrible mistakes that have been made in the eurozone.

I also want to say that the Tory comments about there being a black hole in Treasury accounts really are nonsense. Compared with the past—this point has been made by my noble Friends in the other place—our deficits and surpluses are negligible and of small account. Britain has a much stronger economy, with lower gross borrowing and gross debt than any other country in the developed world, and has been a tremendous economic success, perhaps in contrast with what went on in the 1980s.

The important thing is to keep the economy buoyant, not to worry too much about 0.5 per cent. more inflation. Is that dangerous talk? I do not know, but 0.5 per cent. more inflation is far less important than maintaining high employment, high growth and high prosperity.

It is another Tory myth that this country is highly taxed. That is just not true. The Organisation for Economic Co-operation and Development table shows that our tax burden, as it is called, is much lower than that in most of the most developed countries. The idea that low taxation is somehow essential for a successful economy is, again, complete nonsense. The two strongest economies, arguably, are Sweden and Norway, which have some of the highest taxation in the world. Indeed, Sweden is the highest taxed in the world, but it is competitive and prosperous with a strong welfare state. If I had to wish Britain to drive in any particular direction, it would be that of Sweden.

Interestingly, at the last general election, Sweden's Conservative party chose to campaign on tax cuts and spending cuts. It was rejected by the electorate and that campaign helped the Social Democrats to get back into power. Indeed, the Swedish Conservative party has changed its policy: it is not campaigning for tax cuts or for spending cuts any more, because it knows that they are unpopular.

So, Sweden is ahead of us. The difference between Swedish and British taxation is of the order of 15 per cent. of GDP, which is a staggering amount—more than £150 billion a year. I am not suggesting that we suddenly start to have Swedish levels of tax, but there is scope for a little more taxation—particularly for the rich, provided it is progressive—and for a little more spending on the things we think are important. Norway, compared with Britain, has an extra £90 billion of tax. The figures for Norway are quite a long way from those for Sweden, but it still has a strong economy.

If one wants confirmation that the Norwegian economy is very strong, one should look at the Chancellor's booklet entitled "Long-term global economic challenges and opportunities for Europe", which was published with the Budget. Chart 2.9 on page 18 shows GDP per person employed against employment rates. The country furthest from the origin—in other words, the strongest economy on those measures—is Norway.

Norway is not only outside the eurozone; it is not a member of the European Union. I am not suggesting that these things are necessarily related, but that is at least an interesting correlation and Norway is not tied into the deflation of the eurozone. The only point on which I agree with the hon. Member for Ruislip-Northwood (Mr. Wilkinson) is that we at least can choose our own economic policy in Britain—our Chancellor and the Bank of England are doing very well in that respect—and we do not have to submit to the mistaken policies of the European Central Bank and, indeed, the European Commission.

The wisest decision of our Chancellor has been to keep us out of the eurozone, although he probably would not want to pursue that argument too strongly for fear of causing dissension among one or two colleagues. I do not mind saying that because I am a Back Bencher, and I know that one or two colleagues on the Back Benches take a similar view.

The German economy, in contrast with that of Britain, is in serious trouble and has the highest unemployment since 1933, which is a significant date. The Germans are in a bind: they cannot devalue their currency because they are tied into the euro; they cannot reduce interest rates because they are set by the ECB; and they are being told constantly that they must tighten their fiscal policy as well, which is madness—it will drive them further into economic depression. We have all the advantages, being outside the eurozone, and let us not make the terrible mistakes that the Germans did, not just in joining the eurozone, but in joining the euro at a high parity for their currency. They then had to raise interest rates as well.

We have a strong economy, and I congratulate the Chancellor on his management of it so far. I would love him to be a little more adventurous and progressive in his taxation policies, but that is an argument for another day.

I want to say a few things about education, which is ostensibly the subject of today's debate, rather than macro-economics. I have a profound interest in education. I was in education, like many members of my

family, and I am a vice-chair of governors of Luton sixth-form college. Since being elected to the House, I have campaigned for the Government to recognise that there is a funding gap, which has not yet been closed, between sixth-form colleges and school sixth forms. Sixth-form colleges are not quite the same as further education colleges: they do not get external funding from business and they depend on public spending.

It is not just unfair, but foolish, for us not to sustain sixth-form colleges. I believe that they are the geese that lay golden eggs in our education system. They have every possible advantage for sixth-form education, and I invite Members to come to Luton to see the sixth-form college. I am probably alone among Members in having two such colleges in my constituency, both of which got grade 1 in their inspection and have been given beacon status.

Luton sixth-form college has a remarkable record of achievement, of which I am very proud, although I may say that I can take no credit for it, being merely a governor. However, those colleges have not been given the funding they require, and they could do a better job if they had it. Classes are sometimes too large and the teachers less well paid than in the schools. I am not suggesting that school teachers should be less well paid, but there should at least be parity for sixth-form colleges. They should have at least the same pay.

I urge Ministers to press the Chancellor again to provide more funding for sixth-form colleges in particular to close the funding gap with school sixth forms. As I said in a debate last week, sixth-form colleges are so successful that, in urban areas in particular, some schools with sixth forms ought to pool their sixth forms to create new sixth-form colleges because they work so well.

Virginia Bottomley (South-West Surrey) (Con): May I strongly endorse and add to what the hon. Gentleman is saying? Godalming and Farnham sixth-form colleges are spectacularly good, and they have long complained on precisely this point. When he makes representations to the Chancellor, will he please add my name to his and mention Godalming and Farnham sixth-form colleges?

Mr. Hopkins: I thank the right hon. Lady for a very helpful intervention. We can all appreciate sixth-form colleges. One of the problems occurred when sixth-form colleges were lumped together with further education colleges—those are fine institutions and I support them too—by Kenneth Baker, who was the Secretary of State, I think. He was not quite aware of what a sixth-form college was.

Bob Russell (Colchester) (LD): Will the hon. Gentleman confirm that Conservative legislation brought about the anomaly? That said, does he agree that, eight years later, it should have been sorted out?

Mr. Hopkins: I do not know whether it would be wise to change the status of sixth-form colleges now, but there was a misunderstanding by Ministers when sixth-form colleges were pushed together with FE colleges. Ministers were not quite sure what sixth-form colleges were. Nor are they quite sure of that now, because there are so few sixth-form colleges and not every Member of Parliament has one in his area or knows quite what they do. All I can say is that if Members are interested in visiting Luton sixth-form college, they can do so at any time. The hon. Gentleman is right that sixth-form colleges have not been given the attention and support they deserve.

I come to some good news, which is what the Government have done for primary education. That is where we have had our problems. For years, our party argued endlessly about secondary education and ignored primary, relatively speaking, yet it is in primary where basic reading and mathematical skills are learned. It is those schools that were failing: children were getting to secondary school and finding that they could not do mathematics and had poor literacy. They would fail from there onwards.

The Government have made tremendous advances, however, in promoting primary education, particularly at nursery, infant and pre-school levels, the benefits of which we will see in future. We have a problem with that cohort of children and young people still going through education, who are possibly in their late teens, who suffered the worst of the starved education system 10 to 12 years ago. They missed out on what young children are getting now, and it is a shame that they cannot go back and take advantage of what is happening now. When that cohort has gone through—we will do our best to make sure that they get the adult education or whatever training that they need later—and the new cohort goes through the 14 to 19 system, we will see dramatic improvements, some of which are already taking place. In my constituency, four schools have been in special measures, and all four have been taken out of special measures, with new head teachers and tremendous resources put in. We have seen some stunning improvements, and I am delighted that they are now doing well.

The big social divider in Britain has been education. Even in this place, one can see divisions of which we are all conscious, and that is much more the case in the street and in our towns and cities. Compared with many other developed countries, we have deep social divisions, which are essentially educational and cultural in a broad sense. We have tried institutional fixes to overcome those problems with education, and those have not worked. We are now starting to challenge where the problem lies.

I used to teach A-levels in a further education college, and I remember middle-class students coming to do A-levels, and working-class students coming to do day release. The social division was so great that, even in a further education college, they sat on different sides of the refectory, regarding each other with suspicion and hostility. We used to do experiments by putting those people together in liberal studies classes, and the tensions and frictions were extraordinary. That was 30 years ago, and I hope that things have got better since, but we have a deeply divided society, which is reflected more in attitudes and education than in any other way. Even people who become comfortably off in material terms sometimes have the sense of not having achieved because of their educational level.

David Taylor: Does my hon. Friend agree that given the statistics showing that 7 per cent. of young people

[David Taylor]

are educated in so-called independent schools, and a similar number in state grammar schools, we cannot really be considered a successful, socially reforming Government in a third term until those figures start to decrease?

Mr. Hopkins: Indeed. I would look forward to a more homogenous education system in this country, in which young people from whatever social background met each other and were educated together, and in which divisions were not reinforced by going to separate institutions, some of which were private and fee-paying. One of my current concerns is that we are seeing a banding out of society even within the state sector, which is worrying. I have made that point many times previously in the House.

We must try to promote a much more equal society, which is much more together and in which we see ourselves as citizens with equal rights and responsibilities. We have not been through the kind of process through which many other societies have been. We have preserved the social divisions of the past. If I want to do anything in politics, I want to challenge and break down those divisions and make our society much more equal and together.

7.54 pm

Peter Bottomley (Worthing, West) (Con): I agree with the last part of the hon. Gentleman's speech, and enjoyed and was educated by a good part of the rest of it. The key point is the importance of primary and some middle school education. We have not got transfer to secondary schools right, and a lot of children go backwards in their first two or three terms at secondary school. May I make a plea to teachers that they try to ensure that a child entering secondary school has a more stable environment, rather than changing classroom and teacher virtually every 55 minutes? If one can embed a child in a new school, the chance of that child blossoming and continuing the kind of progress that they were making in senior years at middle or primary school will increase.

I am glad that there has been a focus on education, but some of my remarks will not relate to that. I want to start with one or two technical details.

First, on page 279 of the Red Book, on the definitions used in total managed expenditure, why is there a reference to the national lottery? It states:

> "National lottery expenditures relate to the distribution of the money received from the National Lottery for good causes."

I thought that when the lottery was created, it was decided with bipartisan agreement that lottery money would not be taken from good causes and brought under central Government control. Although the current Government have made some changes, they ought to reverse that, and I look forward to a Chancellor saying that the good causes money will not come under Government control, that it will go back to the distribution boards, and that the Government will be left out of it. I pay tribute to the lottery lady, my right hon. Friend the Member for South-West Surrey (Virginia Bottomley), for her part in trying to ensure that that did not happen under the previous Government, and I hope that it will not happen under the next one.

The Treasury team has plenty of good economists and people who can draw graphs, as we see in the Red Book. Why do we not have in the Red Book what we have in the Library guide to economic indicators—graphs showing unemployment in 1992–93, with productivity and investment also charted? Were the Government willing to be fair with taxpayer's money and fair with electors, they would put in their publications the kind of graphs that people could show to a friend and say, "You tell us when this Chancellor came into office, if everything good has come from him." In fact, were we to show most of these graphs, without the dates on them, to an interested person, and were we to ask them to put in the dates on which they thought the present Chancellor had come into No. 11 Downing street—or half of it, given that the other half was taken by the Prime Minister—they would get the timings wrong. We have heard about the 18 quarters of improvement under the previous Conservative Government, and I have every reason to believe that as the Government changes at the next election, I hope—I will work for that—we will see the same kind of improvement, give or take the economic shocks that come.

There has been some talk about the teaching of economics. We have heard from two of the best teachers of economics, and as probably one of the worst students of economics, I ought to acknowledge that my supervisor, Professor Sir James Mirlees, was awarded the Nobel prize, along with William Vickrey, who sadly died before he could collect the prize. William Vickrey had the rather good idea that in an auction the person who wins should pay the price put forward by the under-bidder. In terms of politics, that is indicated in the current Government saying that they would adopt the Conservative plans for public spending for the first two years, which is one of the foundations of the relative economic prosperity.

However, I want to condemn the current Government, and perhaps the Chancellor, for allowing the apparent house price asset inflation, which might have been one of the causes of the economy growing slightly faster than people expected. It is an economic, financial and inter-generational disaster. That raising the stamp duty threshold to £120,000 gives virtually no benefit to people in many constituencies around the country demonstrates some of the impact of that inflation, of which I do not approve.

I want to comment on the National Audit Office. First, I want to praise the clear writing of its publication, "Audit of Assumptions for Budget 2005", which has a conclusion and recommendation, a useful annexe 1, with details of the unemployment assumptions, showing how the Treasury depends on outside forecasters, and another page and a bit on the audit of assumptions. But why does a booklet costing £3.75—10 sides at 37.5p each—use 10 sides when it only needed three and a half? The first side shows the picture of the old British Overseas Airways Corporation headquarters, which is where the National Audit Office is. We do not need that. The second tells us what the National Audit Office does. The third is a repeat of the front page without the picture. The fourth tells us that it has been prepared for the House of Commons. Then we have the three and a

half sides that matter. The last side tells us that it was printed by the Stationery Office, the previous side tells us who was responsible for the layout and production and that it is printed on 50 per cent. recycled fibre, the side before that that it is printed in the UK, and the side before that is blank. May I ask Ministers to have a quiet word with those in the National Audit Office, and ask them to audit the way in which they prepare that publication? I think that £1.30, rather than £3.75, would have been quite sufficient.

The Government are interested in education. This morning the Secretary of State was scheduled to speak at the launch of the TUC's academy. I was there at the time when she was supposed to be there, but I had to return for a meeting at the House of Commons. I assume that she arrived virtually on time, and made a good speech. I do support public and Government interest in what trade unions and others do for education.

In that context, let me say that I wish the Government would review the decision by, I think, the Department for Education and Skills to cut the £52,000 grant to the Woodcraft Folk to nil. The Woodcraft Folk employ five people and provide activity for 9,000 young people. The Woodcraft Folk were started by the socialists. The Woodcraft Folk appear to have made the mistake of being against the Iraq war. If the Government are penalising them for being a peace movement when their activity for children is just as good as that of the Boys' Brigade, the Scouts, the Guides, the Sea Cadets, the music groups and the sports groups, I ask the Government to reverse their decision and allow the Woodcraft Folk to have the £52,000—which, I think, amounts to about 20 per cent. of their income.

I have two detailed questions to ask. One, which affects a member of my extended family, relates to funding for low-budget films. It is understandable that the Government may want to cut some tax credits applying to high-budget films. I believe that they have extended the low-budget film tax concession for a year. Will they make plain—this is not a request from my relation; it is a point that interests me—whether that extension to, I think, March 2006 is designed to apply to films completed and delivered to the distributors by then, to films in the process of being edited, or to films whose funding has been committed by the sponsors?

My second point also involves a member of my family. It concerns the change in the stamp duty concession for non-commercial buildings in deprived areas. Let us suppose—again, this is not a request; I am merely interested—that I had agreed to buy a property for a mixture of commercial and residential use. Let us suppose that I had signed the contract but had not completed. Would the building become liable to the new rate of stamp duty, or would the concession introduced a couple of years ago still apply? I do not expect Ministers necessarily to respond to my questions tonight—a letter will do—but they are detailed questions which I think deserve an answer.

Having criticised the National Audit Office earlier, I now want to criticise the Government Chief Whip. During the Chancellor's Budget speech the Chief Whip, and for that matter the Prime Minister, listened with some attention—indeed, I would go so far as to say that they tried to assume expressions of admiration—but as soon as my right hon. and learned Friend the Leader of the Opposition began to speak, the Chief Whip embarked on a running commentary and the Chancellor and the Prime Minister started talking to each other. Perhaps they have not done much talking to each other for the past year, and this was their first opportunity to be side by side, but I disapprove—and so will the public—of the sight of two leading members of the Government deliberately, discourteously and continuously holding a conversation when they ought to be listening to a response from the Leader of the Opposition. I hope that, if the Chief Whip accepts my criticism, she will tell her senior colleagues to improve their behaviour when they are in opposition, and also tell them that they do not deserve to hold their current titles if they behave in such a way on the Floor of the House of Commons during a major set-piece debate.

Let me now deal with some of the details of the Chancellor's speech. A number of Members have referred to the free local bus travel for retired people. The documents produced by the Treasury at the time of the Budget made no distinction, in terms of time, between the £200 for retired households on council tax and the free bus travel, but we now know that the council tax concession is for a year. Will Ministers tell us why none of the three or four references to that concession includes that information? Did they decide to make the concession apply for only one year after the papers had been published, or did they deliberately arrange it so that people would mislead themselves when they heard what the Chancellor had to say and read the newspapers?

Can we assume that the bus travel concession will last for rather longer than a year? May we also know—others have asked this as well—why the Chancellor did not say that it related to off-peak travel? An awful lot of pensioners will find themselves in what is called the "twirly group". The bus driver, or conductor, tells them "You're too early." That certainly happens in London. I do not complain about it myself. I might be affected by it on occasion, but I walk to work. Nevertheless, I believe that Ministers should make plain in documentation what they are actually saying. They are clever enough to do that—or at least their advisers are clever enough to ask "Minister, do you really mean this to be off-peak only? If you do, why not say so?"

Will all people over 60 be able to travel free on all local transport, or will they be able to do so only on transport in their own areas? I am not arguing either case; I merely ask the Government to make plain which will apply. I feel that when several million people are likely to be affected, documentation should make such things clear so that the next day, when they are reported in the newspapers, people know where they stand—or where they will sit, if there is room on the bus.

Then there is local government finance. There are two ways in which people are being helped with council tax. One is the provision of emergency money for local authorities to ensure that council tax rises in this election year—assuming that there will be an election this year—are kept relatively low, not more than two or three times the inflation rate. The other is the provision of an extra £200 for pensioner households—which, as has been said, is not nearly as good a concession as what the Conservatives will offer at the election for the future. Incidentally, that is one of the few political promises made that involve no losers: either people are not affected, or they gain. It is a clever bit of public funding.

[Peter Bottomley]

What we have not had from the Government is any indication that they will provide a buoyant source of revenue for local authorities—district, borough, unitary and county councils. I would say to my party's Front Benchers that when we are in government, the first thing we should do is try to arrange all-party talks and discussions with the Association of Local Authorities to work out how the Chancellor can say to local government, "We will make sure that you have a share of some of the rising revenues, and will not have to depend on Government or parliamentary decisions affecting revenue support grant."

Mr. Hopkins: Was it not the hon. Gentleman's party that put the uniform business rate in the hands of central Government? Would not handing it back to local authorities be one way of achieving what he wants?

Peter Bottomley: There may or may not be arguments in favour of that, but it would certainly not provide a buoyant system of revenue for local government. Buoyant revenues are income tax, fuel duty, penalty taxes on cigarettes and alcohol and so on. VAT, for that matter, is a buoyant source of revenue; but the business rate on its own is not.

Mr. Andrew Stunell (Hazel Grove) (LD): The hon. Gentleman is beginning to make a very satisfactory case for a local income tax. Would he care to give his views on that?

Peter Bottomley: Yes. Let me also say that Margaret Thatcher and the Conservatives could not have saved the country in 1979 if there had been many more than 11 Liberal Members of Parliament. The politics are very simple, as are the arguments about council tax. There were too many Labour Members of Parliament. If we ask when people last voted Liberal as an answer to any serious national problem, the generous answer is 1906. As for the Conservatives, we are at our best the national interest party—that is, part international, part national, part local. I shall be happy to debate the details of council tax for the next three weeks, if the election is going to happen when it is expected.

I could say much more, but, as well as praising the schools in my constituency—the sixth-form college, the further and higher education colleges, Worthing and Northbrook colleges, and the high schools, middle schools and first schools—I want to say a little about general economics. Under this Government, the household saving ratio is less than 6 per cent., yet when the Conservatives were in government it was 9 or 10 per cent. Saving is even more important than people's assets rising simply because of house price inflation. I look forward to the day when a Chancellor will say, "I have been successful in encouraging people to save voluntarily and in increasing the savings ratio to 10 per cent. or more."

I am not saying that we should strive for the levels achieved in Germany, but I do believe that we should get voluntary saving back to its previous level, because that is one way in which to encourage people to be self-reliant. Encouraging more people to be self-reliant not only provides economic benefits but enables us to give more help to those who need it. We cannot help everybody all the time; rather, we need to persuade more people to be more independent more often. That way, we can give generous help to people when they need it.

8.10 pm

Mr. Andrew Love (Edmonton) (Lab/Co-op): I begin by saying how much I enjoyed the speech of the hon. Member for Worthing, West (Peter Bottomley), and I want to pay him a compliment, although he may not look on it in that way. If I had listened to his speech on the radio, I would have found it very difficult to decide which side of the political divide he is on; long may that continue. I should also like to endorse what he said about the Woodcraft Folk. As he rightly says, the Government should revisit that decision.

Of course, being on the Labour side of the political divide, I greatly welcome the Budget, and for several reasons, the first of which is the promise that it holds out for a number of key groups in our society, including pensioners, savers, single parents—they have not been mentioned much today; indeed, they rarely get a mention—and first-time buyers, who have been referred to consistently throughout. Secondly, as Members of all parties have pointed out, and as it is important to stress, the Budget provides a modest fiscal tightening, which is characteristic of this Chancellor. It is a prudent Budget and stability is at its very centre. That is key to what we are trying to achieve, but we also want economic growth and to improve living standards for the people of this country.

I want to address some of the criticisms that I have heard from the Opposition not just today but in the past few days' discussion of the Budget. Although it has been rather grudgingly admitted that the Budgets between 1997 and 2001 were good, it has been argued that, miraculously, those between 2001 and now were comprehensively bad. I want to examine the impact of all those Budgets on the real economy, because that is what affects our constituents. Employment has been much commented on today, and we should note that we have the highest employment rate on record. The current employment rate is nearly 75 per cent., which is one of the highest figures internationally. That is a major success story for this Chancellor and for the past eight Budgets. Of course, we also have the lowest unemployment rate for some 30 years.

According to the new measure, inflation is running at 1.6 per cent., and it will drift up slowly to the target figure of 2 per cent. by 2006. Of course, the fact that that is the lowest figure for 30 years endorses the decision taken very early on by this Government to make the Bank of England independent. That decision has also resulted in the lowest interest rates for 35 years, from which this country's 18 million home owners have directly benefited.

Growth—the usual measure of economic success—was 3.1 per cent. in 2004, despite the fact that almost every single independent forecaster predicted that it would be much lower. This year, the figure will be 3 to 3.5 per cent., and next year it will be 2.5 to 3 per cent. Each of those figures is above the economy's trend growth rate and better than other comparable European countries' growth rates. Indeed, our economy even grew during the international recession of 2001–02. Ours is

therefore a record to compare with anyone's. The icing on the cake is the fact that living standards in this country since 1997 have improved by 50 per cent. on average. By anybody's judgment, that must be a record to be proud of.

The Tories claim that all this is the result of the prudent measures implemented by former Conservative Chancellors; indeed, one Member even claimed his small share of the credit for the benign economy this afternoon. I am surprised that even the hon. Member for Twickenham (Dr. Cable)—he is not with us this afternoon—has not laid claim to some of the credit for the benefits that the economy has delivered. It is natural that the Tories would want to claim part of the glory, but they cannot then continually take great delight in telling us, "You've been in government for eight years. You have to accept responsibility for the decisions taken during that time." We do: we accept responsibility for the good economy, as is right and proper. It is also right and proper to point out that the mid-1990s—during which time two Conservative Chancellors introduced new policies—signalled the end of a very deep recession, so growth was almost certain to happen at that stage. The unique trick of this Chancellor and this Government in the past eight years has been to sustain growth, stability and improvement in the real economy. That has to be recognised.

I share the view of my hon. Friend the Member for Luton, North (Mr. Hopkins) that there has been a lot of alarmist talk about the economy, not just from the official Opposition but from both Opposition parties. They have taken great delight in highlighting the most pessimistic forecasts of the so-called independent forecasters, even though they have been consistently inferior to the Treasury's. There is also the myth of the so-called black hole, which, according to the Opposition, has existed for many years. However, it looks almost certain that when the current economic cycle comes to an end, the Chancellor will easily meet his fiscal rules.

The negative impact of increased interest rates has been focused on, yet it is clear that there is significant international confidence in the UK economy. Money continues to flow into our economy, perhaps partly because of the malaise in the eurozone and the difficulties currently experienced by Japan. The American economy is obviously doing well in attracting significant funding, but the UK economy continues to enjoy the confidence of the international community. There is no reason to think that that will change.

What really stuck in the Opposition's craw was having to give credit to the Chancellor and the Treasury for the fact that their forecasts have continuously and significantly outperformed those of the so-called independent research bodies. Everyone, including the Chancellor, would have to accept that forecasting anything further than a year or two into the future is a very shaky business. Of course, we have annual Budgets and a pre-Budget statement in order to be able to take into account any difficulties that might emerge in the national or international economy, and that is what we would do, should those circumstances arise.

I congratulate the Chancellor on a number of the announcements in his Budget. He told us that the Gershon review, which will cut out waste and bureaucracy and redirect investment to the front line, has now started. According to the Budget statement, £2 billion has been saved through value-for-money studies and another £2 billion through improvements in procurement. Several posts have disappeared and are now being reallocated to front-line services. However, the Gershon review is predicated on the view that delivery at the front line should not be put at risk. That differs from the so-called James review, which Conservative Members mentioned. When Gershon was asked about the figures in the James review, he raised the question of whether it would be able to deliver on front-line services. I ask the same question again this evening: will it deliver?

The other key question is where the £35 billion-worth of cuts will come from. We already know that the Tories are going to pinch the Gershon review's £21 billion or so savings and redirect them into front-line services, but that still leaves £14 billion unaccounted for. We know that the Conservatives—supposedly members of a party that proclaims itself a great supporter of small business—are prepared to cut the Small Business Service. They are also prepared to cut the new deal. We all know that they do not care about youth unemployment; frankly, they do not care about unemployment at all. As a former Tory Chancellor said, unemployment is a price well worth paying.

Added to that £14 billion under the James review, the shadow Chancellor announced a further £35 billion-worth of cuts for the future. We have absolutely no idea where those cuts will come from. It was argued earlier that £11 billion or £12 billion was an enormous amount, so we should remember that £35 billion-worth of cuts, even if spread over a number of years, would have an enormous impact on our economy. If we do not find out where those cuts will fall, we shall have to assume that front-line services such as education and health will be affected.

Dr. Gibson: The last time that the shadow Chancellor estimated cuts that the Tories would impose, he disappeared into the depths of Dorset or somewhere down there. Does my hon. Friend recall that happening during the last election?

Mr. Love: I certainly do, and the figure that was estimated then was considerably less than the current figure that the hon. Gentleman is trumpeting. It is interesting to note that, a month or two ago, the Opposition were announcing that they would reduce public expenditure, but they are now saying something quite different. I suspect that one of the Tory Front Benchers will disappear as we approach the general election.

I also congratulate the Chancellor on staying within his fiscal rules. If we compare that with what has happened in Europe with the growth and stability pact, it shows how clearly the Chancellor has the confidence of the international community because he sets rules and stays within them. We have heard a lot in the past few days about the mythical so-called black hole, but the Chancellor's forecast in the Budget is that at the end of this economic cycle, under the golden rule, we shall be at least £6 billion in surplus. As to the sustainable investment rule, £57 billion will be the measure of his

[Mr. Love]

ability to sustain investment in the economy. Even with the private finance and other initiatives that do not appear on the Government's balance sheet—the Opposition continually talk about them, even though they are only 43 per cent. of overall PFI credits—the Chancellor still remains well within his sustainable investment rule.

I also congratulate the Chancellor on reducing the burden of regulation. We have not heard much about that from the Opposition, despite the fact that it is one of their constant themes. However, we have heard from small business and other business organisations how welcome are the changes to the requirements for the reporting of VAT, which will significantly reduce the burdens that businesses face. The reduction in the number of regulatory bodies—we shall have to see how it pans out in the future—is also very welcome to the business community. Speaking as a member of the Regulatory Reform Committee, I accept that we have to change the culture in Whitehall and get it to think about reducing regulation as well as increasing it. Only when we have institutionalised that here at Westminster will we get the changes that we want.

I want to comment on the household savings ratio. I was going to say that it had not been mentioned by any Conservative Member, but in fact the hon. Member for Worthing, West did mention it. He forgot to tell us, however, that all the Jeremiahs on his side had previously said that the savings ratio was too low; now that it is beginning to increase, they no longer mention it. I am pleased that it has risen to 5.6 per cent.

Two proposals in the Budget have particular merit, but I would like to see the Chancellor going further with them in the next Budget. I welcome the significant investment—the education sector is relevant—going into public infrastructure. We have invested substantially in recent years, and it is pleasing to see that public investment will rise from 2 per cent. to 2.25 per cent. of gross domestic product in the next couple of years. Over the next few years, a brand new hospital will be built in the most deprived part of north London, which lies in my constituency, and a second hospital in my local authority area will receive significant investment in new facilities. My constituents will be able to use both hospitals and receive a significantly improved service as a result.

My constituency has also had two new schools—a secondary and a primary school—in recent years and there has been an enormous improvement in the facilities in all our primary and secondary schools. There is a proposal for a local academy and I look forward to it going ahead in the next couple of years. The Budget particularly highlighted the "Building Schools for the Future" initiative, which is an exciting prospect that should help to deliver a completely refurbished secondary sector and additional improvements to the primary sector. It amounts to £9.4 billion-worth of investment over the next five years, which will make a significant difference.

The Budget statement predicts that by 2009–10 we will invest £6.7 billion in our schools, in comparison with £700 million in 1996–97. That provides a good measure of the investment that Labour is putting into our public infrastructure. All that will bring about higher standards, better results for our kids and real achievements for pupils who live in the more disadvantaged areas.

Mr. Francois: I am confident that the hon. Gentleman will be in the Chamber for the winding-up speeches, so I assure him that I shall respond directly to all the nonsense he has been spouting about the £35 billion cuts. We shall take that at the correct time.

As education is part of our focus in this debate, how does the hon. Gentleman respond to the fact that the National Association of Head Teachers, traditionally a moderate union, believes the working-time agreement to be unworkable in schools for non-contact time and is not prepared to implement it?

Mr. Love: I shall listen carefully to what the hon. Gentleman says about the £35 billion-worth of cuts that the shadow Chancellor wants to make. People tell me that the differences between us are in the rate of growth, but the reality for my constituents is that they will have a choice between the Labour Government and the official Opposition and the difference between the Government and the Opposition is £35 billion-worth of cuts in our public services. It is critical that we get that message across to the electorate, so I assure the hon. Gentleman and all his colleagues on the Opposition Benches that we shall indeed do our utmost to ensure that the message gets across to our constituents between now and whenever the general election is held.

I take on board the hon. Gentleman's comments about the head teachers union. I understand that teachers have some difficulties, but I hope that they will continue to discuss the issue with the Government. It is an important initiative and it should be introduced. I am confident that the NAHT will be able to reach an agreement in the not-too-distant future.

I want to touch briefly on some other issues. I was pleased that the Chancellor announced an increase in the inheritance tax limit to £300,000 in two years' time. A considerable number of my constituents are affected by the tax. I am sure that it was never the intention to include so many people in that regime, so I strongly welcome the change. We need more comprehensive reform, however, and I hope that once the general election is out of the way the Treasury will consider the matter more seriously. We must ensure that inheritance tax does not affect families with moderate incomes, but reaches only those who are well-off enough to sustain the burden it imposes.

On council tax, I strongly welcome the £200 to be paid to every pensioner aged 65 or over. I say "every" advisedly, as that is an important consideration. Our opponents, the Liberal Democrats and the Conservatives, have been telling everybody all the good things that they are going to do for pensioners, but the official Opposition forgot to say that everyone in the household has to be over 65 to receive the benefits they are offering. That proposal falls adversely on the less well-off. The Conservatives would pay more to the well-off and less to the less well-off. Our proposal would reach more pensioners and provide more support to the poorest pensioners, which is important.

The Liberal Democrats forgot to tell better-off pensioners that their income tax proposals will have an impact on them. If the Liberal Democrats were more

honest about the impact of their so-called local income tax, they might recognise the merit of what we have been saying: our proposals will improve the situation for more pensioners.

Angela Watkinson: The hon. Gentleman said that our £500 discount applied only to pensioner households where both members were aged over 65. He may be pleased to hear that it will also apply to couples aged over 65 who are caring for a younger son or daughter who has learning difficulties or a disability. The fact that there is a younger person in the household will not affect the eligibility of the couple aged over 65 to the discount.

Mr. Love: I genuinely welcome that comment, but the official Opposition appear to be making yet another change on the hoof. Only two days ago that was not the case, but now things seem to have changed, so it just goes to show what a miraculous thing a good Budget is. It has an impact not only on the Labour Benches, but forces the Opposition to change their mind and to improve the situation.

Mr. Stunell: The hon. Gentleman commented on the Liberal Democrat proposals to replace council tax with a local income tax and suggested that there had been a failure to describe the winners and the losers. In fact, we have made it clear that half of the pensioners would be beneficiaries, a quarter would have no change in their current payments and a quarter would pay more. The quarter who would pay more would be people with large private pensions that brought their income above £27,000 a year. That is not a secret. We have made it very clear. We believe it right and proper that those with the greatest means should make the greatest contribution. Is not that a principle that the hon. Gentleman accepts, too?

Mr. Love: I certainly welcome the open and transparent way in which the hon. Gentleman defines who will and who will not benefit from the Liberal Democrat proposals. The important point that I am trying to get across is that more pensioners will benefit from the proposals in the Budget than from the other two parties' proposals.

It is important to highlight the Government's balance of funding review, which, I hope, will report later this year, because two urgent issues need to be taken on board in any review of local government finance, the first of which is the business community's contribution. For some considerable years, increases in the unified business rate have been held to the rate of inflation. Such increases are no longer sustainable, and I hope that the Government will seriously consider, in discussion with the business community, its contribution in the future.The second issue is the regressive nature of the council tax. Of course, the intention of Her Majesty's Opposition when they introduced it when in government was that the council tax should be totally regressive.

David Taylor: Of course, my hon. Friend is right to urge that the uniform business rate be returned to local level, but in doing so does he agree with me and those from small businesses who attended the chamber of commerce dinner that I addressed on Friday, that attention should be given to the fact that very small businesses pay a higher proportion of their revenue in business rates than the very large ones do, and that the valuation system for businesses needs a major review before anything is returned to local level?

Mr. Love: I may have inadvertently said something that I did not intend, but I have not called for the abolition of the unified business rate and we need to continue to look at the return to local level. What I was calling for is a greater contribution from the business community towards the overall funding of local government, but the point that my hon. Friend makes is valid: small businesses are more adversely affected than larger ones and, again, that must be part of an ongoing discussion. It is crucial that we foster our small businesses. We are doing something in terms of regulation and we need to consider the impact of taxation. Of course, one of the most important aspects of the taxation system for small businesses is the unified business rate, so it is right and proper that we should consider that.

We need to focus on the regressive nature of the council tax. I do not know whether the Government or the balance of funding review will recommend that we abolish or change the council tax. Whatever happens, we need something that is a good deal more progressive if we are to have a system of local taxation that has the trust and confidence of those who pay it. That is the critical factor.

We have had a lot of argument across the Chamber about what proportion of our gross domestic product should be taken by the public sector. Depending on whom we speak to, the proportion can be anywhere between 30 and 40 per cent., and it may rise or fall a little. I find a lot of that debate rather sterile. What we need to look at is how the resources used in the public sector are raised and whether we are being as fair as we should be across the community in the way that taxation falls on the well-off and the less well-off.

I reflect comments made by hon. Members on both sides of the Chamber when I ask whether it is right that those in the bottom 10 per cent. of the income scale pay a higher proportion of their income in tax than those in the top 10 per cent. That is a matter of proportionality and fairness. If all sections of the community are to support what the Government do and how they distribute the taxation that they raise, we must have a system that is seen by everyone to be fair.

Finally, I am sure that when the hon. Member for Rayleigh (Mr. Francois) speaks on behalf of the Conservative party, he will have not only the Budget but the forthcoming election in mind, as have Labour Members. This modest Budget continues the path of stability and growth set by previous Budgets. It provides investment in our public services into the future, which is critical, and gives us a platform to show what the Government have done for the economy and public services, in contrast to the proposals of the two major Opposition parties. The public will see that we have a good Budget and a Government who can be trusted with the future.

8.40 pm

Angela Watkinson (Upminster) (Con): I shall confine my comments almost exclusively to early years education, which is important. In his Budget statement

[Angela Watkinson]

the Chancellor promised 1 million child care places over the next five years, but it was not clear how many of those places would be for early years education. We must put the figure in context because since 1997 there has been an estimated 22 per cent. fall in places in playgroups and pre-schools and a 24 per cent. fall in child minder places. The greatest increase in places has been for out-of-school and holiday child care where there has been an increase of 134 per cent., but pre-school child care provision is falling in many areas.

Early years provision comes in many guises: child minders, crèches, play groups, Sure Start and a range of nurseries, including workplace, private, charity and those attached to primary schools. That diversity is important because it caters for a wide range of need. Working parents need a safe place for their children, run by kind, responsible people. Some parents simply want an opportunity for their children to socialise, to meet and play with other children and to get used to other adults. Others want their children to get a head start in learning before they go to school. Single parents may need more support with parenting skills and social problems.

When early years education is discussed the emphasis is often on eligibility, cost and the level of supply. It sometimes sounds as though the provision is for the convenience of parents so that they can go to work. In whatever setting a young child is placed, the priority should be on the quality of provision, the benefit to the child and what the child gets out of it. Early years placements are not warm storage with lunch until the child is collected at the end of the day.

I have discussed early years provision with a range of providers: private nurseries, primary school nurseries, child minders, the National Day Nurseries Association and the National Campaign for Real Nursery Education. There are many examples of good practice and a good deal of consensus on what very young children need to give them the best start in primary school when formal learning begins. We will give primary schools direct control over their finances to spend as they know best.

Many children are lucky and have parents who talk to them, teach them good manners, play with them, eat with them at a table when the day's experiences are discussed, and read to them. Any parent who has read a bedtime story to a child knows what a rewarding experience that is. Other children are not so lucky and come from homes where there are no books, meal times are informal and the television is permanently on. The communication of such children is often delayed due to lack of the right experiences.

I was in an infants school recently where one third of the children have special educational needs. They had been asked to write about their morning. The school learned that a significant number of those children get themselves up in the morning, wash themselves, dress themselves, make their own breakfast—or not—and when it is time for school they wake their mother and ask to be taken to school. It is very useful for infant teachers to have that sort of information, so that they understand the level of responsibility that is sometimes put on extremely young children.

Early years settings are useful for the early identification of special educational needs and speech and language difficulties. Whatever the type of early years setting, it is where children can learn their social and interpersonal skills, learning through play, singing, acting and games, creative activities and exploring the outdoor environment. Learning to give and take, share, be part of a group and to accept authority without feeling the need to kick against it are all essential life skills. People who do not have them often have a difficult journey through life and, more particularly, children who do not have them often have problems in school.

The Government have announced that there will be five Sure Start children's centres in every constituency by 2010. I have a very good centre in Harold Hill, the most deprived ward in my constituency. It is doing extremely good work and provides wonderful support for those parents who need it, some of whom are very young single mothers who are barely out of childhood themselves.

However, I have two concerns about children's centres. The first has been raised with me by the National Day Nurseries Association, which feels that ideally every children's centre should have a nursery school incorporated in it. Some do not at the moment and provide only social support. The other is that children's centres may squeeze out other providers, but it is important that a range of provision is available. Not all parents have social problems and need all the additional services provided by Sure Start, but they do want a nursery place. We need to ensure that the closure of other child care places is no longer a consequence of opening new Sure Start facilities, as was reported by the National Audit Office statistics in 2003. For every child care place the Government have created, another has closed down elsewhere. Valuable though Sure Start is, it should not be the only type of child care on offer. The different types of child care—provided by the state, the private sector, voluntary organisations, charities and faith groups—must all coexist without Sure Start being predatory on the others. Already, many new providers do not last beyond their start-up funds. That causes instability in the system and is very unsettling for young children who have to move away from the place where they are happy.

The cost of child care is a major problem for the very parents who need a second income to make ends meet. Child care in Britain is still the most expensive in Europe. A nursery place costs the average household one quarter of its total income.

The Chancellor announced that the child element of the child tax credit will increase in line with average earnings up to 2007–08. But one increase in just one element of the tax credits will do nothing to stop the chaotic tax credits system from putting thousands of families into financial insecurity and hardship each year. One in every five tax credit claims received by the Inland Revenue is processed incorrectly and up to £700 million a year is overpaid in error. Overpayments are later clawed back by the Inland Revenue, leaving thousands of families in "significant financial hardship"—according to the 2004 parliamentary ombudsman's annual report.

Citizens Advice, and many Members of Parliament, are deluged with distress cases caused by official tax credit mistakes. Katie Lane of the CAB said:

"We see thousands of people in hardship as a result of their payments being cut".

By December 2004, the Inland Revenue had received 78,000 complaints over the recovery of overpayments. Errors abound in spite of the vast resources poured into the system. Tax credits cost £406 million just to administer in 2003–04, and 7,500 staff were needed to run the system. The system is far too complex and needs reform to make it easier to administer, so people can make some sort of judgment about whether the tax credit they receive is right or not.

Mr. Andrew Turner (Isle of Wight) (Con): My hon. Friend will not be surprised to learn of a case in my constituency of a mother who is faced with the recovery of tax credit. The process began in August last year. I wrote to the Department in September, but the case has still not been resolved and the lady has had to remortgage her house in order to pay back the Inland Revenue.

Angela Watkinson: I thank my hon. Friend for that intervention. Sadly, that is all too typical of the stories that we hear in our surgeries from people who have been overpaid but are unable to make the repayments.

Mr. Stunell: I am following what the hon. Lady is saying and I have great sympathy with her point. Does she agree that it is quite unreasonable for the Inland Revenue, having made a mistake, to blame the recipient for failing to detect it and to impose a repayment schedule of sometimes purse-breaking proportions?

Angela Watkinson: I thank the hon. Gentleman for that. I agree absolutely; the repayments are often unmanageable. It is galling for people to be told by the Inland Revenue, "Yes, it is our fault, but it is your fault for not knowing that it is our fault." I ask the Minister to bring pressure to bear not only to simplify the system but to overcome that basic problem.

A Conservative Government will allocate more funding to early-years partnerships with parents, Sure Start programmes and the national parenting fund, to support parenting programmes provided by the voluntary and community sectors. In addition, local authorities will be refunded for all VAT incurred in the provision of welfare services such as child care and children's centres.

I believe passionately that if we get early years right, the long-term benefits will be felt throughout the education system. If every child who enters primary school is self-confident, socially well adjusted and ready to learn, the job of their teachers will be so much easier. Teachers will be able to concentrate on teaching. Of course children will have differing ability levels, but they will all have the opportunity to develop to their individual full potential. The knock-on benefit of successful primary education would then be felt in the secondary sector with, I predict, fewer disruptive or disaffected teenagers and the consequential early retirement of demoralised teachers.

I was speaking recently to some experienced long-serving teachers who plan to take early retirement not because they are fed up with the job but because they are unable to maintain discipline in the school. One teacher of senior boys said, "Some of these boys are bigger than me and they have attitude, and I am not even allowed to adopt what is described as an aggressive stance towards them—and they know it." That simply has to stop. The awful thing was that he added that a lot of his colleagues were also planning to retire. That large school will see an exodus of experienced staff and therefore an influx of less experienced staff, who will not have more experienced teachers as mentors and role models. That could have a serious effect on the overall management and on attainment levels in the school.

Getting early years right is not a panacea—life is more complicated than that. The education system cannot make up for all the problems that a child might have, but it can make a major impact. Early years must not drop down the list of priorities to make room for after-school clubs and holiday care. I hope that the Minister will take up that point specifically in his summing up.

8.53 pm

Mr. Mark Hoban (Fareham) (Con): One of the issues that will be at the core of the debate over the next few weeks is how we improve our public services. One reason why people question the growing burden of taxation is that, although they have seen their taxes rise over the past eight years, it is difficult to discern the improvement in our public services.

I echo the comments of my right hon. Friend the Member for North-West Hampshire (Sir George Young) about some of the issues we see in our communities. My primary care trust, rather like his, is suffering from a financial deficit this year and is trying to make it up, but I suspect that it will end the year with a deficit, which will need to be recovered next year.

It is difficult for my constituents to find a NHS dentist, despite the Prime Minister's promises about ensuring that everyone would have access to one. A dentist in Fareham treating NHS patients is as rare as hen's teeth. If people cannot find an NHS dentist, where has all the money that has been spent on the NHS gone?

Council tax bills have risen by 70 per cent. since the Government came to office. The Chancellor's one-year-only council tax rebate is a bribe or a con—people know that their bills have gone up because of the transfer of resources from the south to the north. In south-east Hampshire there is greater pressure on our infrastructure as a consequence of housing developments. Major routes such as the M27, the A27 and the A32 are clogged up at rush hour as more and more people seek to use the same stretch of road. There have been no major road schemes in Hampshire, however, for the past five years.

People want to know where the money has gone and how their increased taxes have been spent. Part of the answer concerns the way in which the Government have sought to manage and control public services. We have witnessed the development of a tight, rigid, centrally driven and controlled framework that has absorbed money in the processes of monitoring, recording, inspection. I shall give some examples, to demonstrate where the money goes on many occasions. Late last year, the Government produced an outcomes framework for their Green Paper, "Every Child Matters". It is a complex document that sets out various

[Mr. Mark Hoban]

outcomes, inspection criteria and public service agreement targets. There are 26 PSA targets for the agenda of "Every Child Matters" involving nine Government Departments and agencies, ranging from the Department for Work and Pensions to the Crown Prosecution Service. In addition, there are 18 key indicators and 52 separate inspection criteria. The targets range from targets to reduce child obesity and mortality to targets on the take-up of cultural and sporting opportunity by over-16s and on the number of young people taking part in mock elections.

There is clearly a mechanism in the 24,000 schools throughout the country to count the number of people who vote in mock elections. The bureaucracy involved in analysing and reporting on those inspection targets sucks money out of front-line services, and prevents improvements from being made to our schools, hospitals, and in terms of safety on the streets. Last year, the Government decided to draw some of those measures together, and I shall demonstrate the extent of the burden. A document that accompanied last year's Budget was entitled "Devolving decision making: 1. Delivering better public services: refining targets and performance management." Chart 2.6 in chapter 2 sets out the number of targets and external controls facing the health service. The number of external controls on front-line health staff is 17 times greater than the number of headline public service agreements. There are 12 PSAs, 23 PSA components and a further 58 PSA-related targets, measures and compliance requirements. In total, there are 81 PSA-related targets measures and a further 125 targets.

In education, there are six PSA targets, 27 PSA components and a further 13 PSA-related targets, measures and compliance requirements. There is a total of 40 PSA-related targets and, in addition, there are 167 non-PSA-related targets, measures and compliance requirements. Paragraph 2.26 says that the number of external controls facing police forces "follow a similar pattern". It is not surprising that the chief constable of Nottinghamshire police was moved in last weekend's press to complain about the amount of paperwork with which his force has to deal. This week, the chief constable of Surrey police said that about 90 per cent. of police officers' time is taken up in some shape or form with targets, monitoring and reporting.

If the Government were serious about the agenda set out in the Red Book, we would see a reduction in the number of targets, but I do not believe the Government are serious. They set out in the Red Book their plans to merge a number of inspectorates and replace them with a thematic inspector to look after a number of areas. They refer to creating a single justice and community safety inspectorate, bringing together five existing inspectorates. But merging all those inspectorates is not the way to cut down the burden of inspection. What people want is a more streamlined inspection process, not the old process re-badged.

The hon. Member for Edmonton (Mr. Love) spoke hopefully about the reduction of bureaucracy. He ought to bear in mind that the Chancellor has spoken of a reduction in bureaucracy in a number of Budgets, yet has conspicuously failed to deliver a reduction in red tape. If people in our public services believe that the merging of inspectorates will result in less bureaucracy, they should listen to people in business to find out how hollow those claims are likely to be.

The problem is not just the targets and the bureaucracy, but how decisions are made in our public services. Too many decisions are taken not out on the front line, but centrally. We gain a remarkable insight into the way the Government's mind works in the Red Book, in the chapter entitled "Delivering High Quality Public Services." The Government have a curious view of the role of professionals in public services. They say, perhaps with a note of surprise:

> "Engaging the knowledge and experience of public service professionals in the design of public services has the potential to make services more efficient and tailored to users' needs. In developing future public service reforms, the Government will examine the way in which employees' and professionals' input is used in the design of policy and the provision of services, ensuring a constant flow of information and ideas between policy-makers and the front line."

Most professionals in our public services assume that to date the flow of information has been in one direction—from the centre to the front line—and has not been an exchange of views.

It is breathtaking that a few weeks before the general election, in their eagerness to address the concerns of professionals, the Government suddenly realise that professionals can make services more efficient and can ensure that those services are tailored to the needs of users. If we free our doctors, nurses, teachers and police to deliver the services that local people want, we will see a transformation in our public services. Too often the problem is that the Government decide that there is a one-size-fits-all solution to the needs of every part of the country, not recognising that the needs of Fareham, for example, are quite different from the needs of a community in the north-east. If we do not free up professionals to make those decisions on the ground, we are unlikely to get the public services that individual communities need.

The issue is not just the role of professionals in helping to deliver better public services. In paragraph 6.35 the Red Book refers to involving users in the delivery of public services. It states that

> "the Government aims to involve users more closely in the design, delivery and governance of public services, recognising their critical role as co-producers."

But involving people in the design of public services is about more than getting them involved in the governance of local services. What is needed is an extension of choice in many areas of public services, to enable users to tailor the services to meet their needs—to give parents the power to choose the school that best fits the needs of their child, or to give patients the opportunity to choose a hospital that has a lower rate of hospital infection, a shorter waiting list for a particular condition or a consultant with an excellent record in a particular condition, rather than being forced, as they are now, to go to the hospital that their primary care trust has a contract with, even though that hospital might not be the right one to meet their needs.

Mr. Andrew Turner: My hon. Friend has hit the button precisely. There is a world of difference between a member of public being able to sit on a governing body, whether of a school or a foundation hospital, and

his having the ability to choose the hospital that best delivers his needs. Is it not astonishing that we expect people to go through the bureaucratic procedures of involvement in governance when they could go through the so much simpler procedures of having the opportunity to decide where to obtain the service that they want?

Mr. Hoban: My hon. Friend is absolutely right. In reality, there is no substitute for choice in terms of delivering the service that people want. If they are able to choose their child's school or the hospital in which to have their operation, services will be tailored to match their needs. Too often, involvement in boards and other forms of governance is seen as a substitute for real choice in our public services. Placing too much emphasis on that puts us in danger of taking away the most simple mechanisms for people to ensure that their wishes can be heard, their views expressed and their voices listened to directly by organisations, instead of having them ignored or ridden over roughshod by public bodies and by the Government.

This Government have been a tremendous example of the way in which services can be run on the basis of a single sense of direction that is determined from Whitehall, not at a local level. As a result, priorities are not set in our local communities. Parents do not have the choice of schools that they believe that they should, but are forced to choose from a very narrow range with their choices restricted by a Government who have a clear sense that what they believe is right. That arrogance of centralised direction and control has absorbed much of the money that they have raised from taxpayers. The "Government knows best" approach stifles much of what is done well in our public services. In recent weeks, I have talked to teachers who feel as though they have become de-professionalised—that there is so much that they are told to do by central Government that they are moving away from being professionals towards being technicians. Many in the public sector worry that they are losing their autonomy and sense of decision making as individuals because of the way in which the Government, through public service agreements, targets, monitoring and control, have sought to remove some of their discretion and independence in improving public services.

If we strip out much of the bureaucracy in Government, we can afford to spend more on our front-line services. We can ensure that our doctors, nurses and teachers—all those in the front line—have the opportunity to mould services in the interests of the people who use their hospitals and schools and want safer streets. If we strip away that bureaucracy and centralised direction, we will have an opportunity to develop a pattern of provision that meets local needs and responds to what is happening on the ground, instead of whatever is the current priority in Whitehall. That will allow resources to be spent where it matters and drive the improvement in our public services that so many people are waiting for.

Our approach to public services distinguishes us from Labour. We will give power to professionals and choice to patients and parents. Our commitment to that is in stark contrast to a Government who suddenly, a few weeks before the election, find out that people are fed up with a fat and bloated Government and try to amend the centralising agenda that has demoralised our professionals and angered our constituents, who cannot see where their taxes have gone. If we are to ensure that the planned additional spending on health and education is spent well, we need to give professionals freedom, give parents and patients choice, and above all give taxpayers value for money.

9.9 pm

Mr. Mark Francois (Rayleigh) (Con): It is a pleasure to sum up for the Opposition at the end of what we can all agree has been a fairly lively debate. I shall endeavour to refer to every contribution in turn, because a considerable number of interesting points were made, which I shall try to draw on as best I can. We look forward to debating such matters in further detail after the Finance Bill has been published, which I understand will take place on Thursday 24 March.

Before I come on to the debate itself, I would like to say a brief word about the Chief Secretary to the Treasury, the right hon. Member for Brent, South (Mr. Boateng), whose office was informed that I intended to refer to him this evening. As the House will know, he has announced that he will be standing down at the forthcoming general election so that he can take up important work in Africa. It strikes me that a wind of change is blowing through the Treasury—it might have further yet to blow.

I stood in the right hon. Gentleman's neighbouring seat of Brent, East in 1997, so he and I go back at least a little way. I pay a brief tribute to him tonight and say that although the House will miss his shy and diffident style at the Dispatch Box, in an age in which it is fashionable to talk about faceless politicians, he, in all seriousness, has clearly been an exception to that. Our future deliberations will be the poorer for his not being present to participate in them. Perhaps his good friend the Economic Secretary to the Treasury will be kind enough to pass that message on.

The debate was opened by the Education Secretary. I do not mean to be uncharitable to her, but although she spoke a great deal about Sure Start, she did not actually provide one for the Government today. Frankly, she went over the top. I have heard her speak better than that and hope that we will hear her speak better again. I am afraid that today was not her best run out.

My hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins), the shadow Education Secretary, responded to the right hon. Lady in his typically robust style. Among other things, he wisely pointed out that with this Chancellor one always needs to read the small print. He gave a specific example from the innards of the Red Book on the direct funding of payments to head teachers. He then pointed out quickly that what the Government had said last week had already been qualified in the Red Book that was published only a few hours thereafter. I wish to return to the tendency to need to read the small print in the Chancellor's Budget later in my speech.

We then heard from the hon. Member for Norwich, North (Dr. Gibson), who is well known in the House for his implacable opposition to the introduction of university top-up fees. The bulk of his colleagues might not have been loyal to their party's 2001 manifesto, but

[Mr. Mark Francois]

he was. He delivered a thoughtful speech on scientific issues, especially the operation of stem cell research in the United Kingdom. I am not an expert on such matters, but I am sure that his points will have been noted with interest by those who are.

We then heard from the spokesman for the Liberal Democrats, the hon. Member for Harrogate and Knaresborough (Mr. Willis). I think that he was the only Liberal Democrat to make a speech in the debate.

Mr. Swayne: Where is he?

Mr. Francois: I do not know; I am not responsible for his diary.

The hon. Member for Harrogate and Knaresborough made the point that the Learning and Skills Council has grown like Topsy over the past few years, and I think that Conservative Members have sympathy with that statement. He rightly pointed out that the £330 million administrative cost of the LSC has increased markedly, which is one reason why Conservative Members think that the money could be spent better in an alternative way.

The hon. Gentleman spoke for more than half an hour, but he did not once mention the Liberal Democrats' intention of abolishing Ofsted, which, as we know, provides parents with an independent assessment of the success or otherwise of their children's schools. Bearing it in mind that that was a big announcement made by the Liberal Democrats only a week ago, it was interesting that in a debate specifically on education, their Front-Bench spokesman omitted to mention that that was their plan. I would love to put that point to him, and if he turns up in the next few minutes, I shall endeavour to do so.

I was perhaps a little hard on the hon. Member for Brighton, Kemptown (Dr. Turner) when I intervened on him. All I would say in my defence is that I was sorely provoked by my hon. Friend the Member for New Forest, West (Mr. Swayne) and could not resist the temptation. In fairness to the hon. Gentleman, he made some interesting policy announcements on behalf of the Labour party, including further significant rises in the taxation of petrol and, as he put it, punitive increases in taxation for people who drive 4x4 vehicles, which he characterised as Chelsea tractors. He seemed to be under the impression that they are driven only in Chelsea. If he visited my constituency, we could rapidly disabuse him of that. It will be interesting to note whether the Economic Secretary endorses any of those policy proposals in his summing up. We would be very interested if he did.

My hon. Friend the Member for Boston and Skegness (Mr. Simmonds) delivered a typically robust speech. He analysed the Budget's impact on his constituents and gave several specific examples. He rightly pointed out the need to plan to compete not only with our European partners or the United States, but, looking further ahead in the 21st century, with the economies of China and India. To be fair to the Chancellor, he has also made that point, but my hon. Friend's prescription for doing that in practice was more credible than the Government's. I pay tribute to him for that.

The hon. Member for West Bromwich, West (Mr. Bailey) spoke about several specific constituency issues. He clearly spoke from the heart. He also informed the House of his self-denying ordinance about the kissing of babies during election campaigns. It is up to each individual Member to campaign as they see fit and we shall see, when the votes are counted, whether the hon. Gentleman's intention has a dramatic effect on his result. There are many ways of effecting a swing; we shall see how that one works in practice.

My hon. Friend the Member for Ruislip-Northwood (Mr. Wilkinson) made what he announced would be his valedictory speech in the House of Commons. He used the opportunity to advocate a personal list of fiscal measures.

Mr. Stunell: Are they all in the Conservative manifesto?

Mr. Francois: I fear that they are not necessarily all there. Nevertheless, as a Back Bencher, my hon. Friend used that freedom to make his case.

I understand that my hon. Friend was first elected to Parliament in 1970. Even though I have been in the House for only some four years, I have heard him speak several times, often about defence matters, and often specifically on the Royal Air Force, about which he clearly knows a great deal. Like some in his former service, he has sometimes been one of the few during his political career, but he has consistently stuck to the principles in which he believes. On that basis, from the Front Bench, even though I have served for far fewer years than him, I would genuinely like to wish him a happy retirement.

Peter Bottomley: My hon. Friend the Member for Ruislip-Northwood has also served with immense distinction and dedication in the Council of Europe and the Western European Union, where both his courtesy and his competence helped to bring together many countries, which, when he was first elected, would not have expected to be alongside United Kingdom parliamentarians in those two great organisations.

Mr. Francois: I thank my hon. Friend for placing that important point on the record. I am sure that, whenever he went to the Council of Europe or the WEU, my hon. Friend the Member for Ruislip-Northwood gave them a lot to think about. I also wish his prospective successor, Nick Hurd, all the best in the forthcoming election.

The hon. Member for Coventry, South (Mr. Cunningham) has been in the House for some time. I hope that he takes that in the spirit in which it is meant. Being a wise old bird, it was interesting that he appeared to distance himself from his Front-Bench colleagues' claims about £35 billion of cuts in our spending plans. I listened carefully to his words and he used measured language, but he was creating a gap—perhaps not clear blue water, but at least a small stream—between him and his Front Bench.

Mr. Jim Cunningham: I do not distance myself from my Front-Bench colleagues, but we had heard so much to-ing and fro-ing about the £35 billion that I thought I would widen the debate and consider areas where one

could save a lot of money, whether it was £35 billion or more or less. My point was that, one way or another, there would be public service cuts under a Conservative Government.

Mr. Francois: I listened very carefully to what the hon. Gentleman said earlier, and people can read *Hansard* and make of it what they will, but it was clear to me that he was opening up a bit of a gap in that regard. Anyway, we will allow people to read the record and see what they make of it. If he still disagrees with me, we can discuss the matter over a glass in the Smoking Room at the next available opportunity.

Mr. Hopkins *rose—*

Mr. Francois: I shall gladly give way to the hon. Gentleman, but before I do, I want to ask him which of the 66 tax rises that his party has imposed on the British people, including his constituents, since 1997 he most regrets.

Mr. Hopkins: Actually, I am asking the questions, not answering them. I thank the hon. Gentleman for giving way. If his party were to get into power—which would be a tragedy for Britain—it might attain the same levels of inflation that it typically had during its previous period in office. If that were to happen, the £35 billion would mean much less in real terms. Is that what he is saying?

Mr. Francois: I acknowledge that the hon. Gentleman accepts the possibility that we might win the election in a few weeks' time, and I thank him for that. As he knows, the setting of the inflation target is now a matter for the Bank of England and, as my hon. Friend the Member for Westmorland and Lonsdale ably pointed out earlier, the best way to maintain an independent Bank of England is to vote Tory. I am sure that the hon. Gentleman will share that view, bearing in mind his viewpoint on European matters.

My right hon. Friend the Member for North-West Hampshire (Sir George Young) gave Ministers some sound advice on not constantly reiterating this nonsense about £35 billion of cuts, and he made his point in a very measured way. I would humbly suggest to Ministers that, given his experience in the House, they might do well to pay heed to the advice that he was offering.

My right hon. Friend also made an interesting point about the ending of the stamp duty exemption for commercial property development in disadvantaged areas, and I would like to follow up on that if I may. On 17 March, the day after the Budget statement, Jeremy Warner wrote in *The Independent*:

"This was an exemption the Chancellor introduced less than two and a half years ago as a way of encouraging business to move into areas of high unemployment. We are now told that this was always intended as time-limited, though it is hard to recall anyone saying this at the time. Bizarrely, its 'expiry' is included in the Budget documents under the heading of 'meeting the productivity challenge'. Even the Chancellor would struggle to sustain the argument that more tax means higher productivity."

The Independent is not normally thought of as a Conservative-leaning newspaper, but I hope the Minister will accept that, given the nature of the Chancellor's Budget, it is perhaps beginning to change its mind.

The hon. Member for Hartlepool (Iain Wright) spoke clearly in his first Budget debate since he entered the House at the recent by-election. It was obvious from his remarks that he knows a bit about his constituency; he clearly visits it more often than his predecessor did.

My hon. and gallant Friend the Member for New Forest, West (Mr. Swayne) reminded us that he had taught A-level economics for about seven years before entering the House. He engaged in an interesting discourse with Labour Back Benchers about the merits and intelligence of mathematicians versus economists. All that I would say on that is that if the mathematicians have Albert Einstein on their side, the economists are batting uphill from the opening. He also made an important point about the effect of Government borrowing, given the stage that we have reached in the economic cycle. I shall return to that point later if I may.

The hon. Member for Luton, North (Mr. Hopkins) made a thoughtful—in some respects helpful, from our point of view—speech, and I commend him on his determination to see the Bank of England remain independent. If he wants that to become a certainty, I would encourage him to vote Tory at the forthcoming general election, because if he votes Labour, he will condemn the Bank of England to precisely the opposite fate.

We then heard from my hon. Friend the Member for Worthing, West (Peter Bottomley), who made an important point about the decline in the savings ratio. He also had some helpful advice for the National Audit Office about removing the plank from its own eye, as it were, in regard to wasteful spending. I am sure that the NAO will take his remarks on board. He also chided the Chancellor and the Prime Minister for quite deliberately carrying on a conversation when my right hon. Friend the Leader of the Opposition was replying to the Budget statement. Hon. Members will recall that the Labour party embarked on something called the big conversation last year. We have not heard much about it since then. It seems to have been overtaken by another conversation between the Chancellor of the Exchequer and the Chancellor of the Duchy of Lancaster. That is a very lively conversation indeed, and it is often conducted in very short bursts.

There has been virtually no conversation whatever between the Prime Minister and the Chancellor during that period, hence the Chancellor's famous quotation as to the Prime Minister,

"there is nothing that you could ever say to me now that I could ever believe".

That is not the basis for running an effective Government, so I think my hon. Friend has hit on an important point, over and above the points on which he was offering advice to the Government Chief Whip, and we thank him for that.

We then had a contribution from the hon. Member for Edmonton (Mr. Love), who is back in his place and whom I would not want to disappoint. He attacked the independent forecasters for having the temerity to disagree with the Chancellor's forecasts—I shall say more about that in a few minutes—and also referred to our proposed savings of £35 billion arising from the James review.

May I make this absolutely clear to the hon. Gentleman and to all those who are listening? From that exercise—the £35 billion we have identified—we intend

[Mr. Francois]

to reinvest in key public services £23 billion. That leaves £12 billion. We will devote £8 billion of that to plugging the black hole, which will leave £4 billion for measured tax cuts, of which we have deployed £1.3 billion so far in offering our discount to council tax payers over the age of 65. That is the £35 billion that we are talking about. I have explained to him in crystal clear terms what we intend to do with it.

Mr. Love: Will the hon. Gentleman give way?

Mr. Francois: Yes, I have been waiting for this.

Mr. Love: I thank the hon. Gentleman for giving way. When I tried to get on to the Conservative party James review website, I got a wonderful picture of Mr. James and nothing else. Can the hon. Gentleman please tell us where the cuts will hit in the £35 billion, because the website does not?

Mr. Francois: Those plans have been on the website for several weeks, and I am sorry if the hon. Gentleman had trouble getting through to it today. If he is having trouble with websites, he might want to have a quiet word with the hon. Member for Rhondda (Chris Bryant), because he knows quite a bit about that sort of thing. I am sure he could advise the hon. Gentleman on how to do it.

Moving on, we heard from my hon. Friend the Member for Upminster (Angela Watkinson), who spoke knowledgeably about children's centres and how they have been changing in the past couple of years. She also highlighted problems in relation to the administration of tax credits. Ministers know that we have had lively debates about that over the past couple of months, not least when we were discussing the proposed merger of the Inland Revenue and Her Majesty's Customs and Excise.

There is still a definite problem in the administration of tax credits and child tax credits, and my hon. Friend is right to raise it. There is considerable frustration out there in the country over this matter, and she will be delighted to have it reiterated that our policy is to declare an amnesty for the overpayment of those credits in the current financial year so that we can audit the system completely and move on into the new financial year with a fresh start.

That will remove the misery, which many people have experienced, of getting two letters on the same day—one saying there has been no overpayment and one saying there has and demanding that that money be paid back. People clearly deserve better than that from any Government, and I hope that that advice is reassuring to my hon. Friend and her constituents.

We then heard from my hon. Friend the Member for Fareham (Mr. Hoban), who went through a forensic analysis of the Government's system of public service agreement targets. I know from experience that he is a good man to have read a document in fine detail, and he has proved that again in the House this evening. I look forward to finding out whether Ministers have anything to say in reply to the charges he put to them.

One of the most worrying aspects of the Budget is that it fails to address the serious black hole in the public finances. Despite all the brave words about never taking chances with them, the Red Book represents a fiscal tightening of just over £250 million, which does virtually nothing to plug the black hole that persists at the heart of the Chancellor's finances.

Almost all the major independent economic forecasters—the Organisation for Economic Co-operation and Development, the International Monetary Fund, the Institute for Fiscal Studies, the National Institute of Economic and Social Research and the ITEM Club, which uses the independent Treasury economic model—agree, and all concur that the black hole exists to the point that, if Labour was somehow to be re-elected, the inevitable consequence would be major tax rises to try to fill that hole.

As David Smith noted in *The Sunday Times* yesterday:

"For Brown, part of the aim of last week's budget was political, though mostly it was to focus attention on the long-term challenges facing Britain. But he also hoped to bury doubts about the public finances and switch the spotlight to Tory plans. In that respect the Budget was a failure".

The Chancellor and his allies like to claim that he has an impressive record for forecasting. That is half wrong and half right. His growth forecasts have indeed tended to be accurate, but his deficit forecasts have been just the opposite, and have increased by some £6 billion since the last Budget alone. The Chancellor is now projected to run a Budget deficit of some £34 billion this year, and over the next six years combined that amounts to an eye-watering £168 billion of expenditure over revenue, even without including all the off balance sheet debt. Therefore, whatever his record on forecasting growth might be, the emperor has no clothes when it comes to forecasting accurately the state of the public finances.

Another thing that we have learned about the Chancellor's Budgets is that we always need to read the small print. When we do so, it provides some fascinating information. For instance, his council tax discount applies only for one year. Page 187 of the Red Book shows clearly that it applies in 2005–06, but the corresponding figures for 2006–07 and 2007–08 are zero. It is therefore a one-off bribe designed purely to get Labour through the election, whereas our discount of 50 per cent. off a household bill up to a maximum of £500 per household is for multiple years, not just one. No wonder *The Sun* responded to the Chancellor's Budget the following morning with the headline, "Beware the bribes of March".

Dr. Desmond Turner: Will the hon. Gentleman give way?

Mr. Francois: In a moment.

Last Wednesday, when the Chancellor announced the so-called free bus passes for pensioners—which we have said that we would honour, like the council tax discount—he told the House that there would be

"free local bus travel for every pensioner and every disabled person too."—[*Official Report*, 16 March 2005; Vol. 432; c. 269.]

He neglected to mention, however, that that applied only to off-peak travel, and that it already exists in several major parts of the United Kingdom, including

Scotland, Wales and London. In addition, as confirmed in the Red Book, the measure only comes into operation from April 2006. Therefore, for those who live in Scotland, Wales or London, for those who want to travel early in the morning or for those whose journey is so urgent that they need to make it before April 2006, it is not quite the election sweetener that they might have been led to believe. I now give way to the hon. Gentleman, but only on the condition that when he asks his question he also slips in an explanation of the operation of post neoclassical endogenous growth theory in a mixed economy in the 21st century.

Dr. Turner: I do not give the hon. Gentleman that promise. I simply want to ask him why he thinks that Gordon's offer of a £200 discount to pensioners in respect of council tax is a bribe, whereas the Conservatives' offer of a £500 discount is not a bribe.

Mr. Francois: Obviously, the hon. Gentleman is on first name terms with the Chancellor of the Exchequer. The difference is that Labour's proposal is for one year only to get it through the election, whereas ours is a multi-year commitment, and not a bribe but a rolling programme. That is the answer to his question.

The British people have been offered a vote now, pay later Budget. They can vote if they wish for a high-taxing Labour Government who would almost certainly have to raise taxes, were they to win the general election, in order to address the black hole. In contrast, nothing in the Budget makes any difference to our tax and spending plans. We will implement the changes announced in the Budget, including the council tax payment to pensioners, free off-peak bus travel and increasing the stamp duty and inheritance tax thresholds. The British people can vote now and pay later with Labour, or vote Tory and avoid having to pay more. That is the choice to carry into the general election campaign, and as our leader said directly to the Prime Minister, "Bring it on."

9.33 pm

The Economic Secretary to the Treasury (John Healey): This has been a good debate. I have counted 19 Members who have contributed, including the hon. Member for Rayleigh (Mr. Francois), and I will pass on his kind comments about the Chief Secretary to him.

At the heart of this Budget statement has been the Chancellor's confirmation that the UK is enjoying the longest period of economic growth and stability since records began. While every other major developed country experienced at least one quarter of negative growth in the recent world downturn, Britain did not. Instead, Britain is the only G7 economy to have grown in every quarter since 1997. In 2004, we saw the economy grow by more than 3 per cent. for the second year running. That was exactly in line with the forecast that we first made two years ago. We entered 2005 with the same growth forecast of between 3 and 3.5 per cent. On Thursday, the hon. Member for Havant (Mr. Willetts) paid tribute to the Chancellor's forecasting accuracy, saying

"The Chancellor's forecasts for economic growth have indeed turned out to be much more accurate than those of outside City forecasters."—[*Official Report*, 17 March 2005; Vol 432, c.421.]

We have also seen the economy become more balanced, with increasing investment, strong export growth and the fastest rate of growth in manufacturing for four years.

Stability is not just a concern for economists—it helps families, it helps business, it helps Governments to plan for the future. It also reduces costs, because it leads to lower inflation and lower interest rates. Britain has simply not been used to the stability that we have seen in the economy since 1997. Between 1979 and 1997 Britain was the least stable and most volatile—rather than the most stable and least volatile—economy in the G7. During those 18 years under the Tories, the inflation rate was double the rate since 1997. Interest rates had doubled, millions were consigned to negative equity, and unemployment hit 3 million not once but twice. Since 1997 inflation has been the lowest for 30 years, interest rates are the lowest for 35 years, employment is the highest ever, and living standards have risen by an average of 3 per cent. every year in the last eight years under a Labour Government.

A strong economy is the basis for sound public finances. Since 1997, no G7 country has had lower debts and deficits than the United Kingdom. We have established and are meeting strict fiscal rules, and the Budget sees no relaxation in that fiscal discipline. Since the pre-Budget report in December public finances have strengthened, as we expected. Tax receipts are on forecast and unemployment costs continue to be low, as do Government debt and the interest rate on it. For the remainder of this economic cycle and the next, while continuing to invest in public services and infrastructure we will also continue to observe our fiscal rules.

Dr. Desmond Turner: My hon. Friend referred to stability. Would he care to contrast the record of business failures under the pre-1997 Government with the present Government's record, and the number of successful start-ups under this Government?

John Healey: I am not sure whether my hon. Friend heard what I said earlier. Stability is important not only to families and Government, but to business. Not just steady growth but stability in the economy has been a major factor in the present state of affairs: we now have 300,000 more businesses in Britain than we had in 1997.

It was a pleasure to hear my former Treasury colleague, the new Secretary of State for Education and Skills, set out the imperative and the plans for investment in education and skills. The work done jointly by her Department and the Treasury is strong, which last week's Budget underlined and which tomorrow's skills White Paper will also underline.

My hon. Friend the Member for Norwich, North (Dr. Gibson), who is recognised in all parts of the House as one of its foremost authorities on science, identified the elements of the Budget—such as the boost for stem cell research—that will help our science base. He also spoke of the way in which innovation, invention and intellectual property need to be developed and transferred to business activity.

The hon. Member for Harrogate and Knaresborough (Mr. Willis) welcomed the Budget, which he described as brimming with extras for education. I am pleased about that. The hon. Gentleman has lost none of the

[John Healey]

passion, inspiration and ambition for education that he had as a head teacher: eight years in the House of Commons have not dimmed any of that. He asked two principal questions: how the plans for capital investment in primary schools will be prioritised, and whether voluntary-aided primary schools will fall within that capital programme. The answer to the second question is yes, but as he will appreciate the answer to the first needs more consultation and is likely to be set out by the Secretary of State in detail in due course. However, she was with me when he made his contribution, and she was listening carefully.

As the hon. Gentleman pointed out, he and I both spoke at this year's Association of Colleges conference in Birmingham; indeed, I suspect that we spoke at last year's conference as well. We are both strong supporters of further education, which offers a breadth of learning to a range of learners that is simply unmatched by any other part of the education system. I am pleased that he welcomes the Budget boost to the capital infrastructure of, and plans for, FE—a point that my hon. Friend the Member for Coventry, South (Mr. Cunningham) also stressed.

My hon. Friend the Member for West Bromwich, West (Mr. Bailey) rightly identified the low skills base and the need for more science and research in his constituency—issues that are also at the centre of the future economic challenges that this country as a whole faces. We want families to open the child trust funds that he talked about, but if they do not the Inland Revenue will do so for them, so that no child will miss out on investing the money provided by the Government. As he suggested, we will also look at ways in which new parents can get information about the child tax credit.

My hon. Friend the Member for Brighton, Kemptown (Dr. Turner) clearly goaded the Conservatives, who intervened on him more times than they did on anyone else. He made the very fair point that on listening to them, one would imagine that their £35 billion-worth of cuts was somehow dreamt up by Labour. That is not our claim but it is their commitment: it is set out on the record, repeatedly, by the shadow Chancellor. My hon. Friend the Member for Coventry, South made it clear that he and his constituents know that, as sure as night follows day, cuts come with a Conservative Government. That was a warning to the whole House and to the country as we approach a possible general election.

My hon. Friend the Member for Hartlepool (Iain Wright) made an incisive first speech in a Budget debate. He reminded the House of how hard his home town was hit by the Tories—by a Government who mismanaged the economy and drove it into recession not just once, but twice. It is working-class families and towns, and areas such as his in the north-east, that bore the brunt of past economic failure and mismanagement.

My hon. Friend the Member for Luton, North (Mr. Hopkins) put on the record his congratulations to the Bank of England for its management of monetary policy. That will be both welcome and a surprise to the Governor of the Bank of England, who is not known for being a proponent of that policy. But my hon. Friend then took apart very effectively the myths promoted by the Conservatives, and he rightly stressed that the fundamentals of the British economy are strong.

My hon. Friend the Member for Edmonton (Mr. Love) developed that theme and in doing so reflected his regular service on Finance Bills and his close following of Treasury matters. He rightly said that what clearly sticks in the Conservatives' craw is giving credit to a Labour Chancellor for the successful management of the economy. My hon. Friend also reminded us that the Conservatives somehow regard the past eight years as being down to the economic legacy of the last Conservative Government. It is easy to get an economy moving again after a deep recession such as that experienced in the early 1990s, when there was the fiasco of sterling crashing out of the exchange rate mechanism; the hard part is putting in place the policies to sustain that growth, along with low inflation, low interest rates and high employment.

It is also worth remembering that in 1997 interest rates were higher, unemployment was higher, debt was higher, the last Conservative Government were spending more on servicing government debt than on education, and inflation was back in the system. That was the legacy that this Government inherited from the last one.The hon. Member for Fareham (Mr. Hoban) constructed a rather lengthy argument about public service targets, information capture and inspection. I have to tell him that, frankly, it is wishful thinking to believe that his party can somehow find £35 billion-worth of savings from spending on such measures. If the hon. Gentleman sacked every single civil servant in this country, it would save just £20 billion.

Mr. Francois: Let us nail this £35 billion once and for all. As my right hon. Friend the shadow Chancellor said in *The Guardian* this morning, our spending plans involve

"no cuts to nurses, doctors, teachers or police."

The ITN reporter Nick Robinson completely middle stumped the Prime Minister on this matter last Thursday, so Ministers should stop repeating the assertion, which is based on desperation resulting from the canvass returns that Labour Members are receiving in their constituencies.

John Healey: If the hon. Gentleman reads the record, he will see that that is not what I said. I am providing the House with an indication of the huge scale of £35 billion-worth of savings in Government spending and pointing out that deep cuts will inevitably follow if any Government set out on that path. *[Interruption.]* I shall return to the issue in a few moments.

The hon. Member for Upminster (Angela Watkinson) expressed genuine concern about early years provision. She is right about the wide range of needs that parents and children have. I was pleased to hear about the success of the Sure Start programme at Harold Hill in her constituency, but I have to say that I do not recognise the figures that she provided on so-called cuts in child care places. There has been a net increase, confirmed in the 10-year child care strategy published alongside the pre-Budget report in December, of 525,000 places in a wide range of child care settings, including nurseries and the provisions of child minders before and after school clubs—precisely the sort of provision that the hon. Lady urged on us.

The hon. Member for Worthing, West (Peter Bottomley) has been in the Chamber for most of this afternoon, but is not in his place now. I recognise his long-standing membership of the Transport and General Workers Union and pay tribute to the fact that it was he who first mentioned in today's debate the support that the Government are providing for union skills and learning, and, in particular, for the new union learning academy, which my right hon. Friend the Chancellor announced in the Budget last week. He asked about commercial stamp duty, disadvantaged areas and the operation of film tax relief. I wanted to tell him that the answers to his questions are set out in the Budget press releases, but if he cannot find them, I would be happy to provide further details.

In common with the hon. Member for Rayleigh, I like to recognise, if I have time, the contributions of all hon. Members who speak in a debate. I have to admit, frankly, that the hon. Member for New Forest, West (Mr. Swayne) had me stumped. The House did learn, however, that he taught A-level economics and that he reckons to be able to get an attentive Labrador through the exams. I take that less as a commentary on the Budget than as a bid for a Front-Bench job in the shadow Treasury team.

Mr. Swayne: Will the hon. Gentleman give way?

John Healey: If the hon. Gentleman will forgive me, there are other hon. Members on both sides of the House who made contributions and I want to pay tribute to them.

The hon. Member for Boston and Skegness (Mr. Simmonds) criticised the Government on the management of the economy and jobs performance, despite the fact there are 2 million more jobs in the British economy than there were in May 1997. May I ask him to take care? Unemployment in his constituency is down by 673 since the last election—150 more than his majority.

The right hon. Member for North-West Hampshire (Sir George Young) made a curious plea at the outset for more bullet points in the Budget. He then went on to suggest that the standard rate of income tax is the thermometer by which the Budget and the Government are judged. May I remind him that the Chancellor's Budget last week raised the child tax credit? Also, as a result of the announced rises, the new system of tax credits, offsetting income tax liabilities, means that the effective rate of income tax for a family with two children, collectively earning £25,000 a year, is 6 per cent.—not 22 per cent., which is the basic rate of income tax, but 6 per cent. The effective rate of tax for a family on £30,000 with two children will be 10 per cent.

The right hon. Gentleman also expressed concern about higher spending on the NHS being eaten up by increases in the drugs budget. Efficiency savings in the drugs budget last year led to savings of £370 million, and for this year, next year and the following years the target is for efficiency savings in the drug purchasing budget of £1 billion.

The hon. Member for Ruislip-Northwood (Mr. Wilkinson) made a reflective but characteristically right-wing speech. As he considers leaving the House, which he entered in 1970, we wish him well. I am sorry that he did not find the Budget exciting, but as the CBI said, it was a measured Budget and in many ways provides the continuity and stability that the British economy needs. The Chancellor has made it clear that he will do nothing to put that stability at risk, but the further challenge is to lock in our economic success and stability for the future. That means securing the high levels of capital investment, innovation and science, technology, business support and skills that our economy needs for sustained improvement in productivity and prosperity.

Let us look at the shadow Chancellor's plans. The medium-term expenditure strategy is the basis for his economic credibility. In that strategy, he said that he had

> "agreed with my Shadow Colleagues that the baseline for spending across all of these departmental budgets will be 0% growth for the first two years except for schools and the NHS . . . across the cycle, public spending will grow by about 1% more slowly than the Treasury view of trend rate of nominal GDP growth".

A cash freeze means that cuts will be necessary from day one. We should take the shadow Chancellor at his word: a cash freeze imposed across Government on all Departments apart from those he specifically excepted. That means cuts not just in the essential public services on which many people depend, but in the investment essential to secure the long-term stability and success of the economy—in skills, training, science, research, business support and enterprise.

When the shadow Secretary of State for Education and Skills was asked by the Secretary of State if he would match our extra spending on skills, modern apprenticeships, further education and Sure Start, the hon. Gentleman said, "Yes"—not from a sedentary position; he rose to the Dispatch Box to say, "Yes". The House heard one of two things from the shadow Secretary of State at that point. Either we heard a new contradiction and confusion about what the Tory Front-Bench team will spend and what it will cut, or we heard the shadow Secretary of State for Education and Skills make a new spending commitment that the shadow Chancellor has not made. I invite the hon. Gentleman to confirm whether the shadow Chancellor has agreed to the announcement that he made at the Dispatch Box this afternoon. Yes or no?

Mr. Collins: Yes, the shadow Chancellor agreed to what I said. What my right hon. Friend said after the publication of the James report overtakes and replaces what was said at the time of the quotes the Minister used. I suggest that he gets his Labour party research officers to update their files.

John Healey: This is an interesting conclusion to our debate. It takes the Tory spending plans and their whole claim to economic credibility further into the realms of fantasy—[HON. MEMBERS: " No, no."] It does, because it means that the year-on-year cuts and the £35 billion that the shadow Chancellor is committed to achieving must come from less and less credible sources, from fewer and fewer areas of Government spending. If the Tories want to be taken seriously on that, they must explain where they will make the year-on-year cuts in

[John Healey]

our spending plans to find the £35 billion public investment cuts that the shadow Chancellor has confirmed and described as vast figures.

Mr. Swayne: The hon. Gentleman need not speculate; all he need do is read the book—it has all been published in the James report.

John Healey: Is that the same James report that double counts the £21 billion that we have already set aside and plan to reinvest under the Gershon review? Is that the same James report that claims that more than £600 million can be saved by abolishing the strategic health authorities, when the cost of running the SHAs is only £130 million? Is that the same James report that claims that £100 million a year can be saved by privatising the driver, vehicle and operator group test, when that was privatised by the Tories in 1996? Instead of adding to, that undermines the credibility of the shadow Chancellor and a future Tory Government.

Let us be clear. The shadow Chancellor has said:

"Our plans provide the ability over a six-year period for us to be spending about £35 billion less per year in the sixth year than Gordon Brown's plans provide for".

That means year-on-year cuts in spending plans from year one. Based on the shadow Chancellor's own figures, under his plans there would be £7.5 billion in cuts next year; £13 billion in cuts the following year; £16 billion the year after; £22 billion the year after; £27.5 billion the year after; before reaching £35 billion after six years. That is the reality of what this country would face if we get a Tory Government committed to that sort of scale of cuts.

Instead, the Budget is built on the strength and stability in the economy. It strikes the right balance between tax cuts that are affordable, investment that is essential and stability that is paramount throughout. It is not a give-away Budget—in fact, there is a marginal tightening of the public finances, as several hon. Members have recognised in their speeches—but it is a pre-election Budget: it sets out the choice facing people if and when the Prime Minister calls an election.

People have a choice to consider: the track record, priorities and experience of 18 years under the Conservatives and eight years with Labour. A period under the Conservatives when inflation was 6 per cent. on average; a period with Labour when it has averaged 2.4 per cent. A period under the Tories when interest rates averaged 10.5 per cent., and with Labour less than half of that. A period under the Tories when mortgage rates for families averaged 11.5 per cent., or a period with Labour when they have averaged 6.1 per cent. for eight years.

Since 1997, while 2 million children and almost 2 million pensioners have been lifted out of the condemnation of living in absolutely poverty, we have seen living standards rise, on average, by 3 per cent. each year, and Britain today has the best combination of low inflation, high employment and rising living standards for a generation. There will be a choice at the next election: a choice of Labour with more help for pensioners, children and working families, with most help targeted on those who need it most; or the Tory party, with a threat to tax credits and the pension credit. We know from the past that the Tories leave poor, low and middle-income families worse off.

The choice is between a Labour party and Labour Government who will continue to invest in essential public services and to meet the long-term economic challenges that Britain faces, or a Tory party that is pledged to spend less in each and every year and to cut £35 billion from the public spending plans and from the investment that we need for our economic future. The choice is between a Labour Government who, for eight years, have run the economy to provide 2 million more jobs in Britain, 300,000 more businesses, 150,000 more self-employed people and 1.5 million more home owners; or a Tory party that is pledged to make the same short-term decisions and the same mistakes with the economy as they made before. The Tory party risks returning Britain to the stop-go economy that we saw before—the stop-go economy that brought to British families higher mortgages, higher inflation and higher unemployment. I end, as did the hon. Member for Rayleigh, by quoting his leader: "Bring it on."

It being Ten o'clock, the debate stood adjourned.
Debate to be resumed tomorrow.

PETITION

Judicial System

10 pm

Jeremy Corbyn (Islington, North) (Lab): I wish to present a petition on behalf of Dick Lucien Chitolie, a constituent of mine, and Christine Elaine Hanson.

The petition declares:

That both petitioners are victims of the judicial system and its attached establishments, which have denied the petitioners their rights and access to justice by ignoring Acts of Parliament that the petitioners specifically relied upon.

The Petitioners therefore request that the honourable House of Commons pass legislation to make provision for new procedures which ensure the protection of innocent witnesses and jury members in court cases, the independence of the judiciary and the right of the subjects to appeal.

And your Petitioners remain truly.

To lie upon the Table.

Law Society (Complaints)

Motion made, and Question proposed, That this House do now adjourn.— *[Mr. Ainger.]*

10.1 pm

Mr. Nigel Beard (Bexleyheath and Crayford) (Lab): I welcome Sir David Clementi's final report on legal services in England and Wales and I was pleased to hear of the Lord Chancellor's speech today at the legal services reform conference where he announced the future establishment of a legal services board and an office for legal complaints. Such a large reform and liberalisation of legal services cannot happen overnight and I therefore want to draw attention to structural deficiencies in complaints handling by the Law Society that need to be addressed immediately. The case of my constituents, Mr. and Mrs. John Andrews makes it clear how urgent and necessary that improvement in complaints handling has become. I realise that the Minister will be unable to comment on the specific details of the case, but it shows the background of my general points about the Law Society's performance.

At the beginning of 1995, the late Mrs. Patricia Andrews of Welling in my constituency, realising that she was critically ill with cancer, instructed Ms Gill Scott, a solicitor with a local firm, Woolsey, Morris and Kennedy, to arrange her will. The executors were to be a family friend, Mr. Heaton-Smith and the solicitor, Ms Scott. The estate was to be passed into trust, primarily for her son, Mr. John Andrews.

Mrs. Patricia Andrews died on 7 June 1995. What followed was three years of delay, poor service, unsatisfactory decision-making and possible misconduct by Ms Scott, all of which resulted in huge financial loss to the estate and years of distress for Mr. Andrews. Ms Scott was finally removed as co-executor by the High Court in March 1998. Sadly, that was not the end of the affair because, some seven years later, the new executors are still trying to recover the financial losses and the estate cannot be released.

This was not a complex probate case. There were some savings, some shares and two properties, one with a disputed mortgage, all to be transferred into a discretionary trust. It is difficult to understand why there were six-month periods of inactivity and why so little had been achieved at the time of Ms Scott's removal as executor.

Ms Scott failed to keep accurate accounts and did not know the estate's value when she was removed. She was guilty of misconduct in transferring £500 from the client account to the office account without first rendering a bill. She broke practice rule 15 in failing to provide a letter containing her charging policy, which might have avoided the dispute over costs at a later stage. In fact, she continually failed to provide cost information and at the time of her removal as executor the administrative costs of handling probate amounted to £10,800, compared with an original oral quote of £900.

Perhaps Ms Scott's most serious error related to one of the properties in the will. The late Mrs. Andrews had transferred a mortgage in the 1980s from an endowment policy to a repayment mortgage, only to find out some 13 years later that the building society had never made the transfer.

The building society admitted liability and made a generous offer of a £15,000 interest-free mortgage. Both the lay executor, Mr. Heaton-Smith, on the advice of independent solicitors, and Mr. Andrews were happy to settle. However, Ms Scott decided that the estate should litigate. Sadly, the case was lost, resulting in the estate being required to pay both sides' litigation costs and a full mortgage of £22,500. Plainly, there was a conflict of interest, with Ms Scott as executor instructing her own firm to litigate and the resultant income that it gained from the case. As a direct result of Ms Scott's behaviour, the estate was required to pay a total of £40,000 plus interest, rather than the £15,000 interest-free mortgage that had been offered.

Ms Scott did not fulfil her oversight obligations to the property in question, 56 Colmer road. The tenant repeatedly complained about the state of the property, but Ms Scott procrastinated about funding the repair work. In the end, the estate was forced to sell to pay for the now extensive repairs and associated litigation by the tenant. If only Ms Scott had inspected the property when Mrs. Andrews died and paid for the then minor repairs, that could all have been avoided.

In summary, Ms Scott was intransigent, made a catalogue of mistakes and did not administer the estate properly. As a direct and indirect result of the decisions she took, the cost of handling probate amounted to £35,000 more than it should have done. However, as my summary implies, the total costs were much greater than that. In being forced to sell the house, Mr. Andrews lost the value of the property, he lost future rental earnings and, thus, the investment potential from other buy-to-let properties. A conservative estimate of his loss would be some £500,000. Furthermore, Mr. and Mrs. Andrews could not draw on the residual estate value to aid them when their business and livelihood experienced serious financial difficulties. This affair has had a cataclysmic effect on the Andrews' lives.

I turn now to the handling of the consequent complaint by the Law Society. Mr. Andrews first complained in 1999. Ms Scott immediately submitted a formal bill for taxation proceedings, effectively a stalling tactic as the Law Society refuses to continue an investigation while court proceedings are under way. The second stage began almost two years later in December 2001, when Mr. Andrews came to see me at one of my surgeries. He and I wrote to ask for the file to be reopened, and that is when the endemic pattern of delay at the Law Society became apparent.

First, there was uncertainty over whether the Law Society would investigate. Then the local conciliation officer took three months to submit his formal report. That meant that it was four and a half months before the investigation stage even started. The investigation started in July 2002. It did not conclude until December 2003. It is a disgrace that such a complaint should take 23 months to be concluded, even if one accepts the Law Society's original rejection of the complaint. When the report was published, it was four years and one month after the moment the complaint was first raised.

In 2000, Professor Richard Moorhead of Cardiff university produced a very comprehensive report on complaints handling, commissioned by the Law Society,

[Mr. Nigel Beard]

entitled "Willing Blindness?". It did not pull any punches. Professor Moorhead found that persistent and pervasive delay

"is in many ways the defining characteristic of the organisation".

Although that quote is from 2000, my constituents' experience through to late last year suggests that very little has changed.

Another significant issue for my constituents was the Law Society's artificial distinction between inadequate service and professional misconduct, which Sir David Clementi highlights. The Andrews could ask for misconduct to be investigated, but not inadequate service, as neither Mr. Andrews, the beneficiary, nor Mrs. Andrews, the new executor, were clients of Ms Scott. That raised the absurd situation whereby, in the eyes of the court, the Andrews are the clients and should pay, but in the eyes of the Law Society, they are not the clients and therefore can receive no compensation and very little protection.

Mr. Andrews was also frustrated by the lack of transparency. At the moment, no one can ring to find out whether a complaint has been lodged against a specific solicitor. That means that we have no idea whether Mr. Andrews's complaint is an isolated example or whether there is a pattern of mistreating clients in the firm.

To finish with the most serious element, it seems that the major fault of the Law Society in this case is an apparent bias towards the solicitor and a lack of robustness in exacting punishment. Both may be due in part to the training of caseworkers. Mr. Andrews had four different caseworkers and there was a worrying lack of consistency. For example, the first caseworker never told Mr. Andrews that she would not investigate inadequate service on his behalf, whereas the second picked up on that straight away.

"Willing Blindness?" highlighted many such concerns about casework and adjudication panels. It found that

"For hybrid matters"

—the combination of inadequate service and professional misconduct—

"'spare' solicitor members tended to participate in discussion, regardless of whether they were formally allowed to vote".

It also found

"that caseworkers were simply accepting the solicitors' story in preference to the client's without calling for evidence which clearly existed."

Even when the Law Society does find a solicitor guilty, little appears to happen. Ms Scott was found guilty of three complaints, yet she does not appear to have been punished or reprimanded in any way. From April to September 2004, after the rebranding of the consumer complaints service, only 5 per cent. of complaints were upheld with action taken. That tiny level of convictions makes it clear that the scales of justice are firmly tipped against the man in the street.

Which?, formerly the Consumers Association, has repeatedly backed up the conclusions that I have drawn and supports an end to self-regulation. In its 2004 survey of solicitors, 71 per cent. of those who responded complained about excessive delays and 59 per cent. about negligence. More than 40 per cent. of those who said that they had received poor service failed to complain, which implies that the problem is even greater than the one in five solicitors who are complained against at present. Those who did complain did not feel that they had fared much better. The legal ombudsman's annual report backs that up: she was satisfied with the quality of complaint handling by the Law Society in only 53 per cent. of last year's cases.

As I said at the opening of my speech, the large-scale reform suggested by the Clementi report might take years to come about. I appreciate that that is why the Government took the responsible step of activating the legal services complaints commissioner. I am also very heartened by the Law Society's recent decision to set up a separate body for consumer complaints, with a lay majority. That is a positive step and I hope that this debate will inform its work.

Nevertheless, I ask the Minister as a matter of urgency and in combination with the legal services complaints commissioner to bring pressure to bear on the Law Society to make some immediate changes. Those include: eliminating the artificial distinction between inadequate service and professional misconduct; punishing infringements of practice rule 15 much more rigorously; making the process much more transparent by making both conditions on practising certificates and the complaints history against a firm a matter of public record; giving wider publicity to disciplinary findings; referring sanctioned solicitors to the solicitors disciplinary tribunal if they repeat an offence; and either making the adjudication panel minutes public or always allowing oral hearings.

None of those changes can undo the financial loss and years of depression experienced by Mr. Andrews and his family, the second element of which has certainly been increased by the Law Society's unimpressive performance. The changes could aid some of the 17,000 members of the public who, on past experience, will complain about solicitors in the next year.

Most people come into contact with the law on only a few occasions, and their depth of knowledge of procedure is shallow compared with that of lawyers. Their relationship must perforce depend on trust in a solicitor's competence. For whatever reason in the case of Mr. and Mrs. Andrews, that trust was unjustified. Such cases will inevitably arise, although every step should be taken to ensure that they are rare. The Law Society has a central role in ensuring that trust is justified by giving an objective reprimand to people whose standards of practice and behaviour fall below reasonable expectations of good faith and competence. The overwhelming weight of evidence, as exemplified by Mr. and Mrs. Andrews' case, suggests that the Law Society itself, through bias, obscurity and delay, has fallen below reasonable expectations of good faith and competence. I therefore urge the Minister to ensure that the findings of the Clementi report are implemented speedily and to take steps in the meantime to eliminate the most blatant inadequacies of the Law Society's present arrangements.

10.16 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I am grateful to my hon. Friend the Member for Bexleyheath and Crayford (Mr. Beard) for raising this issue, and I express my sympathy for his constituents, who have clearly had a distressing experience.

Since I joined the Department for Constitutional Affairs when it was formed in June 2003, my overriding aim has been to promote better public services, including legal services, that are designed to meet the needs of the people who use them. Individuals use and depend on the justice system and legal services as they go about their everyday life. Mr. and Mrs. Andrews, for example, used them to deal with the important legal matters of a will and an estate. People who use legal services are no different from other consumers, and are entitled to expect an excellent service from their provider. At worst, that service should be satisfactory. Most people go to a solicitor in times of tremendous stress—for example, when they are buying a house, when they are going through a divorce or dealing with the necessary paperwork following the death of a family member.

As someone who was previously a lawyer, I know that this is bread-and-butter work for solicitors. For the individuals concerned, however, it is a vital matter that can have a devastating and lasting effect on the rest of their lives. Someone going through the stress of a divorce has enough to contend with. How much worse would the whole experience be if, at the end, they felt let down by their solicitor, whom they trusted to uphold their rights and protect their interests? I do not wish to suggest that the majority of solicitors in England and Wales are failing to provide an excellent service. Legal services in the United Kingdom are among the best in the world, and many countries look to us in these isles for the high standard that our legal community upholds. However, we all recognise that sometimes things do not go smoothly, and there has been a problem with the processing of complaints made against solicitors. That could undermine the esteem in which our solicitors are held.

If things go wrong, consumers are entitled to expect that their complaints will be dealt with fairly and effectively. That is true whether the complaint is about a solicitor delaying sending out papers or is a matter of professional misconduct. To the consumer whose life has been affected, it does not matter whether the profession views the complaint as a minor issue or not. What matters to the consumer is that they are listened to and their concerns taken seriously.

My hon. Friend referred to Sir David Clementi's final report on legal services in England and Wales. One of the key recommendations is the proposal for a single new complaints body. We will create an office for legal complaints that will be led by a board with a lay chair and a lay majority. This body will be simpler for the public to use and understand, and better able to provide quick and fair redress. It will ensure consistent, fair and professional handling of cases for all complainants. A single new complaints body should remove the need to distinguish between inadequate service and professional misconduct. That goes to the heart of my hon. Friend's remarks. It will provide for much greater transparency within the complaints system, so addressing the points that my hon. Friend raised.

I am looking into the amount of compensation for complainants. I agree with the findings of Sir Stephen Lander, the Law Society's independent commissioner, in his 2003 annual report, that the current levels are too low. The Law Society has accepted Sir Stephen's recommendation that the compensation limit when people suffer at the hands of solicitors should be raised to £15,000. I can assure hon. Members that I am keen to implement that as quickly as possible.

Of course, removing complaints handling from the professional bodies will in no way reduce their responsibility to ensure that their members operate to the highest professional and ethical standards at all times. I acknowledge the serious and constant efforts that the professional bodies make in this regard. The office for legal complaints will help. I believe that getting complaints handling right is of critical importance. The solicitor's role as the conduit between the public and the legal system is vital, but it will continue to work effectively only if the Law Society can ensure that its services are carried out to a high standard.

Many people will already be aware of the history of complaints handling by the Law Society. Historically, hon. Members across the House have made representations to the Lord Chancellor's Department because of their concern about the handling of complaints. It was clear that the consumer was being let down. Decisive and immediate action was needed. That is why we took the step of using the powers in the Access to Justice Act 1999 to appoint a Legal Services Complaints Commissioner.

The role of Legal Services Complaints Commissioner has been taken on by Ms Zahida Manzoor, the legal services ombudsman. Ms Manzoor's experience as ombudsman meant that she had the necessary skills to undertake the challenging role of Legal Services Complaints Commissioner. Ms Manzoor's unique knowledge of complaints handling in this field meant that she was able to hit the ground running and speedily engage with the Law Society on how they intend to improve their services.

To ensure that Ms Manzoor is equipped to do the task, we granted her a range of powers. She can require the Law Society to provide information about the handling of complaints; conduct investigations into those complaints; make recommendations on how to improve performance; set stretching targets; require the society to submit a plan showing how it is going to handle complaints, for her approval; and impose a fine if the society fails to meet the agreed plans for improvements in complaints handling.

I have regular meetings with Ms Manzoor and I know that she is already making good use of those powers. She has made recommendations to improve performance and has set performance targets that she believes are reasonable and achievable for the Law Society to meet. The targets represent a package that aims to achieve a balance between timeliness of response, appropriate quality of decision making and customer satisfaction. They are a step towards achieving effective and efficient complaints handling. The Legal Services Complaints Commissioner will keep the targets under close review.

[Mr. David Lammy]

Naturally, she will act in the best interests of the consumer, but balance that with the Law Society's capacity to improve.

I am pleased to report that the Law Society's performance is beginning to improve in several areas, but there is still some considerable way to go before it delivers an effective and efficient complaints-handling service. I am sorry that we did not achieve that for Mr. and Mrs. Andrews. The Law Society has demonstrated its commitment by constructively engaging with the commissioner, responding to feedback and assigning resources to ensure delivery of the required improvements. The commissioner will publish her findings on the Law Society's handling of complaints in her first annual report, which is due to be laid before Parliament in July this year. I look forward to learning of the benefits that the collaborative actions of the commissioner and the Law Society will deliver for consumers.

I spoke earlier about Sir David Clementi's report. The Government have broadly accepted his main recommendations concerning the regulation of legal services, complaints and discipline, and new business structures. That will form the basis of a wide-ranging programme of reform that the Government will introduce. Much of that programme will require legislation. Earlier today, my noble Friend the Secretary of State gave a public commitment that we will publish a White Paper on the proposed package of reforms this year. That will set out the proposals in detail as well as plans for their implementation. Furthermore, we will bring forward legislation to put these reforms in place.

I congratulate my hon. Friend on initiating this debate, which raises yet again in this House the sad state of affairs that some of our constituents experience at the hands of lawyers who should provide a much better quality service. In the past 18 months, we have accepted the recommendations of Sir David Clementi and have moved forward in implementing them. We look forward to the day when we no longer have to discuss the, frankly, shoddy service that some of our constituents get from solicitors when they experience a divorce, have a problem with a will or probate or have difficulties when buying a house. In the meantime, I hope that my hon. Friend welcomes the changes that I have outlined.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Ten o'clock.

House of Commons

Tuesday 22 March 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON BILL (*By Order*)

Order for Second Reading Read.

To be read a Second time on Tuesday 5 April.

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Doctors' Services (Northumberland)

1. **Mr. A. J. Beith** (Berwick-upon-Tweed) (LD): What assistance his Department has given to the review of out-of-hours doctors' services in Northumberland carried out by the Northumbria Healthcare NHS Trust and the Northumberland primary care trust. [223078]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): As the right hon. Gentleman will be aware, I made my views on this matter known in the Adjournment debate that took place in January. A review has since taken place, and it is right and proper for the local health trust to take action on the recommendations, as it is now doing.

Mr. Beith: In thanking the Minister for her interest, may I ask her to put the weight of her Department behind the recommendations of the review team, particularly to ensure that doctors working in community hospitals 50 miles from the general hospital are suitably trained, and that cross-border arrangements are used to help to provide a stronger service in Berwick and other new arrangements in Alnwick? In particular, will she look again at the reasons why Northumberland is not getting rural money designed to help with situations just such as this, given that it is about the most rural and thinly populated part of England?

Miss Johnson: The right hon. Gentleman is aware that funding goes to the strategic health authorities and, across the strategic health authority, it does not qualify for rural funding. But, as I am sure he knows, money is not the issue in regard to the out-of-hours service. I agree that the trust now needs to take forward the recommendations that address the points that he has made about training and access. I think that that will address the issues that we have been trying to deal with, and I think that the right hon. Gentleman also believes that to be the case.

Mr. Peter Atkinson (Hexham) (Con): It is all very well for the Minister to push this matter back on to the local primary care trust, but one of the problems is the new general practitioners' contract, under which many GPs in Northumberland do not work on Saturdays. The consequence is that the Northern Doctors Urgent Care service gets nearly 1,000 calls on a Saturday, which is overwhelming the service. Doctors are travelling 70 or 80 miles to answer calls in rural Northumberland because of the pressure on the business. Surely the Minister should revisit the GP contract.

Miss Johnson: Eighty per cent. of GPs supported the new contract. The hon. Gentleman will also be aware that there were already arrangements in place under which large numbers of GPs delegated their responsibilities to co-op arrangements, so very little has changed in that regard—it is just that responsibility can now be passed back to the primary care trust. That has huge advantages for addressing service fragmentation and getting a better service. Indeed, in areas such as Cheshire, a much better service is now being provided. I trust that areas in which there are issues will look at the areas in which there is good practice, so as to develop the same best practice and to provide patients with the best possible out-of-hours service in all areas.

Paddington Health Campus

2. **Mr. John Randall** (Uxbridge) (Con): What recent meetings he has held to discuss the Paddington health campus; and if he will make a statement. [223079]

The Minister of State, Department of Health (Mr. John Hutton): My right hon. Friend receives regular updates on major NHS projects, including the Paddington basin development. Officials are currently reviewing the outline business case submitted by the Paddington health campus team in December.

Mr. Randall: The Minister knows of my interest in this project. At the Royal Brompton and Harefield NHS Trust board meeting on 23 February, the acting chief executive gave a firm assurance that the necessary addendum to the December 2004 outline business case for the project would be submitted to the Department of Health by 15 March. Has the Minister received it yet? If not, will he tell us when he expects to do so, and why it has not arrived?

Mr. Hutton: No, I have not received it yet, but I hope to receive it from the trust shortly. I think that the issue to which the hon. Gentleman refers relates to a recent proposal from Westminster city council—a Conservative-controlled authority—to facilitate the development of Paddington by releasing some land that would provide a significantly improved value-for-money solution to the development. I hope that there is a way forward that will provide us with such a solution, and I look forward to receiving that communication from the trust as soon as possible.

Mr. John Wilkinson (Ruislip-Northwood) (Con): Will the Minister bear it in mind that, when this project was put out to consultation, the public were informed that the net cost would be £135 million? Last autumn, the Secretary of State admitted that the estimated cost had risen to £800 million. It is now £1.1 billion. At that rate, is not this the fastest escalating estimated cost in the history of the NHS? When will the Treasury take an interest in the project and get things under control?

Mr. Hutton: I can assure the hon. Gentleman that the Treasury has taken a close interest in this project right from the beginning, and rightly so. We should not lose sight of the important point that, if there is a value-for-money solution for the Paddington health campus, and if we can find that way forward, the campus will provide a significantly better service not only for the hon. Gentleman's constituents who might need to use its specialist services but for millions of patients across the south of England. I would have thought that he would lend his support to that improvement. His real problem today, however, is not my view on this matter, but that of the hon. Member for South Cambridgeshire (Mr. Lansley), who, in May last year—

Mr. Speaker: Order.

NHS Charging

3. **Mr. Stephen McCabe** (Birmingham, Hall Green) (Lab): If he will make a statement on charging of patients in the NHS. [223080]

The Secretary of State for Health (Dr. John Reid): The Government believe in upholding the founding principle of the national health service: a service free to all at the point of need and equally available to all, because access to treatment is determined by clinical need, not by the ability to pay. That is why we have no plans to introduce charges for hospital operations.

Mr. McCabe: Has any work been done within the Department on extending the scope for charges? If so, what are the implications of that approach?

Dr. Reid: We have considered the whole set of proposals to charge patients for basic operations, but have rejected them completely. One of the reasons is that it would be grossly unfair to ask people, particularly old people, to pay about £2,500 for a cataract operation or up to £11,500 for a heart bypass. We have considered and rejected completely such proposals, as they would be unfair, immoral and, as it happens, illegal.

Mr. Edward Garnier (Harborough) (Con): The Secretary of State said, and I agree with him, that the national health service should be free to all and equally available to all. One of the problems that we have found in my area, which is covered by the Melton, Rutland and Harborough primary care trust, is that it has a deficit of £2.3 million, and it will be asked to take on the health provision for HMP Ashwell and HMP Gartree, which will only add to the burden. How will the Secretary of State prevent my constituents from being further taxed, if not further directly charged, for access to the national health service, when the PCT, and particularly its out-of-hours service, is running at a massive deficit?

Dr. Reid: On one of the hon. and learned Gentleman's points, additional funding will go with the new arrangements. Secondly, we offer equal access to everyone in a faster and comprehensive fashion by increasing investment year on year. Thirdly, it would be a disaster to reverse that, since he believes, as I do, that equal access to health care means that access to speed of treatment should depend entirely on clinical need and not on the amount that one can afford to pay. It would therefore be a disaster to withdraw investment and ask patients to pay to get quicker operations, and we have no intention of doing that.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): First, I welcome the Secretary of State's commitment to free NHS treatment, but Secretaries of State come and go. Secondly, what assessment has he made of the legal position should any future Secretary of State want to change that particular policy?

Dr. Reid: My hon. Friend is right on both points. First, Secretaries of State do come and go—some more rapidly than others, I must say, from my career. Secondly, he is right that the founding principle of the NHS stays: it is enshrined in the National Health Service Act 1946 and the National Health Service Act 1977, which states:

"the services so provided shall be free of charge except in so far as the making and recovery of charges is expressly provided for".

There is absolutely no provision under the law for any charges or co-payment for basic hospital operations. That is why I say that any plans to introduce such charges would be unfair, immoral and illegal.

Dame Marion Roe (Broxbourne) (Con): Will the Secretary of State explain to the House how NHS income from patient charges has increased by almost £500 million to £1.5 billion a year since Labour came to power? If the Labour party wins the next general election, will he guarantee that it will not increase patient charges by another £500 million?

Dr. Reid: Yes, I can explain that to the hon. Lady. There are express provisions in the 1946 Act and the 1977 amendment for certain charges such as prescription charges, dental charges and the recovery of compensation not from the patient but from those who have been negligent, as a result of which the patient has suffered injury. However, charges for basic operations are expressly prohibited under the law. Therefore, it is not legal to charge £7,550, for instance, for a knee replacement, or £3,800 for a hysterectomy. That is contrary to the basic founding principle of the national health service. If I can be courteous to her, since I believe that this may be her last Health questions, may I say how much we have enjoyed her contributions at Health questions over the years?

Kali Mountford (Colne Valley) (Lab): May I tell my right hon. Friend about a constituent of mine who told me on Friday that he needs knee surgery and is to be admitted into a Nuffield hospital for treatment paid for

by the NHS? Has my right hon. Friend considered, given that the Wanless report recommended that treatment free at the point of need was the most effective and efficient way of delivering health services, how we can expand capacity while not burdening people with an unexpected charge beyond the national insurance that they have already paid?

Dr. Reid: I am glad that my hon. Friend's constituent is getting quick access to health care. We have broken down the old dogma that says that we will never use anything except directly provided services, but we have maintained the old principle that any such services—even if purchased in bulk from the independent sector—will be delivered free at the point of need. For instance, that means that her constituent does not have to pay some £7,550 for a knee replacement, and it is one reason why the NHS is getting more and more commendations throughout the country.

Mr. Speaker: Order. I think that we should move on.

Mr. Andrew Lansley (South Cambridgeshire) (Con): So far as I am aware, the only party in this House that proposes to levy charges for NHS treatment is Labour. *[Interruption.]* It is a question. Let us consider section 150 of the Health and Social Care (Community Health and Standards) Act 2003, which is entitled "Liability to pay NHS charges"—a provision introduced by this Government 18 months ago. Following the consultation started by the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton) on 24 September, the Government propose to increase from £105 million to £250 million the amount received through charges for personal injury cases. Do the Government propose to proceed with those charges? They legislated for extra NHS charges, and as my hon. Friend the Member for Broxbourne (Dame Marion Roe) rightly said, such charges are up by £500 million. Does the Secretary of State intend to implement his plan, as set out in legislation, to increase charges by another £150 million, or is he going to tell us today that he is abandoning it?

Dr. Reid: Mr. Speaker, the House and you in particular, will be interested to know that the hon. Gentleman is talking not about charges and patients but about the recovery of costs from third parties whose negligence has resulted in people being admitted to hospital. On the other hand, since he seems unaware of the subject of charges, let me point out to him the following:

"If an independent hospital charges more for an operation than the NHS, patients will be entitled to 50 per cent. of the NHS cost as a contribution towards their bill."

That quote is from page 6 of the hon. Gentleman's own party's manifesto, which he clearly has not even read. However, I will stay within order, Mr. Speaker, and merely repeat that we will not introduce charges for basic hospital operations. We are delighted that the hon. Gentleman is putting his policy to the country.

Dr. Brian Iddon (Bolton, South-East) (Lab): Many of my constituents have to use dentists operating in the private sector and such dentists are increasingly requesting that their patients take out nominated insurance policies. Has my right hon. Friend received any complaints about this practice and if not will he examine these nice little earners for dentists in the private sector?

Dr. Reid: I will examine them because, given all the difficulties that we face in dentistry, we want to ensure that, by bringing in 1,000 more dentists in the short term and by replacing the two dental schools closed by the last Conservative Government, we increase the number of dentists available. I should point out to my hon. Friend that such experience is not typical, according to the many surveys of people's experience of NHS services throughout the country. Indeed, a recent survey showed that 30 per cent. of people categorised the NHS as "excellent", 40 per cent. rated it "good" and 18.5 per cent. rate it "adequate". So 88.5 per cent. of people rated the NHS as "excellent", "good" or "adequate", and I thank the shadow Chancellor, the right hon. Member for West Dorset (Mr. Letwin), for carrying out that survey in his own constituency, and for publishing it for our benefit.

Frome Victoria Hospital

4. **Mr. David Heath** (Somerton and Frome) (LD): If he will make a statement on the planned new Frome Victoria hospital. [223081]

The Minister of State, Department of Health (Ms Rosie Winterton): Mendip primary care trust has responsibility for the planning of the new Frome health park development and I am advised that the trust is fully committed to progressing that project.

Mr. Heath: We look enviously at areas that have new hospitals. Ours was announced in 1997 and we were told in 1998 that it would be opening in 2000, yet we are still looking at a field rather than a new hospital. I know that Mendip PCT is trying to sort out the financial problems, but given the desperate need to replace the existing Frome Vic, given the high expectations in the area for a new hospital and given that the people of Frome have themselves raised £500,000 to equip the new hospital, will the Minister agree to see me and others in the area to find a solution and ensure that Frome actually gets the new hospital that it so richly deserves?

Ms Winterton: I am aware that there have been delays in finding the right site and gaining various planning permissions, but I understand that the PCT is currently in discussion with three preferred bidders to ensure that the NHS gets the best value for money. I will keep an eye on progress in that respect and if the hon. Gentleman would find it helpful to have a meeting at some time in the future, I would be happy to participate in it.

Health Staff (West Cumbria)

5. **Tony Cunningham** (Workington) (Lab): What the changes in the numbers of *(a)* nurses and *(b)* doctors in west Cumbria have been since 1997. [223082]

The Secretary of State for Health (Dr. John Reid): As I have announced this morning, the west and north Cumbria area now has 413 more nurses than in

1997—an 18 per cent. increase. The area also has 101 more doctors than in 1997—an increase of 19 per cent. Those form part of an additional 106,080 extra doctors and nurses working in the NHS in comparison with 1997.

Tony Cunningham: I thank my right hon. Friend for those superb statistics, but he will know that my constituents do not use only the excellent hospitals in north and west Cumberland. I know from my own personal experience—my wife and baby recently had fantastic specialist treatment in the special baby unit in the Royal Victoria infirmary, Newcastle—that my constituents also have to travel to other parts of the country, so are the figures mirrored throughout the rest of the country?

Dr. Reid: Yes, indeed they are, and our policy of investing in and training staff will continue, as there is no greater priority for the NHS and its patients than the staff. The annual NHS work force statistics published this morning show that in 2004 we recruited an extra 8,000 doctors, 11,200 more nurses and 3,000 more allied professionals. Those figures show a year on year growth in the number of doctors, nurses and other front-line health care staff in the NHS, and I am proud to say that there are now more nurses, doctors, scientists, health care workers and therapists than ever before—117,000 doctors and 397,000 nurses. I can therefore assure my hon. Friend that the health service in west Cumbria and throughout the country is vastly improved from where it was under the Tories.

Mr. Andrew Lansley (South Cambridgeshire) (Con): For the benefit of the hon. Member for Workington (Tony Cunningham) and others, let us complete the picture that was published in the work force census this morning. It shows that the rate of recruitment of general practitioners and nurses has slowed last year in comparison with previous years and that the increase in the number of doctors and nurses in 2003–04 was 3.9 per cent., while the increase in the number of those working in central administration, managers and senior managers was—wait for it—7.8 per cent. The number of administrators in the NHS is rising at twice the rate of the number of doctors and nurses. I can tell the right hon. Gentleman and his—

Mr. Speaker: Order. The hon. Gentleman must ask a question, which so far he has not done.

Mr. Lansley: The question, Mr. Speaker, is one that the country will want answering. I am pledging today that the next Conservative Administration in the next Parliament will increase the number of doctors by 20,000, the number of nurses by 30,000, the number of health professionals by 30,000 and will not increase the number of administrators and bureaucrats in the NHS by twice the rate of the number of doctors and nurses. Why has the Secretary of State increased bureaucracy at that rate?

Mr. Speaker: Order.

Mr. Gordon Prentice (Pendle) (Lab): As my friend the Member for Workington (Tony Cunningham) said, the statistics are superb. Doctors often stay where they were trained, so is there not a case for a new medical school serving Cumbria and Lancashire?

Dr. Reid: Actually, we have opened four new medical schools, but my hon. Friend makes a good case. We will be looking at proposals on that subject. Like me, he will be proud of the fact that, today, we were able to announce the largest ever annual increase in consultants—1,900; the largest ever annual increase in GP—1,165; and the largest ever increase in midwives—900.

The problem with writing one's script before the facts are published is that one misses some of the falls, and we ought to be prepared to accept that there have been falls. For the first time, the percentage of the work force who are managers and senior managers is less than 3 per cent. The figure has fallen to 2.8 per cent. I am sorry that the hon. Member for South Cambridgeshire (Mr. Lansley) did not remark on that fact.

Chiropody

6. **Mr. Eric Forth** (Bromley and Chislehurst) (Con): What assessment he has made of access to chiropody services for senior citizens. [223083]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): It is for local primary care trusts to assess and determine local priorities for access to chiropody. The 2004 figures, published today, show that there are now 3,941 chiropodists working in the national health service, a 20 per cent. increase on 1997.

Mr. Forth: That sounds good, but it is a complacent answer. Why did the Society of Chiropodists and Podiatrists say recently that elderly patients are being bumped off waiting lists? Is not this another example of the Government trying to make everybody believe that things are a lot better when, in reality, our vulnerable elderly citizens are suffering what can be a painful and difficult condition? Will the Under-Secretary look again at the figures that he has been given and get real?

Dr. Ladyman: I do not believe that the society said any such thing. There has been a substantial increase in the number of chiropodists in the NHS. However, PCTs are focusing them on people with specialist needs that require a specialist podiatrist and chiropodist. Increasingly, PCTs are providing simpler and routine services such as nail cutting through other measures not included in the figures that we count. In fact, the total number of people who get access to all forms of NHS chiropody is substantially higher now than ever before.

David Taylor (North-West Leicestershire) (Lab/Co-op): Is not the National Pensioners Convention right to call for an annual free comprehensive health check for pensioners, as such checks often pick up conditions that would otherwise worsen over the ensuing years? Is not that particularly the case in terms of podiatry and a condition such as diabetes, which often has symptoms that a podiatrist can help to alleviate?

Dr. Ladyman: My hon. Friend is right. We need to look closely at what we can do to prevent older people from becoming sick. As part of the new contract, GPs will have additional responsibilities to ensure that they do that with their patients. We have announced plans in the national service framework for older people and in other measures to ensure that we move the NHS from the sickness service it has been traditionally to a genuine health service. My hon. Friend is right and, in order to do that, we must ensure that the health care needs of older people are being met on a preventive basis, which is what we are trying to do.

Mr. John Baron (Billericay) (Con): The Under-Secretary will be aware that, on many previous occasions, we have raised our concerns that many elderly people are being denied essential NHS foot care, but the Government continue to be in denial, as illustrated by the answer given to my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth). May I raise the case of an 82-year-old lady—I can supply full details afterwards—who is partially sighted, almost deaf, suffers from angina and emphysema, has suffered three strokes and is unable to bend to attend to her feet? She has been told that she no longer qualifies for NHS care for her feet and has been forced to go private, something she may not be able to afford in future. As this is a far cry from an isolated example, will the Under-Secretary now accept that there is a real problem here and that, in a target-driven culture, any NHS services not targeted are suffering? What is he going to do to put the situation right?

Dr. Ladyman: That is typical of recent announcements from the Conservative party. It is based on one case from more than 2 million people who are receiving chiropody. If the hon. Gentleman really wanted me to explore that lady's case he would have told me about it before asking his question so that I could have looked into it. On the face of it, that lady should have access to specialist care and the hon. Gentleman obviously does not care about her as much as the NHS does. Let me make it absolutely clear that primary care trusts have a responsibility to ensure that people who need the specialist service of a chiropodist receive it. That is what is happening, but that does not mean that they should be going to specialist podiatrists for simple services such as nail cutting.

General Practitioners

7. **Mr. Graham Allen** (Nottingham, North) (Lab): What proposals he has to protect general practitioners' surgeries from vandalism and intimidation; and if he will make a statement. [223084]

The Minister of State, Department of Health (Mr. John Hutton): Funding to provide security for GP premises is included in allocations to primary care trusts. I allocated an extra £108 million of additional capital to PCTs last year for 2004–05 and 2005–06, which enabled PCTs, when necessary, to fund further security improvements to GP surgeries.

Mr. Allen: Will my right hon. Friend use the Dispatch Box and, I hope, the good offices of the Opposition parties, to condemn unequivocally any assaults or attacks on people in the front line of our national health service, such as doctors, midwives, nurses and other people in doctors' practices who are doing a superb job, particularly in deprived areas such as my constituency where a tiny minority of people choose to vent their anger on NHS staff? Will he state now that he totally condemns that activity and provide adequate financial support for PCTs as they try to support our front-line health staff?

Mr. Hutton: Of course. I certainly condemn attacks on NHS staff as, I am sure, do all right hon. and hon. Members. It is impossible to imagine anything more antisocial than attacking NHS staff or vandalising or destroying NHS premises. I am aware of two GP surgeries in Nottingham that have recently benefited from significant additional investment to improve the security of their premises. That is right and proper and is the responsibility of PCTs.

My hon. Friend may be aware that the Healthcare Commission published its annual staff survey today and has produced some important figures showing, for the first time, a fall in the overall number of attacks and assaults being reported by NHS staff. I am sure that all right hon. and hon. Members welcome that progress.

Dr. Richard Taylor (Wyre Forest) (Ind): I was going to draw attention to the Healthcare Commission report and ask what the Minister is doing about it, but the previous answer covered that.

Miss Anne McIntosh (Vale of York) (Con): Will the Minister join me in condemning any assault or attack on any member of NHS staff, whether a doctor, a nurse or ambulance staff? Is it not the case, as my hon. Friend the Member for Hexham (Mr. Atkinson) said, that it is now impossible in rural areas to see a GP on Saturday morning or to have a GP visit on Saturday morning? Surely that will lead to more protests and perhaps assaults on NHS staff because of sheer frustration?

Mr. Hutton: I think that the hon. Lady would, with hindsight, think twice about saying that in the House.

I do not accept her description of out-of-hours services in her part of the country. Primary care trusts have a legal responsibility to provide out-of-hours services and they must contract with providers who meet the national minimum quality standards, which require GPs to be available to staff out-of-hours rotas and to make home visits when necessary. If the hon. Lady has evidence that that is not the case, she should bring it to me.

Mr. Bill Olner (Nuneaton) (Lab): The figure of £108 million that the Minister announced for primary care trusts to help doctors to combat vandalism in their surgeries is welcome. Can he tell us how much our primary care trusts will receive and how it will be distributed? I am concerned that that very good message does not always get through.

Mr. Hutton: I will certainly do that.

Mr. Paul Burstow (Sutton and Cheam) (LD): I echo the condemnation by the hon. Member for Nottingham, North (Mr. Allen) of assaults on NHS staff. Given the publication today of the Healthcare Commission's survey, which shows a reduction in the number of assaults being reported but that more than one in four NHS staff are the victims of both violence and abuse, and given that the costs of damage to property and injury to staff amount to £678 million a year, is it not time for the Government to consider legislation to ensure that those who are harmed and assaulted in our NHS are given the additional protection and certainty of stiffer penalties against those who assault them? That would send a clear message that we have no tolerance for such actions.

Mr. Hutton: I am glad that the hon. Gentleman welcomes the progress that has been made, even though he did so rather grudgingly. The penalties in the criminal justice system are a matter for my right hon. Friend the Home Secretary. My responsibilities and those of my ministerial colleagues are to ensure that whenever assaults take place, we do everything that we can to ensure that all the available evidence is in place so that the prosecuting authorities can prosecute. That is the most important contribution that the NHS can make, and we are encouraging it to do so.

Dementia

8. **Mr. Richard Bacon** (South Norfolk) (Con): If he will make a statement on the provision of services for the elderly with dementia. [223085]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): The national service framework for older people sets out service models, actions and milestones for the NHS and social care to follow in the provision of services for older people with dementia. The Green Paper on adult social care, published yesterday, sets out our further proposals for improving services for all adults who need care.

Mr. Bacon: The future of Cygnet house, a care facility for the elderly with dementia in my constituency, is under threat from a review by the Norfolk and Waveney mental health trust. At its consultation meeting on 21 February, the trust met an overwhelming response from local people to the effect that Cygnet house must be kept open in some form and not go the way of Dennyholme, an excellent facility in Diss, which was tragically closed. Does the Minister accept that if public consultation means anything, it means listening to what local people actually say?

Dr. Ladyman: Of course the hon. Gentleman is right and the consultation must take full account of local people's views and give them appropriate weight. It is the responsibility of the primary care trust and the other officials working for the NHS in the area to ensure proper provision for all people with dementia. Increasingly, we are able to help many people with dementia to remain independent and in their own homes, and I have no doubt that that is what most of them want to happen for as long as possible. That has to be balanced with the need to provide residential and nursing care, and other types of long-stay care for those who cannot stay in their own homes. That is the difficult balance for his local trust to strike in reaching its decision.

Mr. David Hinchliffe (Wakefield) (Lab): I understand from the Library that in nearly 18 years here I have asked 3,684 questions. Unfortunately, I have not received as many answers. One question that I have asked successive Governments on many occasions—and it is very relevant to dementia—is to define the boundary between means-tested social care and free NHS nursing care. In implementing the excellent Green Paper, will my hon. Friend look seriously at getting rid of that nonsensical boundary which unfairly discriminates in particular against people with dementia?

Dr. Ladyman: There is a possibility—no more than that—that this may be my hon. Friend's last opportunity to ask a Health question. If it is, I may say how much the Government have appreciated the work that he has done over the years. I am sure that his constituents and everybody in the House will join me in wishing him well.

As my hon. Friend knows—because a day or two ago, his Health Committee quizzed me thoroughly on the issue—we are conducting a review of the way in which the eligibility criteria for NHS continuing care work. We will produce a national framework, and one of the aims will be to ensure that we have clear, objective means to discern where top band nursing care leaves off and where NHS continuing care comes in. We have to end up with a system in which everybody feels that they will be treated the same, no matter where they live. The NHS does not discriminate against people with dementia, who are as eligible for free NHS continuing care as anybody else, if they meet the necessary criteria.

Hywel Williams (Caernarfon) (PC): Bilingual older people with dementia can lose ability in their second language, which is often English. What provision is the Minister planning for people in that predicament who are assessed for NHS services in their second language?

Dr. Ladyman: Of course, the Welsh Assembly has responsibility for such matters in Wales, but I can tell the hon. Gentleman that we are making extensive efforts to ensure that people in England whose first language is not English have wider access to translation services, to which NHS Direct now provides access. That is part of the NHS offering that we must continue to work on and improve, and the hon. Gentleman is absolutely right: people cannot be assessed fairly if they cannot explain their needs. Yesterday's Green Paper on adult social care spoke of the need to start introducing self-assessment, but people who cannot use their own language in this context cannot communicate what they have decided that they need.

Mr. Eric Illsley (Barnsley, Central) (Lab): Will my hon. Friend reject the recent guidelines from the National Institute for Clinical Excellence, which recommend the withdrawal, purely on cost grounds, of drugs to treat dementia? There has been a great deal of opposition to that suggestion.

Dr. Ladyman: As my hon. Friend knows, NICE is independent of Government. It attempts to produce objective guidance, based on available evidence. The guidance to which he refers is open for consultation, and the Government are as free as anyone else to make their views known. We will do that, and this afternoon my right hon. Friend the Secretary of State will meet representatives from the Alzheimer's Society. We will respond to NICE later today, and copies of that response will be available in the Library and on the internet. We will make it clear that the institute should consider the wider cost implications of withdrawing those drugs, including the implications for families and carers.

Mr. Simon Burns (West Chelmsford) (Con): Is the Minister aware of the great concern among physicians, charities and carers that, if the preliminary NICE decision on Alzheimer's drugs is confirmed, it will have a disastrous effect on patients, and on their families and carers? Does he realise that withdrawing those drugs will create a perception that patients are being abandoned by the Government, and that an even greater burden will be placed on carers and the care services?

Dr. Ladyman: Of course I recognise those concerns. I want to put it on record that, when the NICE guidelines were first published, I spent two days ringing experts and lobby groups. I spoke to them about their response to the report and about what the Government were going to do, and I reassured them that we would make our position clear through the consultation. Many experts told me that they considered the decision to be flawed, either because it did not take into account sufficient evidence in respect of efficacy, or because the mechanism behind the review was flawed. Both those considerations will need to be taken into account when NICE determines the final content of the guidelines.

We should not speculate now about what that final guidance will contain, or about what we shall have to do as a result. However, I make it clear that, if the ultimate decision is that the drugs in question are ineffective and that there is no point in using them, we expect PCTs to deploy money that is not spent on those drugs on effective treatments for people with dementia and Alzheimer's.

NHS Charging

9. **Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): If he will make a statement on charging of patients in the NHS. [223086]

The Secretary of State for Health (Dr. John Reid): I refer my hon. Friend to the answer that I gave earlier to my hon. Friend the Member for Birmingham, Hall Green (Mr. McCabe).

Dr. Starkey: In my constituency, waiting times for operations are much lower than they used to be, thanks to investment by this Government. When I was first elected in 1997, I was besieged by constituents waiting for hip operations. The choice that faced them was between using their hard-earned savings to jump the queue and pay for a private operation, and waiting even longer for NHS treatment that required the same surgery, often by the same surgeon. I am disturbed by reports that hip operations will attract charges of £6,000. Has my right hon. Friend made an assessment of how soon those charges—

Mr. Speaker: Order. That point has already been mentioned in questions today. The hon. Lady took far too long on her supplementary question. I call Mr. McLoughlin.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Can the Secretary of State confirm some figures that I saw at the weekend? They showed that seven years ago only 1 per cent. of BUPA's business came via the national health service, but that the figure is now 10 per cent. I congratulate the Government on that, but can he tell me who is paying and how much?

Dr. Reid: Yes, I can tell the hon. Gentleman. The NHS is prepared to purchase in bulk operations from the independent sector to complement an expanding NHS, and every one of those operations is delivered free to patients in the NHS. I will continue both to expand the NHS and to purchase from the independent sector where appropriate, but I give the hon. Gentleman a guarantee that patients will never be charged, not £6,000, but £7,750 for a hip operation. One of the reasons why there is such affection for that uniquely British institution, the national health service, is precisely because it enshrines the uniquely British sense of fair play, which dictates that people's access to operations and the speed of their treatment is determined solely by clinical need, never by the size of their wallet. As long as the Labour Government are in power that will remain the case.

Mr. Keith Bradley (Manchester, Withington) (Lab): The people of south Manchester will welcome the fact that they will not be charged for their care at the magnificent new Withington community hospital, which opens its doors next week. I invite the Secretary of State to visit Withington at the earliest opportunity, to pay tribute to the thousands of people who campaigned for the hospital and to the officers of South Manchester primary care trust, especially the project director Joe Ranson, who delivered the project on time.

Will my right hon. Friend also consider carefully the capital scheme—

Mr. Speaker: Order. That is more than one supplementary.

Dr. Reid: I congratulate my right hon. Friend on the work being done by NHS staff in his constituency, and I will certainly consider his courteous invitation. Too often it is only what goes wrong in the NHS that is mentioned, but we should always be prepared to recognise the huge reservoir of comfort that the NHS brings to so many people. As far as patients are concerned, we will continue to expand the NHS, we will continue to purchase outside the NHS and deliver those operations free, and we will continue to extend choice. I make this promise: the only thing that patients will have to take to their doctor under our proposals is their diary, to fit in appointments that are convenient for them, not their cheque book.

Child and Adolescent Mental Health Services

10. **Mr. Edward Leigh** (Gainsborough) (Con): What improvements to child and adolescent mental health services have been put in place since 1997. [223087]

The Minister of State, Department of Health (Ms Rosie Winterton): Increased investment in and reform of child and adolescent mental health services has led to a 6 per cent. increase in staff and an 18 per cent. increase in funding between 2002 and 2003. To improve services further we are allocating an extra £300 million between 2003 and 2006.

Mr. Leigh: Can the Minister explain why in the past eight years, although spending in the NHS has increased by 63 per cent. in real terms, the number of child and adolescent psychiatrists has increased by only 22 per cent., which is, interestingly, the same rate of increase as in the last eight years of Conservative government? What will she do to ensure that increased spending on the NHS really does get to the front line?

Ms Winterton: As well as the increases that the hon. Gentleman outlined, a third more nurses are working in the community than in 1997, a quarter more psychologists and 60 per cent. more clinical psychologists. Child and adolescent mental health services are improving, but there is patchiness throughout the country, so with the extra money that we are putting in, we are considering what further support can be given in individual areas. The hon. Gentleman's area is spending £1.3 million on CAMHS, but through the children's national service framework we want to ensure that there are equal standards throughout the country. That is about investment and reform, not about cuts and charges.

Mr. Huw Edwards (Monmouth) (Lab): Will my hon. Friend acknowledge that for adolescents with eating disorders there is a lack of specialist provision within the NHS, and that while some of my constituents have benefited from the provision at the Priory in Bristol there is a need for greater specialist treatment for young adolescents, especially young girls, with bulimia, anorexia and other eating disorders? We would be grateful for any discussion that my hon. Friend can have with the new Welsh Minister for Health and Social Services about this.

Ms Winterton: The provision of treatment for people with eating disorders has improved, but there is still a long way to go. We have tried, for example through community teams, to ensure that people are specifically trained in the treatment of eating disorders, and Professor Louis Appleby is considering specialist service provision with a view to seeing how we can increase such support. If I have any discussions with the Welsh Minister, I will pass on the changes that we are making and discuss any changes that may be made in Wales.

Tim Loughton (East Worthing and Shoreham) (Con): Despite the Minister's claims, she knows full well that mental health, particularly child and adolescent mental health, remains a Cinderella service of the NHS. Why after eight years under her Government of the problem growing—she knows that the growth in the number of consultants is at exactly the same rate as it was in the previous eight years under the Conservative Government—are there only six CAMHS in-patient beds per 100,000 children? Why did the Mental Health Act Commission report that 82 per cent. of 16 to 18-year-olds are placed in inappropriate adult facilities? Why are one in six consultant psychiatric posts still unfilled, especially in CAMHS and why, with 24,000 teenagers self-harming a year, is her Department withdrawing funds that will result in the closure of Saneline, which is unique in offering a lifeline to children and their carers experiencing mental illness?

Ms Winterton: The hon. Gentleman knows very well, because I am sure that he will have studied carefully Louis Appleby's report "The NSF for Mental Health—Five Years On", that £728 million extra has been spent on mental health services since the Government made them one of their top three health care priorities. He also knows that the numbers of consultants, clinical psychologists and nurses working in the community have risen, as I have already outlined, and we have crisis resolution teams and early intervention teams. At the same time, there are vacancies, and we are considering with the Royal College of Psychiatrists new ways in which psychiatrists can work. If he visited some of the community teams that have been set up, he would find that psychologists, psychiatrists and community teams are working together in a totally new approach, involving investment and reform. As I am sure he knows well, we gave £2 million to Saneline over two years. That contract was always going to come to an end; it was not for ongoing support. We have put all the telephone helplines together in one association, backed up by £5 million of support, for which Saneline can apply. The Government have made vast improvements in mental health services, which were neglected for 18 years under the previous Administration.

Safety of Medicines

11. **Paul Flynn** (Newport, West) (Lab): What new proposals he has to improve the safety of medicines. [223088]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): We believe in putting patients first, and, in accordance with that the Medicines and Healthcare products Regulatory Agency has today published a consultation document on proposals for implementing a number of changes to the law in the UK designed to strengthen regulation. Copies have been placed in the Libraries.

Paul Flynn: Last Thursday, the head of drug safety in the United States said that Vioxx was the single greatest drug safety catastrophe in the history of the world, afflicting up to 140,000 Americans with strokes or heart attacks. In this country, we have 4.5 million prescriptions for COX-2 inhibitors, yet our own defective yellow card system failed to find a significant adverse reaction here. Is it not time that we banned the prescription of all COX-2 inhibitors and had a thorough safety appraisal?

Miss Johnson: As my hon. Friend is aware, the changes to UK legislation that we have put in place, those that we have proposed and the ones that I have just announced will further strengthen drug safety monitoring, by requiring risk management plans at the time of licensing new medicines, and by reinforcing the obligations on the industry to keep regulators informed of any issue that might impact on the safety of marketed medicine. We have reviewed the legislation. The National Audit Office has given the MHRA a clean bill of health, and we are taking all the steps that I have outlined and others to improve transparency and protection for patients.

Mr. David Tredinnick (Bosworth) (Con): The Minister conspicuously failed to mention the traditional herbal medicines directive or the vitamin supplements directive, and the concern that the so-called positive lists and the vast cost to manufacturers of producing those lists will mean that many supplements are taken off our shelves. The Government are directly responsible for that.

Miss Johnson: Those matters do not relate to medicines, as the hon. Gentleman is well aware.

Eastbourne District General Hospital

12. **Norman Baker** (Lewes) (LD): If he will make a statement on bed occupancy at the district general hospital at Eastbourne. [223089]

The Minister of State, Department of Health (Ms Rosie Winterton): The high occupancy rate at Eastbourne district general hospital has been greatly exacerbated by the level of delayed discharges locally. The primary care trust and social services department met recently to discuss what action the social services department could take to ease the problem.

Norman Baker: I am grateful to the Minister, who recognises that the high level of occupancy is causing major problems for my constituents, including the threatened closure, temporary or otherwise, of the accident and emergency department. That is unacceptable. Is the hon. Lady aware that East Sussex county council, which is controlled by the Conservatives, has adopted a deliberate policy of keeping people in hospital, blocking beds and causing massive bills for council tax payers and money to be thrown away on fines?

Ms Winterton: I am very aware of the problems created by the Conservative-controlled council. Its behaviour is unacceptable. That is why a meeting was held recently between the PCT and the council to highlight the problems caused for patients who were being delayed in hospital as a result of their actions. I hope that it has learned lessons from that and put in place proper procedures to deal with people in the area.

Dr. Desmond Turner (Brighton, Kemptown) (Lab): The acute trusts in Brighton are also affected by bed blocking, attributable to East Sussex county council. I, too, have been horrified to learn that that council has adopted a deliberate policy of delaying discharges. Despite being fined £700 per week per patient, the council sees it as a way of saving money. Its assistant director told me that the blame rested with the health economy for not controlling emergency admissions, and it was no good clearing beds because the hospitals would—

Mr. Speaker: Order. The hon. Gentleman must be fair. The constituency MP is still to be called.

Ms Winterton: My hon. Friend is pointing out that a clear pattern of behaviour is being adopted by Conservative-controlled councils to prevent people from being discharged from hospital, because those councils think it is cheaper for them to keep people in hospital. That is unacceptable. I hope the electorate will take the opportunity at any forthcoming general election to make it clear that they do not accept that that is the way to behave.

Mr. Nigel Waterson (Eastbourne) (Con): Returning to Eastbourne, if I may, on any view my local health economy will end the current financial year with a substantial deficit. Given the massive pressures on my local hospital, which we have heard about, the cancelled operations and the warning from the trust board that the accident and emergency department might have to close for some periods, can the Minister assure me and my constituents that no one is putting any pressure on the trust to reduce the deficit at this very difficult time?

Ms Winterton: The hon. Gentleman will recall that we met to discuss the issue, and I was able to reassure him that the accident and emergency department would certainly not be closing. He accepted the point that I made to him at the time, when I suggested that he might like to speak to colleagues on the council about their policy and about ensuring that they put in place proper procedures for dealing with people. As for dealing with the deficit, it is important that local agencies work closely together. To be frank, the council needs to take note of that and work closely with the PCT.

Mr. Michael Jabez Foster (Hastings and Rye) (Lab): Whatever the challenges facing East Sussex county council, it is failing to comply with its statutory obligations to move people from hospital. Will my hon. Friend give health authorities the authority to make placements in order to empty beds and to send the bill to the council?

Ms Winterton: I understand my hon. Friend's frustration with the council's actions, although the remedy he proposes is drastic. We will have to keep the matter under review if councils insist on behaving in a fashion that is detrimental to patients in their area and to his constituents and others.

Heart Conditions (Screening)

13. **Ann Winterton** (Congleton) (Con): If he will introduce screening for abnormal heart conditions in all young people. [223090]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): The UK National Screening Committee, which advises the Government on all aspects of screening, does not recommend population screening for abnormal heart conditions, as current evidence does not support this.

Ann Winterton: Although I welcome the fact that the condition is included in the national service framework for coronary heart disease, is the Minister aware that sudden cardiac death kills eight fit young people under 35 each week in this country, and that the charity CRY—Cardiac Risk in the Young—which was set up 10 years ago, has introduced four screening centres and donated more than £400,000-worth of cardiac equipment to GP surgeries and hospitals? Why will the Government not recognise the condition and set up a national screening programme?

Miss Johnson: I have already answered that question. The UK National Screening Committee does not recommend that course of action, and we take expert advice. The hon. Lady is right to say that there is a new chapter in the national service framework on arrhythmias and sudden cardiac death, which was published only on 4 March. Testing for certain heart problems is offered, where appropriate, to close relatives of those who have died suddenly. I appreciate the numbers involved—I am well aware of the information campaigns. Under the new chapter, it is a marker of good practice that any young person who is experiencing symptoms suggesting an abnormal heart condition is referred to a paediatric cardiologist and given treatment accordingly.

Skills White Paper

12.33 pm

The Secretary of State for Education and Skills (Ruth Kelly): With permission, Mr. Speaker, I would like to make a statement about the next phase of our skills agenda. Earlier this month, I launched our reforms of education and training for 14 to 19-year-olds setting out how we will equip young people for employment by securing the basics and improving vocational opportunities. Today I will focus on our ambitions for adult skills.

I start by putting on record my thanks to the national Skills Alliance. Never before have we had such strong and effective collaboration between all the key partners—employers, unions, training providers and four Government Departments—on the skills agenda. They all understand that, in a global economy, we must invest in our future and equip our employees to compete with the best in the world. We cannot afford to stand still on skills. Although the productivity gap between the United Kingdom and countries such as France and Germany is closing, it remains large. In terms of gross domestic product per hour worked, France is 25 per cent. more productive than the UK and Germany is 13 per cent. ahead. Up to 20 per cent. of the gap is accounted for by our skills base.

In previous decades, emerging Asian economies competed on the basis of lower labour costs, but with about 20 million graduates in China and 2 million new graduates each year in India, those countries are increasingly competing on expertise. The only viable course for the UK is to change to a high-skilled, high-value-added economy.

Meeting that challenge will require us to build on the progress that we have already made. Since 1997, 839,000 adults have achieved basic skills qualifications, more than three times the number of young people are enrolled on apprenticeships, and more than 130,000 employees have benefited from our employer training pilots. But 5 million adults still do not have basic literacy skills, 15 million adults lack basic numeracy skills, and more than 6.5 million adults in the work force do not have the equivalent of five good GCSEs.

We also face a crucial challenge at technician level. In 1997, 43 per cent. of the adult work force were qualified to level 3 and above; today that figure is 50 per cent. However, it is estimated that by 2012 two thirds of jobs in the UK will require skills at level 3 or above, so we need to do more. Rising to that challenge will require us to transform the skill levels of young people entering employment through our radical 14-to-19 reforms, the growth in apprenticeships, and our commitment to move towards 50 per cent. of 18 to 30-year-olds participating in higher education. We also need a step change in our approach to developing the skills of the adults already in the work force. Our strong and stable economy, with record levels of employment, means that we now have an historic opportunity to do that. Securing that step change is the aim of this White Paper.

I am clear that these reforms can work only if we put employers' needs centre stage in the design and delivery of training, support all individuals to acquire skills so that they can get on at work, and ensure that training providers are high quality and respond to the needs of employers and learners. That is what we will do. We will support employers through new employer-led skills academies in each major sector of the economy—world-class centres of excellence providing a new benchmark in the design and delivery of skills training to young people and adults.

We will create a national employer training programme from 2006–07, offering free training in basic skills, NVQ level 2 and access to higher-level training. To support the transition to the national programme, as announced in the Budget, in 2005–06 we will invest an additional £65 million in the existing employer training pilots on top of the £290 million already allocated. The national employer training programme will help to train the next generation of technicians. Today I can announce that across two pilot regions we will invest £20 million each year in 2006–07 and 2007–08 as part of a new partnership between Government and employers to improve performance at level 3.

We must also strengthen the voice of employers through sector skills councils so that they shape the supply of training and qualifications in each sector, including new specialised diplomas for 14 to 19-year-olds. I therefore welcome the first four sector skills agreements launched alongside this White Paper. For the first time ever, they bring employers together on a voluntary basis to tackle the skill needs of their sector and to give them new leverage over the way in which public funds are used to pay for training. Furthermore, we will advance a partnership with the trade unions. As announced in the Budget, we will invest £4.5 million over two years to support the TUC's proposals to create a union academy. We will also increase the number of union learning representatives from 8,000 to 22,000 in 2010.

I am committed to supporting people in gaining the skills and qualifications needed to get satisfying jobs and a decent standard of living for themselves and their families. Our skills policy underpins our ambitions for a fairer, more socially mobile society. We will help individuals up the career ladder through an unprecedented extension of opportunity. We will expand nationally free training to NVQ level 2 for all adults without that level of qualification, alongside the free training that is already available for basic skills. Every adult has the right to a second chance to a decent education. We will expand the adult learning grant to support adults in training full-time for NVQ level 2 and young adults aged 19 to 30 in studying full-time to NVQ level 3.

We will also expand foundation degrees, with 50,000 places available next year. We will offer more help to adults to help them to navigate their way through the system. For the first time, we will create a one-stop telephone and online service helping people to make decisions about their careers, training needs and financial support. Through the new deal for skills, we will provide one-to-one advice from a learning coach and financial support on top of benefits in order to remove the obstacles that people face in gaining access to training when moving from welfare to work.

To deliver those benefits, we need excellent and responsive providers of training and a clear qualifications system. Our delivery partners have already made considerable progress on that. We will

[Ruth Kelly]

build on it by investing £1.5 billion over five years as part of a long-term commitment to transform the further education sector. For too long, FE has not received the attention that it deserves. I want to see a rejuvenated college sector brought about through investment and reform.

We will also provide a simple credible qualification structure for individuals and employers. The Qualifications and Curriculum Authority's proposed framework for achievement will apply a consistent approach throughout the 14-to-19 phase and to adult skills, helping people to build up credit towards qualifications. We will use regional skills partnerships to drive regional economic development, bringing together regional activity on training, jobs, innovation and business support.

Skills benefit all of society. If we tackle the challenges that face us, we shall have a real opportunity to make a fundamental change for the better—for individuals, for employers and for the country. The reforms in the White Paper will do that, and I commend it to the House.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): This is a genuinely important subject and we are pleased that the Government decided to produce a White Paper.

In January, the director general of the Institute of Directors said that the Government were failing to remedy the UK's shortage of skilled workers. He pointed out that some 25,000 16-year-olds were leaving school each year with no GCSEs, and that last year the skills shortage left 135,000 vacancies unfilled. That is not just the view of the Institute of Directors: only last month, in a survey of 6,000 businesses, the British Chambers of Commerce found that the number of firms finding it hard to recruit skilled workers had risen by 50 per cent. in the last 10 years. Yet the number of young people in the NEET group—those not in education, employment or training—has increased, not fallen, since 1997.

As for basic skills, literacy and numeracy were supposed to be independently assessed for each school leaver as a central part of the Tomlinson recommendations—regrettably abandoned by this Secretary of State. In the House yesterday, she claimed that the national literacy strategy was

"now almost entirely based on synthetic phonics."—[*Official Report*, 21 March 2005; Vol. 432, c. 607.]

I hope that that was off the cuff—it did not seem to be in her text—and I hope that the Secretary of State will feel able to correct it today. Basic skills—literacy and numeracy—are not moving in the right direction, and they will not do so if the Government continue their present strategy.

Then there are higher-level skills. The number of entrants for some of the most challenging yet most important A-level subjects has gone down, not up, since 1997. The number of entrants for French A-level is down by nearly 50 per cent., the number for German A-level down by more than a third, the number for chemistry—

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): What about adult skills?

Mr. Collins: If the Minister does not understand that A-levels in modern languages and the key sciences are vital to adult skills, no wonder the Government are performing so poorly.

The numbers of A-level entrants for chemistry, for physics and for mathematics are all down by at least 10 per cent., and in some cases by nearly 20 per cent. In her statement, the Secretary of State rightly spoke of the essential nature of level 3 skills. Why, then, are the Government cutting funds for level 3 skills?

Today's statement was, sadly, all too typical. It lacked a great deal of substance. It was a mixture of repeat announcements: the announcement about the level 2 entitlement is welcome, but it has been made already. There is very little new money—almost all of it was announced in the Budget, and even that is a tiny percentage increase on what was already being provided. The small tinkering at the margin includes £4.5 million to be given to the trade union movement—which, no doubt by pure coincidence, is about the same as the amount that the trade union movement is expected to give the Labour party for the general election campaign this year.

Sadly, what was needed in this statement, and what employers were calling out for, is not provided. There was nothing about making exam standards tougher, more robust and more credible. There was nothing to simplify the funding for further education colleges or increase their freedom. There was nothing to match the Conservative commitment to a substantial increase in vocational education for 14 to 16-year-olds. There was a reference to providing funding for adults who are without basic skills at the age of 19, but no clarification as to whether, as the Conservative party proposes, that would be fully funded. We will see whether the Secretary of State can provide that commitment. There was no matching the Conservative commitment to set up a new national network of super-colleges and no matching our commitment to abolish failed, expensive and bureaucratic learning and skills councils, which, as the Secretary of State should know, are disliked equally and universally by schools, colleges and employers.

Instead, we heard the usual: vague words, empty aspirations and promises to do better next time. Meanwhile, British employers face real and growing difficulties. It is time to get a grip, and time to get on with the work. The Government will not do so; the Conservatives will.

Ruth Kelly: I find it extraordinary that, commenting on a statement on adult skills, the Conservatives made no reference to any policy on adult skills. Clearly, they have nothing to say.

We know certain things about the Conservatives' policies. We know that they are committed to abolishing the Learning and Skills Council, the union learning fund and the new deal for skills. We also know that they would cut the adult learning inspectorate. Perhaps the hon. Gentleman will now tell us whether they also plan to cut Labour's education maintenance allowance, the young apprenticeship scheme and free tuition for adults.

We also know that the hon. Gentleman said both last week and this week that he would match us on education. Perhaps he will also say whether he would match our policy on skills. Since the Government came to power in 1997, some 839,000 adults have gained basic skills qualifications. Since 1997, the number of adults with level 2 qualifications has gone up from 65 to 72 per cent., and the number of adults with NVQ level 3 qualifications has gone up from 43 to 50.8 per cent.

Clearly, there is more to do. We have to tackle the backlog of adult skills, and we have set out our policy. We are investing in a national employer training programme, which will provide—*[Interruption.]* The hon. Gentleman asks whether that would be free. It will provide free tuition for every adult to reach level 2 standard either in or out of work. We will use a nationwide system of brokers to work with employers so that all adults can gain access to level 3. In two regions, we are piloting co-financed level 3 training for employees, and we are investing an extra £20 million in level 3 training. We will not transform our skills base without employers, unions, the Government and the Learning and Skills Council working together actively to make that a reality.

I know that the hon. Gentleman is committed to abolishing the Learning and Skills Council, because, he says, administrative costs have spiralled out of control. But if he compares the council with its predecessor bodies, he will find that administrative costs have fallen by about 20 per cent. I know that he says that we ought to do more for school leavers and that we have not done anything to tackle basic skills, but perhaps he will reread the "14–19 Education and Skills" White Paper and see that we are toughening GCSEs in English and maths and ensuring that every child at school gains functional English and maths at level 2.

The hon. Gentleman knows that we have to take this a whole step further with regard to adult skills, but he has nothing to say on that. Is it any wonder that when my hon. Friend the Member for Wantage (Mr. Jackson) left the Conservative party, he stood up and said that it had no policy on adult skills?

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I thank the right hon. Lady for her courtesy in giving me an early copy of her statement. After the depressing exchange that we have just heard, I shall make my party's position clear: we remain committed to driving up standards in vocational education in schools, and particularly, in skills in the workplace.

There will be considerable disappointment at the Secretary of State's statement today, because she has presented us with more of a progress report than a White Paper. Indeed, with the exception of her proposal for vocational academies, there is virtually nothing new in it. How are those academies to be paid for? Will that money come out of the £350 million that was given to the further education sector for capital development, or from a separate pot?

The previous White Paper, published in 2003, concentrated on level 1 and level 2 qualifications, and we understood the reasons for that. We expected this White Paper to contain significant proposals for level 3 qualifications. Indeed, the Secretary of State commented at the beginning of her statement that that was where the greatest challenge lay. Will she tell us what target she has set for the number of 19-year-olds achieving a level 3 qualification by 2010? We have such targets for levels 2 and 4, so can we please have one for level 3? Is there a level 3 strategy for 19 to 30-year-olds, with a clear target for achievement by 2010? Will she respond to the question asked earlier from a sedentary position by the hon. Member for Westmorland and Lonsdale (Mr. Collins) about whether the new 19-to-30 commitment will involve free tuition for all trainees and students?

We welcome the plan to unify the qualification structure for 14 to 19-year-olds and for adult skills, but will the Secretary of State tell us why she has not included higher education in that structure? Had she done so, we could have had a unified structure throughout the whole of our skills provision programme. We also welcome the extension of employer training pilots, with a universal system up to 2007, but will the Secretary of State say whether that provision will be demand-led? If so, does she honestly think that £65 million is sufficient to achieve that aim? LSC budgets are stretched to breaking point at the moment, and if more money has to be taken from other elements of adult skills provision to fund this proposal, we shall simply be robbing Peter to pay Paul.

The Secretary of State rightly identified the needs of small businesses. With regard to the entitlement to level 2 and 3 training, will she tell us whether she will extend employees' rights to time off for study? Has she considered and costed such a proposal? Will employers be given any compensation for the training that is obviously needed, particularly in small businesses? The lack of such compensation is often a real deterrent to employers allowing employees out.

I look forward to the Secretary of State's answers to those specific questions. We welcome the White Paper, and we welcome the journey that we are on. I hope that after the general election, we shall be able to proceed a bit more quickly.

Ruth Kelly: I thank the hon. Gentleman for his considered response to the statement, and for his detailed questions. He clearly shares our commitment to the skills agenda. As I have said, there needs to be a step change in the number of adults achieving both level 2 and level 3 qualifications.

The hon. Gentleman asked about the skills academies. We are committed to establishing 12 sector skills academies within the term of the next Parliament. They will be co-financed by industry and the Government and we have set money aside to finance the Government's contribution to them. Today, the Arcadia Group is announcing that it has put £10 million or more into a fashion retail academy that will serve the needs of the retail industry, and work with FE colleges and schools to develop vocational excellence in the retail sector. I hope that that model will be drawn on and that other models will also be used to develop the skills agenda across the country.

The hon. Gentleman also asked about level 2 and 3 qualifications. We are offering all adults a free training entitlement to receive basic skills training and level 2 training. We are also offering, through employers, a one-stop shop that will enable a single broker to go into

[Ruth Kelly]

businesses, from the smallest in the land to the largest, and, through face-to-face conversations, to assess the skill needs of the business and offer completely free, fully funded level 2 training for all the employees who need it. The broker will also identify the need for level 3 training in the business and offer to source that training, while the employer pays for it. Employers see a significant return on level 3 training—as do individuals—whereas on level 2 they do not. In two regions, we are also piloting the co-funding of the level 3 entitlement, so we shall be able to see whether a matched contribution from the Government will make a significant difference to employers who want their employees to gain level 3 training as well.

The hon. Gentleman asked about our target for increasing the number of people with level 3 qualifications. I have told him what the need of the country is: by 2012, two thirds of all existing jobs will require level 3 or higher qualifications. We have asked Sandy Leitch to carry out a review to determine precisely what our skill needs at level 3 and above will be over the next 10 years. He will report to us, and we will take his findings into account when we consider whether to put more money into level 3 training. We will of course await his report first.

The hon. Gentleman asked what we were doing to help younger people to acquire level 3 qualifications, and I can tell him that we are extending the adult learning grant, and that all young people under 30 will have access to a fixed sum from the Government so that they can study at that level. The results of the pilot schemes have shown that so far, the vast bulk of that funding has been drawn down to finance level 3 training.

The hon. Gentleman asked about higher education, and he was right to say that we ought to try to get employers involved in the design of qualifications at levels 4, 5 and beyond. In fact, that is what we are trying to do through the sector skills councils. Today, we are launching the first four sector skills agreements. For example, in the information technology sector, e-skills UK has designed a foundation-level degree in information and communications technology, which has involved employers coming together to specify exactly what is required in their industry. I would like to see the expansion of foundation degrees from the 50,000 being pursued this year to a significantly higher level as employers come together to back that expansion.

The hon. Gentleman also asked what was happening to the funding of the national employer training pilot, and whether it would really be demand-led. We have identified that take-up has so far exceeded the likely expected demand, which is why we have allocated an additional £65 million to the programme this year, in advance of the full roll-out over the following two years. We hope that that will be sufficient to meet demand, although we shall of course have to see how much demand is created. However, that is a sign of the success of the programme in its initial stages.

The hon. Gentleman asked about the right to time off for study. In the national employer training pilots, time off is negotiated as part of the agreement, so that workers can take time off to study towards a level 2 or 3 qualification. I am sure that the hon. Gentleman will agree that we have today moved forward significantly to advance our skills policy, and that that is the right thing to do for employers and for the country.

Mr. Gordon Prentice (Pendle) (Lab): My friend talks about transforming the further education sector, and about the £1.5 billion that is going into it over the next five years. May I take it that that money will close the funding gap between FE colleges and schools? The principal of my local college, Dr. Alison Birkenshaw, tells me that that funding gap costs the college £500,000 a year, which is a huge sum.

Ruth Kelly: I think that my hon. Friend is referring to the funding gap in the unit funding costs for young people in FE colleges. That gap has narrowed for colleges that have delivered on their targets, from about 10 per cent. a few years ago to about 7 per cent. today. The £1.5 billion investment is part of an investment radically to transform the infrastructure of FE colleges and to build colleges for the future, so that they will have the first-rate, world-class equipment that they need to train young people and adults. The £350 million that was identified in the Budget represents the first step in a long-term process to renovate the entire sector.

Mr. Tim Boswell (Daventry) (Con): While I would welcome any long-term and lasting conversion to the cause of vocational skills, will the Secretary of State consider two matters in particular? First, will she consider the acquisition and accrediting of basic skills in the workplace, or at least in vocational settings, where those acquiring them are likely to see their relevance more clearly than in a classroom? Secondly, in relation to further education colleges, which will continue to be the major providers of adult skills, will she ensure that any increases—I fear that the genuine incremental increases announced today are modest ones—are not at the expense of other provision for adult learners in those colleges? The displacement effects from young persons' education have already put stress on the adult learners programme. We would all agree that the colleges are currently under severe financial pressures.

Ruth Kelly: I thank the hon. Gentleman for his comments. He is absolutely right that vocational training delivered in the workplace is far more likely to produce results than vocational training delivered outside the workplace. Where it is possible to deliver it in the workplace, that is what we shall seek to do, through the national employer training pilot. The returns to the individual from level 2 training delivered through the workplace are significantly higher than those from training delivered outside the workplace.

The hon. Gentleman also asks about adult learners in further education. He is absolutely right that we should continue to protect adult learning provision, which is delivered through FE colleges. We have built into our skills policy a safeguard on the funding directed towards adult learners, which does not mean that that provision is not co-financed, and where appropriate, that fees are not charged. It does mean, however, that we recognise the importance of that agenda, and we will protect the funding that goes towards it.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I welcome particularly the newly established employer-led skills academies. I have two construction academies in Four Dwellings high school, in which the school works very successfully with the construction industry. Similarly, the focus on regional skills partnerships is extremely helpful. Could the Secretary of State assure me, however, that when we consider the regional dimension we use a microcosm approach. I saw success in Birmingham city centre, where pockets of unemployment of young people were tackled by providing catering skills, which were exactly those that could be used by unemployed local people and that could provide local jobs. The regional dimension is important, but we should not take the region as too wide, and we should consider smaller areas, too.

Ruth Kelly: I completely agree with my hon. Friend. Regional skills partnerships will be working with the LSC and Jobcentre Plus to identify local skill needs, and in areas such as her constituency, employers can come together with FE colleges, schools and centres of vocational excellence to develop training that is appropriate to the local area. I would like to see a lot more of that in the future.

Mr. John Randall (Uxbridge) (Con): I, too, am interested in skills academies, and with my background, particularly the retailing ones. Will the Secretary of State ensure that fashion retailing does not get all the attention, as there is a whole other world of retailing out there? Can she go into a little more depth about how people access those skills academies and the sort of things that they aim to teach?

Ruth Kelly: Yes. We have worked closely with Arcadia Group, the retail industry and the Learning and Skills Council to develop qualifications and credits within the fashion retail academy. Young people can study those towards a level 2 qualification and can access them not just on the site, which will be based in London, but around the country, too. Online learning will be available, as well as accommodation for pupils who want to access the facility. An important part of the skills academy programme, however, is that it will link into centres of vocational excellence around the country and spread best practice into the further education sector, so that children up and down the country can access such skills.

Tony Lloyd (Manchester, Central) (Lab): I very much welcome today's statement. It is vital that we get the skills equation right, and I hope that my right hon. Friend will not listen to the blandishments of the Conservative party, which, when in government, betrayed this nation through its failure to develop a policy on skills. She rightly talks about a partnership between all the parties on skills training, and that is a good and healthy start. The best employers always trained well, and the good employers will train. We have a problem, however, with those employers who regard training as simply cost and not benefit or who are resistant to any training whatever. Will she always keep in mind that we need some power to coerce bad employers, as they fail not only their employees—and their businesses, interestingly—but the nation?

Ruth Kelly: My hon. Friend is absolutely right, which is why the development of sector skills councils is so important. Sectors, and industries, come together to define their own skill needs and the best way of delivering those for their sector. Certain sectors, such as in the film industry, have decided together that they want a training levy paid by all their members. We are examining how that has been working in practice, but I believe that about two thirds of all employers are paying the training levy. They have asked us to make it mandatory, and we are currently consulting on that. The key, however, is to consider the question sector by sector, and to ask sectors to identify the appropriate approach for them and what would make the most difference in terms of upgrading their skills.

Mr. David Rendel (Newbury) (LD): There seems to be one big hole in the statement—I hope that there is not a similar hole in the White Paper—in relation to education, training and skills for those in prison. Does the Secretary of State agree that such education and training is one of the best ways of reducing crime in our society, and that it is important that the cuts in education and skills training under the previous Conservative Government are rapidly reversed so that those who are in prison can avoid the risk of returning to a life of crime when they leave?

Ruth Kelly: I agree completely with the hon. Gentleman. If offenders can acquire skills, they will be less likely to re-offend in the future. We have already made significant progress on giving access to basic skills to offenders, but I would like to go further. Later this year, we will publish a Green Paper on offender education, which will take that a stage further.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Does my right hon. Friend share my anger about the situation inherited in 1997, with some 4 million adults unable to read and 10 million adults without number skills? Does she agree that union learning reps are in one of the best positions to reach out to people who lack not only skills but confidence? Will she congratulate the south-west TUC, which ran a conference just two weeks ago with which I was able to share experience, on its work to improve not only the lot of individuals, but the productivity of businesses in the city of Plymouth, the south-west and our country?

Ruth Kelly: I agree completely with my hon. Friend, which is why it is so important to increase the number of union learning reps, and why we have pledged to increase their number from 8,000 today to 22,000 in future. It is often the case that employees, particularly adults already in work, do not want to come forward and say that they have a problem with literacy and numeracy. However, it is often much easier for them to discuss their skill and learning requirements with a union learning rep with whom they feel comfortable and work alongside. Union learning reps have already increased demand for training significantly, and more than 100,000 people have accessed learning as a result. I hope that we can increase that significantly over the coming years.

Mr. Henry Bellingham (North-West Norfolk) (Con): In her statement, the Secretary of State mentioned the national employer training programme. Bearing it in

[Mr. Henry Bellingham]

mind that 92 per cent. of all businesses employ fewer than 10 people, what will be the role for small firms and their representatives? She also mentioned sector skills agreements. Is the construction industry involved, and in particular, will the Construction Industry Training Board be part of this initiative?

Ruth Kelly: I can tell the hon. Gentleman that, as the result of the national employer training programme pilots showed, in fact, the programme was most successful at reaching small businesses. It is businesses with fewer than 10 employees that find it difficult to assess training needs and to identify what they could do if their employees upgraded their skills. Where a broker can talk face to face with the person running such a business, there is a real opportunity to bring about a change in the skill level involved. The construction sector will launch its sector skill agreement this afternoon; indeed, it is one of the first four sectors to launch such an agreement. It has pledged to qualify more than 250,000 workers to VQ level by 2010, and the hon. Gentleman will doubtless agree with me that that is a significant step forward.

Mr. Brian Jenkins (Tamworth) (Lab): May I welcome this progress report? As my right hon. Friend knows, I was one of those who witnessed during the 1980s the decimation of apprenticeships and the shutting down of departments that did not teach physics or chemistry, particularly engineering departments, which were deemed too expensive. I ask my right hon. Friend not to get too carried away with centres of excellence and the regional concept. Although such centres are needed, they will not deliver the programme. What will do so is the localised concept of schools banding together and working with local authorities to give every 14-year-old the chance to gain vocational experience. Would she like to support schemes such as the one in Tamworth?

Ruth Kelly: I certainly agree with my hon. Friend that individual local authority areas need to determine the provision appropriate to their authority for 14 to 19-year-olds, and that schools, colleges and employers need to work together to identify what they can offer. Over the next 10 years, I hope to see an entitlement to 14 different specialised lines of learning that our 14 to 19-year-olds can follow. However, the question of adult skills also presents us with a challenge. We must work with employers and sectors at a regional level to identify how we can increase the number of employees with a full level 2 qualification, and see them progress to a level 3 qualification.

Chris Grayling (Epsom and Ewell) (Con): The Secretary of State's weasel words about level 3 will, I suspect, provoke a hollow laugh in the college sector. Is she not—*[Interruption.]*

Mr. Speaker: Order. I remind the hon. Gentleman that temperate language is expected in the Chamber.

Chris Grayling: I accept your guidance, Mr. Speaker. The Secretary of State's comments about level 3 qualifications will undoubtedly be greeted with a degree of surprise by the college sector. Is she aware that colleges are having to divert funding away from level 3 to basic skills, and that her own Government have introduced top-up fees for level 3 students? Is she aware that the Learning and Skills Council has said that such money will be clawed back? Will she match the Conservative party's commitment to adult learners doing level 3 qualifications, which is that their first full-time level 3 qualification will be fully funded?

Ruth Kelly: I can only tell the hon. Gentleman that more adult learners studied at level 3 last year than did so in the previous year. As I said to one of his colleagues, we will safeguard local authority-funded provision for adult learners going forward, and I should also point out that I have not ruled out co-financing where that is appropriate. Some of the fee increases currently being discussed by the Learning and Skills Council could cost an adult learner up to an extra 19p per hour. However, I do think it right that, in certain circumstances, adults contribute to the cost of such learning, particularly at level 3, which is a qualification that enables them to benefit economically. I hope that the hon. Gentleman will welcome the provision in the White Paper. The national employer training programme and the safeguarding of adult learning provision will lead to a significant increase in the number of adults gaining basic skills, level 2 qualifications and, indeed, level 3 qualifications.

Jonathan Shaw (Chatham and Aylesford) (Lab): My right hon. Friend will be aware that the Workers Educational Association is the largest voluntary provider of education in the country. She referred earlier to assisting adults in navigating their way around learning, but is it not the case that organisations such as the WEA assist excluded and deprived groups in navigating their way into learning by opening doors and opening their minds? A formal qualification is not always the best way to get a foot on the first rung of the learning ladder; rather, it is more informal learning that enables the increase in skills levels that we want to see. What does my right hon. Friend have to say to organisations such as the WEA, and about the informal learning that is a vital and vibrant part of our communities?

Ruth Kelly: I pay tribute to the work of the WEA, and I completely agree with my hon. Friend that it is a vital part of our local communities and plays a valuable role in increasing demand for learning. It is right that we preserve entry-level courses for adults that do not necessarily lead to a qualification, but might do so in time. That is why I have said that it is so important that we safeguard the funds for adult learning going forward, while also ensuring that they are appropriate to the needs of individual local authority areas. I agree with my hon. Friend that the WEA performs a very valuable role.

Indian Ocean Tsunami

1.15 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): With permission, Mr. Speaker, I should like to make a statement in order to update the House on the aftermath of the tsunami in the Indian ocean on 26 December.

Let me deal first with the number of British casualties. As of today, 95 British citizens and residents have been confirmed dead: 78 in Thailand, 14 in Sri Lanka and three in the Maldives. A further 74 are considered by the Metropolitan police as highly likely to have been involved as victims—63 in Thailand and 11 in Sri Lanka—so the number either killed or highly likely to have been involved totals 169.

The police have now conducted a review of "category 2" cases—that is, people possibly involved and unaccounted for. Each of these cases has now been determined as, tragically, either highly likely to have been involved and has therefore been moved into "category 1"; or it has been removed from "category 2"—this applies to the majority of cases—because there is no evidence to suggest that the individual in question was involved in the tsunami. In the light of that, the Foreign Office website will shift from daily to weekly publication of updates of the figures for British casualties.

British consular officials and police deployed rapidly to the areas affected from 26 December. They continue to do superb work in difficult and traumatic circumstances, and I pay tribute to them. The UK has the largest of all the international consular and police teams in Phuket in Thailand, and it has a significant presence in Sri Lanka. These staff are now focusing their efforts on identifying the bodies recovered, and on arranging the repatriation of remains to the United Kingdom where that is the families' wish. So far, 62 have been repatriated to the UK and a further 33 have been given local funerals or repatriated elsewhere, or remain in our care while we await instructions from their next of kin.

The task of identification is unprecedented in terms of the number of victims, the geographical extent of the tragedy and the many nations involved. Today, some 1,000 of the estimated 2,000 non-Thai victims in Thailand remain to be identified. The scale of this task required international agreement that, where necessary, we use the so-called disaster victims identification process. This process is painstaking and time-consuming and, as I said in Thailand on 7 January, I understand and deeply sympathise with the frustration felt by grieving families as they wait for their loved ones to be identified. But the DVI process is vital in minimising the risk of misidentification and the even greater distress that that could cause.

The west London coroner is handling inquests for almost all the British victims of the tsunami. She has made it clear that using the DVI process to reduce the risk of misidentification enables victims' remains to be released to their families quickly once they have been repatriated to the UK.

On 11 February, the UK took on the chairmanship of the international information management centre, which co-ordinates work on identification. Since then, the process has speeded up considerably: confirmed identifications have risen from 200 to more than 1,000. By way of comparison, at the same stage following the terrorist outrages of 11 September 2001, only 600 positive identifications had been achieved.

Let me turn now to our support for the victims of this tragedy and their families here in the UK. In the aftermath of the tsunami, an unprecedented number of police family liaison officers were deployed to support the families of those killed or missing, with some 300 officers involved at the peak. The Department of Health has co-ordinated information and guidance on health and psychological support services, including those of the NHS, local authorities and voluntary organisations.

The Minister for Trade and Investment, who is responsible for Asia, announced on 24 January that, in order to ease the terrible burden on families, we would allow deaths to be registered where no body has been found. I also established, in partnership with the British Red Cross and with financial support from the Foreign Office budget, a tsunami support network for victims, survivors and their families. The telephone number is 0845 054 7474. As the House is aware, the Red Cross and I have separately written to hon. Members to encourage those with constituents affected by this tragedy to put them in touch, if they are not already, with the network.

As the focus of our support to survivors and bereaved families increases here at home, we want to reinforce and to raise awareness of that support among those affected. My right hon. Friend the Secretary of State for Culture, Media and Sport has had considerable experience in dealing with the aftercare of the British families affected by the terrorist attacks of 11 September 2001. I am therefore pleased to tell the House that she will now be taking on a new role with overall responsibility for co-ordinating support for those affected by the tsunami across Departments and across our public services.

We have established a single telephone number for each of the main Government Departments involved in this work to ensure that families know where to turn for help. For the Department of Health, this will be the same number as for NHS Direct: 0845 4647. For the Department for Work and Pensions, the number is 020 7712 2171 and for the Foreign Office the number is 020 7008 8877. The existing Red Cross helpline will continue to act as the first point of contact for families in difficulties, and will be able to put them in touch with the appropriate Department. Those details, along with a range of other support and information, are available on the Foreign Office website.

Members of the House have been assiduous in representing constituents caught up in the tsunami, and Ministers and their Departments have sought to respond promptly to all such representations. They will, of course, continue to be given the highest priority.

My right hon. Friend the Prime Minister announced on 10 January that a national memorial service for the victims of the Indian ocean tsunami would be held, and it will take place in St. Paul's cathedral on 11 May. Invitations to the families will be issued soon. As well as remembering the British victims, the memorial service will recognise the enormous suffering endured by the

[Mr. Jack Straw]

countries most directly affected by the tsunami. Their representatives, as well as those from faith communities and from international relief agencies, are being invited to the service.

Although the impact of the tragedy on British families has been enormous, most victims were not from the UK or Europe, but from the 13 countries most directly affected. All told, nearly 300,000 people are estimated to have died and millions of lives and livelihoods have been shattered.

The generosity of the British public in response to the tsunami has been staggering, with some £300 million donated to the Disasters Emergency Committee, and a further £40 million directly to its member charities. My right hon. Friend the Secretary of State for International Development has been working closely with the Disasters Emergency Committee to co-ordinate our relief effort. To date, he has allocated more than £75 million in response to the catastrophe, and the aid will increase substantially as we move from immediate humanitarian relief to longer-term reconstruction. He has also funded flights to transport relief supplies, so as to ensure that money donated by the public is spent only on equipment that directly benefits those affected.

Holding the presidency of the G8 this year, the UK will work with our international and regional partners on sustainable ways to reduce people's vulnerability to the threat of future such disasters. The Government's chief scientific adviser, Sir David King, is chairing a group of scientists and experts to study the risks presented by natural hazards and working on early warning systems. Through debt relief and trade measures, we have already taken action to help people in the region to rebuild their lives.

Let me conclude by considering what lessons we can learn from our response to the tsunami. Following the attacks of 11 September 2001 and the Bali bombing in October 2002, the Foreign and Commonwealth Office implemented new procedures, including a 24-hour response centre and the establishment of rapid deployment teams to operate in the immediate aftermath of a crisis. Those procedures enabled staff to be deployed to the regions affected by the tsunami far more quickly and effectively than would otherwise have been possible, and British teams were among the very first to arrive.

We have been conducting a full internal review of the Foreign Office's response to the tsunami, in order to learn lessons for the future. Following up that review, we will ensure that all our staff going overseas have training in handling emergencies and we will set up and train regional rapid deployment teams at some of our posts most distant from London and improve how such teams work. We will also improve our handling of telephone calls from the public and establish better guidelines for our work with the police, as well as improving the emergency plans for every one of our posts abroad.

At its request, I wrote to the Foreign Affairs Committee two weeks ago with a detailed memorandum setting out a summary of the lessons learned, along with a chronology of our actions in response to the crisis. I am grateful to the Chairman of the Select Committee for the decision to place the memorandum in the Library; copies will be made available to hon. Members in the Vote Office. I understand that the Committee will publish the memorandum, together with its own observations, this Thursday. The National Audit Office is also considering the Foreign Office's response to the tsunami as part of its review of FCO's consular services worldwide. We have also discussed with our partners in the European Union and elsewhere and with the private sector how we can better co-ordinate our response to future such events.

It will be some time before the painstaking process of identification of all of the victims of the tsunami is complete, and longer still before those in the region can rebuild their shattered lives. The grief of families who have lost loved ones will always be with them. I know that the whole House will join me in renewing to them our sympathies and condolences. The Government remain determined to offer all the support that we can to them and to all the victims of this terrible tragedy.

Mr. Michael Ancram (Devizes) (Con): I thank the Foreign Secretary for making his statement and for advance sight of it.

Even after three months, the horrors of the Boxing day tsunami are fresh in all our memories, and our thoughts and prayers go out to all those who lost loved ones or who were injured themselves. Equally, our continuing thoughts must be with those who lost homes and livelihoods in the devastated areas.

The immediate response of the British people to the disaster was immensely warm-hearted and generous in respect of the donations and the enormous voluntary effort that was put into ensuring that specifically needed aid was made readily available and delivered effectively. I pay tribute to all those involved in that voluntary work.

I welcome today's statement. It is comprehensive and the accompanying memorandum shows that British officials made substantial efforts in the aftermath of the disaster and we owe them our thanks. I particularly welcome those efforts because it is in the nature of such events that, with the passing of time, it is easy for international attention to be diverted elsewhere. In the aftermath of this human catastrophe, it is vital that that does not happen, which is why I ask the Foreign Secretary a number of questions.

The Disasters Emergency Committee raised a staggering £300 million, plus the £40 million that went directly to charities. What plans do the Government have to ensure that the auditing of the dispersal and application of the funds will be robust, in order to reassure the British people that their generosity is being used effectively?

Can the Foreign Secretary clarify the position of the Government's own contribution? At the beginning of January, the Prime Minister said:

> "My estimate is we will need to spend from Government several hundred million pounds. So we will far and away more than match the generosity of the British people."

Earlier this month, the noble Baroness Amos said in the other place that the Government would "match the amount" and might well "go beyond it". However, the

Under-Secretary of State for International Development, who is in his place, said less than two weeks later that the Government's response would be

"guided by the findings of need assessments of the affected countries currently being finalised . . . rather than by linking the Government's contribution to that of the British public".—[*Official Report*, 15 March 2005; Vol. 432, c. 181W.]

So we have had three rather different statements and it would be helpful to know which of those variants is, in fact, Government policy.

Overall, how much money have the Government made available so far? They have pledged debt relief of £45 million to Sri Lanka, but the Sri Lankan Foreign Minister told the BBC on 18 March that his country has not yet received any of the money promised by Governments. Perhaps the Foreign Secretary will clarify that. Will he also assure the House that any needs assessment, as referred to by the Under-Secretary, will not result in the Government contributing less than what was raised privately, as that would be regarded internationally as a breach of faith?

The Asian Development Bank reported a shortfall of £4 billion in the money promised to India, Indonesia, the Maldives and Sri Lanka. How is that shortfall likely to be made up? What is the Government's assessment of the allegations that Indonesia is using reconstruction as a cover for forcible moves of population in Aceh?

What is the Foreign Secretary's estimate of the number of people who died in Burma as a result of the tsunami? Does he consider the junta's official figures of the number of dead reliable? If not, have independent organisations been able to make their own assessments?

Italy, France and Portugal have blocked reductions in EU trade barriers that would have helped countries affected by the tsunami to rebuild their economies. Do the Government agree that this is a disgrace and merely piles man-made punishment on to an already devastating natural disaster?

I welcome the internal review that the Foreign Office is carrying out, announced today by the Foreign Secretary. In particular, I welcome his announcement of the setting up of regional rapid deployment teams, and I am pleased that there is at last to be a co-ordinating Minister. I wish the Secretary of State for Culture, Media and Sport well in that important task.

We must ensure that we continue to support the victims of the tsunami, both at home and abroad, and that we do not allow time to undermine our commitment. I believe that the Government should regularly report to the House by way of oral statement on how reconstruction and aid is proceeding, on how much has been spent and on what, on whether other countries are defaulting on their pledges and on what further measures can be taken to assist the recovery of the economies of the devastated countries.

This is an issue that brings the House of Commons together. We must use that consensus to ensure that the victims of the tsunami at home and abroad continue to receive the support that, publicly and privately, we have promised them.

Mr. Straw: I am grateful to the right hon. and learned Gentleman for what he said and for the tone of his remarks. First, he made the point about the passage of time tending to diminish people's recollection of the event. It was partly because of that, but also because of the continuing needs of all those affected by the tsunami, that I made my statement today. My right hon. Friend the Secretary of State for Culture, Media and Sport has kindly agreed to take on the co-ordinating role. I endorse the suggestion that regular oral statements should continue to be made to the House by whichever Minister is appropriate, and I shall ensure that that is taken forward with business managers.

The right hon. and learned Gentleman asked me a series of questions, a number of which were in respect of development aid. I have made a note of as many as I could, but the Under-Secretary of State for International Development, my hon. Friend the Member for Harrow, West (Mr. Thomas), has promised to write to him and place a copy in the Library in respect of those questions I am unable to answer.

On the time scale, my right hon. Friend the Secretary of State for Culture, Media and Sport reminds me that, in respect of the victims and families of 11 September, support was needed for at least a further three years. We must appreciate that and we are putting in place measures to ensure that we can continue to support families here and British citizens affected abroad for quite a long time, while recognising that the development aid challenge will be long lasting.

The right hon. and learned Gentleman asked me about auditing arrangements. I understand that the Department for International Development money is audited in the normal way by the National Audit Office. The Disasters Emergency Committee, a consortium of well established charities, has its own auditing arrangements and, in turn, must report matters to the Charity Commission.

As far as currently allocated money is concerned, I understand that £75 million is in the process of being spent and a further £65 million has been announced by my right hon. Friend the Secretary of State for International Development. Detailed joint work is taking place with the World Bank.

On debt relief, I met the Foreign Minister of Sri Lanka last week and had an extensive conversation with him. He did not complain to me about the speed of debt relief. I understand that the reason that there may have been a delay is that the Paris Club, which has to agree these matters, only met last week.

On overall spending, the issue at the moment is not the availability of resources, either from charities or from the British Government and other aid donors, but the capacity of the recipients to ensure that it is spent effectively.

The right hon. and learned Gentleman asked whether there was any evidence that reconstruction in Indonesia had been used as a front to prevent the movement of individuals and to avoid a political settlement with the GAM rebel movement. When I was in Indonesia on 6 January, I raised the matter with the President of Indonesia, and my hon. Friend the Minister for Trade and Investment was there very recently. We have seen no evidence that the Indonesian Government are acting in that way. NGOs were effectively excluded from Aceh from some time in 2004 until the tsunami but my understanding is that they have since been allowed back freely.

[Mr. Straw]

In respect of Burma, I understand that the figures endorsed by the UN are 90 killed and 21 missing. I remember seeing a presentation about this; it was just a matter of fortune that the tsunami did not strike Burma as much as other areas in the region.

The right hon. and learned Gentleman raises concerns about the lack of agreement in the EU in respect of what is called GSP-plus, the globalised system of preferences. We have actively sought some change in the GSP-plus arrangement in order better to benefit the countries affected by the tsunami. I regret that we were unable to reach agreement last week, but we continue to negotiate. It is a matter of fact that we work with our EU colleagues in respect of trade. There are many reasons why that is sensible. However, we continue to press the case for a sensible level for GSP-plus.

The right hon. and learned Gentleman's last point was about the internal review, and I will of course ensure that the final conclusions from it will be made known to the House.

Donald Anderson (Swansea, East) (Lab): The comprehensive response of the Foreign Office to a tragedy unprecedented in scale has been most commendable, and the response of staff has been magnificent. I understand that many Foreign Office staff volunteered to go to the region and many were redeployed. Clearly, there were costs involved in terms of accommodation and transport. Are the Treasury prepared to pick up the additional bill that the Foreign Office has very properly incurred for those?

Mr. Straw: I thank my right hon. Friend for his tributes. On costs, there is a consular premium on the passport fee that, by arrangements made after 11 September, provides us with a fund to cope with the costs of most emergencies. This is currently running at £7 million. To the extent that that is exceeded, I shall be going along to my excellent and ever-generous right hon. Friend the Chief Secretary to the Treasury, seeking a claim on the reserve. As he recognises always the quality of requests from myself for claims on the reserve, and the justice, in any event, of the claim, I know that I will receive a good reception.

Tom Brake (Carshalton and Wallington) (LD): I thank the Secretary of State for giving me an advance copy of his statement and take the opportunity to renew my sympathies and those of my colleagues for those who lost loved ones or who may be waiting for the outcome of any identification process. I commend the work of the UK staff involved in identification and repatriation and congratulate the Government on identifying single points of contact to simplify the process for people seeking support. I welcome the fact that a date has been agreed for the national memorial service.

I want to raise a few points with the Foreign Secretary. First, on the £340 million that was contributed, the Government made a specific pledge and it would be appropriate for him to tell us when he expects that funding to be delivered and that generosity to be matched. Does he have any evidence that the generosity to the tsunami victims has had a regressive impact on appeals for other regions? I understand that for every $500 raised for tsunami victims, just 50 cents has been raised for those affected by the war in northern Uganda.

On the early warning systems, there have been reports in the past couple of weeks of an increased risk of another tsunami in the region, and I wonder whether anything has been done about the time scale for delivering those early warning systems.

Indonesia suffered the greatest impact. Has the Foreign Secretary had any discussions with the Indonesian authorities about pulling out foreign troops and plans for the aid agencies to pull out in the next couple of months? Is he satisfied that sufficient resources will be available for the victims' basic needs?

The tsunami took 300,000 lives nearly three months ago. The communities affected will have to live with that memory for generations and our contribution should not be just financial. We should demonstrate that we have learnt from the disaster and that we will be able to respond more effectively next time. I hope that the Foreign Secretary will be willing to return to the House—he has suggested that he will—to report on the progress of the initiatives set out at the end of his statement. Good progress on those will be suitable demonstration of our even greater willingness to play our part internationally and to show international solidarity.

Mr. Straw: As I said to other colleagues, I am grateful for the hon. Gentleman's congratulations to the staff of the Foreign Office and many other Departments, as well as police officers, for the extraordinary way in which they responded. We all accept, not least those families who were affected, that there were some failings in the way we operated. That is not a criticism of any of the staff involved, who worked longer hours than it was reasonable to ask anyone to do. We faced a scale of disaster that we had never anticipated; I do not believe that anyone in the world had anticipated a disaster of such a scale. We must learn the lessons; we owe it to all the victims and their families to do so.

The hon. Gentleman asked, as did the right hon. and learned Member for Devizes (Mr. Ancram), about the £340 million donated by private individuals and how the Government will match that. That will be dealt with in the letter that the Under-Secretary of State for International Development, my hon. Friend the Member for Harrow, West, will write to the right hon. and learned Gentleman and the hon. Member for Carshalton and Wallington (Tom Brake). I shall ensure that I see the letter first—I am responsible for my statement—and that it is placed before the House.

There is a risk of another tsunami, but we do not know when. I attended the international meeting in Jakarta on 6 January which was called by the President of Indonesia. There was high-level discussion about putting in place an early-warning system. The Under-Secretary of State for International Development and the Minister for Trade and Investment have been actively involved in taking that forward. The Association of South East Asian Nations has already committed itself to such an early-warning system and the European Commission has committed €2 million to put the project on track.

Our troops have now left Indonesia, and my hon. Friend the Minister for Trade and Investment and the Vice-President for Indonesia had discussions last week about Indonesian troops and ensuring proper access to non-governmental organisations. I believe that those conversations were satisfactory.

Mr. Henry Bellingham (North-West Norfolk) (Con): The impact of the humanitarian relief carried out by the British Navy was incredibly impressive and showed its professionalism and training. Does the Foreign Secretary not feel that the Indonesian Government's rejection of help from the Gurkha regiment stationed in Brunei was unfortunate, although understandable for historic reasons? Did he consider deploying that unit to Sri Lanka or India?

The right hon. Gentleman referred in his statement to improving the emergency plans of our diplomatic posts abroad. Might not that run into problems because he is thinking, is he not, of closing some of the posts in the Pacific area where tsunamis are likely to threaten?

Mr. Straw: May I make a correction so that the authority with which the undertakings were given is appreciated? My hon. Friend the Minister for Trade and Investment had discussions with the President of Indonesia, and the British ambassador in Jakarta had discussions with the Vice-President. Both produced the same assurances.

I am grateful for the tribute paid by the hon. Member for North-West Norfolk (Mr. Bellingham) to British troops who did, as always, a fantastic job and are a credit to this country. We offered the help of the Gurkhas, but there are special reasons why the Indonesians were sensitive about that so we worked round the matter and provided naval helicopters. I cannot be certain, but I believe that consideration was given by the chiefs of staff to deployment elsewhere, but that was a matter for my right hon. Friend the Defence Secretary. The assessment was that there was urgent need in Indonesia which was not being met from elsewhere.

On the closing of diplomatic posts abroad, we face constraints on spending and I have had to look at the network of posts. I made an announcement to the House on 15 December. With a bit of luck, this is an ecumenical occasion and I ask the hon. Gentleman to consider whether his party, if it were in power, would expand the number of posts or whether it would feel not just similarly constrained but even more so.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): May I recommend to the House the paper submitted by the Foreign Office to the Foreign Affairs Committee which shows the work that the Foreign Office in particular did at that time? Will my right hon. Friend and the new co-ordinating Minister bear it in mind that some charities that may not immediately be thought to be related to such a disaster—for example, Cruse Bereavement Care, of which I am a patron—have played an important part in helping suffering relatives? When their future funding is considered, will he take into account the extra role that they take on when disasters arise abroad and reward them sufficiently?

Mr. Straw: Again, I am grateful to my hon. Friend for her commendation of the Foreign Office. *[Interruption.]* I apologise for my cough, which I am told is not as bad as it sounds.

My hon. Friend is right in saying that some charities inevitably received greater publicity from their work with the disaster than others and that some charities that did important work have gone unsung. That includes agencies working with bereaved people. I pay tribute to them and will certainly take on board her point about their future funding.

Mr. John Randall (Uxbridge) (Con): The Foreign Secretary may have read, as I have, some anecdotal reports of access difficulties for aid and individuals to some parts of Sri Lanka, notably the Tamil-held areas. Has the Foreign Office looked into that and does the right hon. Gentleman have any updates?

Mr. Straw: There were problems with access to the Tamil-held areas, but I understand from my hon. Friend the Under-Secretary of State for International Development that aid is getting through. However, in some Tamil-held areas there have had to be negotiations and brokering with the LTT to get it through.

Point of Order

1.49 pm

Mr. Edward Garnier (Harborough) (Con): On a point of order, Mr. Deputy Speaker. At about quarter to 7 this morning, a van travelling on the A6 Market Harborough bypass leapt over the bridge barriers and crashed on to the main Leicester to St. Pancras railway line. The driver of the van was not seriously hurt, but the potential for serious loss of life and injury was clear. The van was hit by the southbound express train, which continued for half a mile with the wreckage disintegrating before it.

We are all pleased that nothing more serious resulted, but may I ask, through you, for a Transport Minister to come to the House at the earliest possible moment to make a statement about the current state of the investigation, which is already under way, thanks to the Leicestershire constabulary and the British Transport police? The Department for Transport must have an interest in the matter, bearing in mind previous railway disasters. I urge you to encourage a Minister to come here as soon as possible.

Mr. Deputy Speaker (Sir Michael Lord): The hon. and learned Gentleman will understand that that is not, strictly speaking, a point of order for the Chair. Obviously, everybody will have heard the comments he has made and our sympathy will go out to everybody who was involved in that incident. The Front Bench will have heard those remarks, but it is not the Chair's job to insist that Ministers come to the House to make statements. However, no doubt they will bear in mind what the hon. and learned Gentleman has said, and the general situation.

We now come to—*[Interruption.]* Order. As a general point, when we move on to the next business, it would be helpful if instead of everybody leaving as if at the end of a football match, we could get on to the next business in an orderly fashion and hon. Members would leave the Chamber gently, as and when they can.

BILLS PRESENTED

Procurement of Innovative Technologies and Research

Mrs. Anne Campbell, supported by Mr. Martin O'Neill, Sir Nicholas Winterton, Mr. John McFall, Dr. Ian Gibson, Mr. Kerry Pollard, Mrs. Louise Ellman and Mrs. Betty Williams, presented a Bill to make provision in relation to the awarding by government departments and agencies of research and development contracts for innovative technologies; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 17 June, and to be printed [Bill 93].

Air Traffic Emissions Reduction

Norman Lamb, supported by Norman Baker, John Barrett, Mr. Colin Challen, Sue Doughty, Mr. Michael Meacher, Dr. John Pugh, Alan Simpson, David Taylor, Sarah Teather, Mr. Simon Thomas and John Thurso, presented a Bill to provide for the preparation and implementation of an integrated air transport plan to reduce air traffic emissions: And the same was read the First time; and ordered to be read a Second time on Friday 24 June, and to be printed [Bill 94].

Private Parking Enforcement (Regulation)

1.52 pm

Mrs. Annette L. Brooke (Mid-Dorset and North Poole) (LD): I beg to move,

That leave be given to bring in a Bill to make certain enforcement activities in relation to parking on private land subject to regulation under the Private Security Industry Act 2001; and for connected purposes.

This Bill aims to extend the requirement for a licence to parking services companies that are operating within private car parks and issuing fines for alleged offences. In the last few months, I have had correspondence from a number of constituents who have received penalty notices from three companies operating in different private car parks. At the outset, I would like to make it clear that I have no reason to believe that the companies have acted illegally and also that I have had a considerable amount of correspondence with one of the companies and I have received prompt and detailed replies.

In order to explain my concerns, I would like to describe exactly what happened in relation to one of the car parks. It is located behind five business premises and for about the last 30 years there have been no significant controls on parking there. In mid January this year my office, which is nearby, was suddenly inundated with phone calls, visits and letters because constituents had received penalty notices through the post demanding that a fine of £150 be paid, reduced to £75 if paid within 14 days. The letters arrived about a month after the alleged offences and came as a total surprise to some people who simply had not seen any signs and to others who had read signs but who were unaware that they were only permitted to park if they visited at least one of the listed five business premises and no others.

Obviously, the owners or, in this case the management company, have a right to manage their private car park. In this instance, one of the businesses had asked a particular car parking services company to police the area, which resulted in a contract being drawn up and agreed between the parking services company and the management company. The car parking services company wrote in a letter to me that the management company was

"more than happy to appoint a company that did not clamp motorists".

The letter continued:

"For your information the car park provider asked us to make sure that only cars that used the premises of the five businesses be allowed to park in the service area. To visit any other premises is an infringement of the parking restrictions even when they have visited the above premises. It is to visit the premises of the shops or business in question and then leave the car park. Our car park attendant is vigilant, makes comprehensive notes of all cars that enter the car park and is vigilant in where the motorists go for complete accuracy."

The company also wrote that notices were agreed between all parties and were legal in their content and they were erected in December 2004.

In the same letter a comment is made:

"I knew from experience that a private car park that had been used as a free public car park for many years would ruffle feathers from certain members of the public when restrictions were placed upon it. People do not like being told where to park especially if they have parked for many years in a particular place without a restriction."

So was it just a case of ruffled feathers? Was it just a case of a total misjudgement by the businesses concerned? They might not have upset so many of their customers if they had arranged for warning signs to be placed on windscreens and flyers to be handed out in their premises for a few weeks before the changes were actually implemented.

The case raises two areas of particular concern to me and that is why I feel that further amendment is required to the Private Security Act 2001. The first issue is the following of people by the car park attendant, which in itself is not illegal, I understand. However, letters from the car parking service company state:

"He witnessed this female walk down Lower Blandford Road and waited until this female was 30–50 metres past the last shop in the scheme."

In another case, the letter states:

"In fact he says that you walked past the traffic lights some 200 metres from the . . . Building Society on leaving the car park. In our opinion he was quite right in believing you were on other business along Lower Blandford Road."

When I mentioned to our chief constable about this practice of following people, he certainly reacted with some surprise and concern. Many of the people who initially received penalty fines were elderly people going to the building society to draw out cash. It certainly seems to me that a company operating in that way should be licensed. Although there were no problems with the attendant in all of those cases, questions arise about what might happen in other circumstances.

Although it was a condition agreed with the management company, the aspect of visiting only the listed premises seems fraught with difficulties. In one case, a person went to a cash machine before buying goods at one of the premises, and in another a man went to check his bank balance first. The car parking company did consider appeals and applied a test of proportionality, but people who were let off the fines were still charged an administration fee of £5, or £10 in one case known to me. Some elderly people simply paid the fine because they were so frightened about the possibility of being asked for £150, if they did not pay immediately. That is very unfortunate because in the case of a visit to the building society there was absolute proof, through transactions shown in the passbook, and many people who supplied that proof were let off the fines.

The second point of major concern is the fact that the fines are sent in the post four weeks after the alleged offence with no notice on the car windscreen at the time. That means that it is impossible to challenge exactly what signs were on display and what they said about conditions. Different people have different recollections, but most of the people who have contacted me claim that the signs were changed over the space of a few weeks and that there was one sign that said penalty notices would be placed on windscreens. There was certainly ambiguity about the need to visit only the five listed premises. Did that mean that all was well as long as you visited at least one of the listed premises, and that it was okay to pop across the road afterwards to Boots? If the penalty notices were placed on the cars at the time as in a public car park, one could check the notices and know whether one had inadvertently breached a condition or be able to challenge any ambiguity in the notice.

Allied to the four-week delay is the fact that the parking services company is able to obtain information from the Driver and Vehicle Licensing Agency. Several of my constituents have raised concerns about this aspect and I asked a parliamentary question on the matter. I asked the Secretary of State:

"under what circumstances the Driver and Vehicle Licensing Agency is allowed to issue details of car ownership to private companies who operate within private car parks and issue fines for alleged offences; and what assessment his Department has made of whether the issuing of such information is compliant with the Data Protection Act 1998."

The answer was:

"Regulations provide for the release of vehicle keeper details from the register maintained by the Driver and Vehicle Licensing Agency to applicants who can demonstrate 'reasonable cause' for their request. The enforcement of parking restrictions on private property meets the 'reasonable cause' criterion."—[*Official Report*, 10 February 2005; Vol. 430, c.1707W.]

I believe that my constituents would be reassured if the applicants were licensed to carry out their activities before the "reasonable cause" criterion is met.

Another constituent wrote to me about a different company. His wife had parked the car in a pub car park, had a meal there and left the pub immediately afterwards. A penalty notice was sent three months after the event. This time, the £150 charge was to be reduced to £85 if paid promptly. My constituent writes:

"Most people would not be able to recall specific incidents after this length of time and I have no doubt that many people would feel intimidated to pay up on receiving a letter of this nature. I must assume that my details were obtained from the DVLA data base and I would question that such a company should be allowed access."

That example also highlights the need for regulation to justify information being given out by the DVLA.

The situation that I have described in great detail clearly could have been managed a great deal better, and much distress could have been avoided without any need for legislation. However, I feel that the issues that have arisen have highlighted the potential for some other operators in the future to act in an unscrupulous way. I believe that this potential is more likely to be harnessed, given that car clamping companies have to be licensed. I believe that such enforcement in private car parks should be a matter for public legislation and that there should be published guidelines.

My Bill creates a new category of regulated activities relating to private parking enforcement other than by methods already covered in the amended Private Security Industry Act 2001. A comparable offence to that of unlicensed car clamping is created in relation to unlicensed private parking enforcement activities on private land. There is also a requirement upon the Security Industry Authority to produce guidance on private parking enforcement.

I hope that the House will support my Bill.

Question put and agreed to.

Bill ordered to be brought in by Mrs. Annette Brooke, Sue Doughty, Mrs. Patsy Calton, Mr. David Rendel, Andrew George, Mr. Edward Davey, Paul Holmes, Dr. John Pugh, Brian Cotter and Simon Hughes.

Private Parking Enforcement (Regulation)

Mrs. Brooke accordingly presented a Bill to make certain enforcement activities in relation to parking on private land subject to regulation under the Private Security Industry Act 2001; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 8 April, and to be printed [Bill 96].

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [16 March.]

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—*[Mr. Gordon Brown.]*

Question again proposed.

Budget Resolutions and Economic Situation

2.3 pm

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): I am delighted to be able to open this final day of debate on the Budget 2005, which extends and entrenches the Government's commitment to economic stability. It also puts in place and reinforces the measures needed to enable British business and workers to cope with the challenges presented by the global economy, and to seize the opportunities that arise.

Our country is doing well. We are enjoying the longest period of unbroken economic expansion on record. Inflation has fallen to its lowest in 30 years, and interest rates are among the lowest for more than 35 years. Unemployment is at record lows and the number of people in work has risen by more than 2 million since 1997—the highest level of employment in history. There are 300,000 more businesses than in 1997, and 1,000 new businesses start up every working day. The rate of business failures is at its lowest level since 1993.

There is no doubt that Britain leads Europe in competitiveness. I hope that hon. Members of all parties are proud of what our entrepreneurs, working people and business leaders are achieving.

Mr. Alex Salmond (Banff and Buchan) (SNP): Amid all that pride, will the Secretary of State tell the House when was the last quarter of negative economic growth in Scotland? Will she point to two measures in the Budget that would boost Scottish economic performance?

Ms Hewitt: The economic stability and public investment delivered by this Government, and confirmed by this Budget, are good for Scotland and every other part of the UK. If the policies espoused by the Scottish National party were ever put into effect, Scotland would be the first to suffer.

However, we know that more needs to be done if Britain is to be and to remain a leader in the world's knowledge-driven economy. For example, China is set to be the world's largest economy inside a generation, and India already produces 3 million highly skilled and well-qualified graduates every year. The challenges set by those countries make it clear that there is more for us to do.

Other developing countries are growing fast, but India and China have growth rates three times higher than Europe's. Their populations, and potential consumer markets, are five times bigger, while the wages paid in both countries are a tenth of the rates paid here and in the rest of Europe. However, we can be confident about our ability to compete. Our high-technology manufacturing industries have made great achievements in aerospace, pharmaceuticals and the new and fast growing field of biosciences. Our financial services sector has also done very well, and our knowledge-based business services in general have delivered more than half of the job growth enjoyed in this country in the past decade. In addition, our creative industries sector is one of the most successful in the world.

All that shows that Britain is poised to compete in the knowledge-driven economy. We lead the EU in the share of value added that comes from our technology and knowledge-based businesses, whether they be in manufacturing or services. It is increasingly clear that Britain is making the goods and services that people around the world want to buy.

Mr. Iain Luke (Dundee, East) (Lab): Will my right hon. Friend acknowledge the great contribution to job creation made by the Dundee company Cyclocel? It is the fastest growing and most highly financed spin-off venture to come out of any university in Europe. Is not that a tribute to the work being done in Scotland to contribute to the UK economy?

Ms Hewitt: My hon. Friend makes an important point, and I readily congratulate the company on its extraordinary achievements. It is just one of the successful spin-off companies that we have helped to support. I am sure that he—if not the hon. Member for Banff and Buchan (Mr. Salmond)—will welcome the fact that the profits made by the top 300 Scottish companies increased by 292 per cent. last year alone.

Mrs. Anne Campbell (Cambridge) (Lab): I am sure that my right hon. Friend will be as pleased as I was with last week's announcement by the Chancellor of changes to Government procurement rules for small businesses. They will do a lot to benefit the small firms in my constituency, but does she agree that they need a very thorough overhaul? At present, they are designed to get the best value from the purchase of paper clips and large IT systems, and are not suited to the purchase of research and development. Will she look carefully at my Procurement of Innovative Technologies and Research Bill, which I presented to Parliament today? It contains some good ideas about how that overhaul can be achieved.

Ms Hewitt: I agree strongly. My hon. Friend has been at the forefront in promoting the cause of science and of innovation in science-based companies. The Budget measure to which she refers will give a direct boost worth £100 million to small companies, which now know that they can bid with real confidence for research contracts funded by the public sector. I shall certainly look with great interest at her Bill, and I take this opportunity to congratulate her and her co-author, David Connell, on the excellent White Paper that they published to accompany her Bill.

The examples given by both my hon. Friends illustrate well the point I want to make: our success in Britain, in the face of the extraordinary technological and competitive challenges of globalisation, requires action by the Government as well as by business and industry. That is the fundamental point of difference between Labour and the Opposition parties. We recognise that the scale and speed of the changes that are taking place in our world demand as an absolute imperative that Government, business, the work force and unions, our universities and colleges, the regions and local communities all need to work together and that the Government, in particular, must make the investment and take the actions that only they can undertake—in science, skills, infrastructure and much else—if our businesses are to be enabled to thrive, grow, compete and succeed.

The Opposition parties simply do not get it. Like many of us, I was astonished that in the debate on my right hon. Friend the Chancellor's Budget statement last week the Leader of the Opposition had nothing to say—not one practical, positive proposal—about what the Conservative party would do to help British business deal with globalisation. In fact, we know what they would do and I am not surprised that the right hon. and learned Gentleman did not care to mention it last week. We know that the Conservatives would slash spending on science, just as they starved science of investment when they were in power. We know that they would cut the support that we give businesses that are making investment in growth, and we know that they would cut support for British exporters. So it is hardly a surprise that the Leader of the Opposition chose not to mention any of that last week.

We know, too, that the Liberal party would not be content merely with slashing the budget of the Department of Trade and Industry, but would abolish us completely. Both Opposition parties have fallen into the old ideology, believing that businesses can succeed if Governments simply leave things to the market. No successful country does that. The United States does not do that. France, with its investment in technology, does not do that. Germany, with its investment in research and development, does not do that. Finland and Israel, two of the most innovative economies in the world, do not leave things to the market. China certainly does not. Wherever there is success in the knowledge-driven economy, we see modern partnerships between Government, the public sector, the universities and our entrepreneurs and the business community.

Mr. Jim Cunningham (Coventry, South) (Lab): The work of my right hon. Friends the Secretary of State and the Minister for Industry and the Regions at the time of the Jaguar closure was much appreciated. What consultations did my right hon. Friend the Secretary of State hold with Peugeot before its recent announcement about redundancies?

Ms Hewitt: We have been working with Peugeot for some years, so we were disappointed that the company decided recently to announce that it did not plan to make the replacement for the Peugeot 206 in the United Kingdom, despite our offer of investment support and the hard work of my hon. Friend and my right hon. Friend the Minister for Industry and the Regions. I greatly regret the loss of 850 jobs, announced by Peugeot recently, which will be very bad news indeed for those employees and their families. We shall of course do everything we can, especially through Jobcentre Plus, to ensure that all the individuals affected get new jobs, with retraining and new skills if necessary, as quickly as possible.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): I am sorry that I was not in the Chamber for the beginning of my right hon. Friend's remarks, and I hope that I shall be lucky enough to catch the Speaker's eye later in the debate.

Can my right hon. Friend tell us whether there is any way of getting in touch with Peugeot at the highest level to find out precisely what the company proposes for the future? There have been progressive cuts over last year and this year, although they are going down, but why will the company not tell us its intentions? It must know what it intends to do, because the car industry has to plan four to five years ahead.

Ms Hewitt: My officials and I, as well as other Ministers, are regularly in touch with Peugeot and other major automobile and manufacturing companies. I know that my hon. Friend will welcome the fact that the chief executive of Peugeot, Jean-Martin Folz, announced at the Geneva motor show that production of the current 206 at Wrighton will continue until 2010 or beyond. We shall of course remain close to the company so that we can understand its plans and ensure that we help it in whatever way we can.

Mr. James Arbuthnot (North-East Hampshire) (Con): The Secretary of State has twice mentioned China. Does she accept, as we have said all along, that lifting the arms embargo on China will do serious damage to Britain's relationship with the United States, and hence serious damage to British business and British trade?

Ms Hewitt: Let me underline for the right hon. Gentleman—as my right hon. Friend the Foreign Secretary has done repeatedly—that discussions about the arms embargo in respect of China need to be seen in the context of the extremely strong controls that we have put in place in Britain, and helped to establish throughout the European Union, on the sale of arms or dual-use technology to any country. Those controls, which we shall continue to strengthen, would apply if the arms embargo were lifted. We continue to discuss that with the American Administration and I hope to reassure them on that point.

I return to the theme of what the Government need to do, not to substitute ourselves for business—we can never do that—but to create the climate, the

[Ms Hewitt]

environment in which more people can set up and grow a business. We recognise that we must do even more than we have done already. The research and development tax credits, for instance, have already delivered more than £700 million worth of support for growing businesses that are willing to make the investment in research and development that will keep them competitive in the future. As my right hon. Friend the Chancellor said, we shall make it even easier, especially for smaller firms, to claim that support in future.

We are encouraging more high-tech small businesses to develop their research capability, with the £100 million reserved for them to which I referred earlier. I particularly welcome the announcement in the Budget that we shall be investing further in the most disadvantaged areas of England to promote enterprise through a new local enterprise growth initiative worth £150 million a year by 2008–09.

Mr. Jim Cousins (Newcastle upon Tyne, Central) (Lab): What my right hon. Friend is saying shows some recognition of the fact that the United Kingdom biotech start-up is one third the size of the United States biotech start-up. Will she strongly emphasise her commitment to ensuring that the R and D tax credit system reaches smaller enterprises, especially those in less favoured regions?

Ms Hewitt: My hon. Friend makes an extremely important point. We have been determined from the outset to ensure that the R and D tax credit is designed to meet the needs precisely of the smaller firms whose growth in the past was all too often choked off. By continuing to make the R and D tax credit even more accessible to small businesses, by setting up support for public sector R and D contracts and by sustaining the regional capital venture funds, which we created, we can ensure that those exciting businesses in the biotech sector, and in other sectors, can indeed fulfil their potential. I have no doubt that some will become the world-beating and job-generating companies of the future.

We in Britain are seeing a real change in people's attitudes towards entrepreneurship, with a significant increase in the number of people expecting to start a business over the next few years. Last November, over 150,000 young people took part in the inaugural enterprise week, and there is the increasing success of the Business Link network in helping businesses to grow. Last year alone, Business Link helped 458,000 small businesses, and another 164,000 pre-start-ups. Its reach into the business community continues to grow, as, I am delighted say, does the satisfaction of its customers. As the regional development agencies take responsibility from next month for the Business Link service, that business support will not only be sustained but made even more effective as it is delivered along with other regional support in the way that small business customers need.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): How will my right hon. Friend ensure that the creative industries continue to enhance the productivity of our manufacturing and engineering base?

Ms Hewitt: My hon. Friend makes an extremely important point, because I know very well from all the manufacturing companies that I visit that the ones that are succeeding best in the global economy are those that are harnessing the outstanding capability that we have in Britain, particularly in industrial design, and using that, as I saw for instance at a clothing company in Leicester last week, to keep themselves competitive, even against very low-wage competitors. The announcement in last week's Budget that George Cox, former chairman of the Design Council, will be invited to look specifically at this area of harnessing the creative skills of our people for the benefit of our manufacturing industry, will be welcomed by my hon. Friend, and certainly by industry.

Dr. Vincent Cable (Twickenham) (LD): If the Secretary of State believes that the Government have a special talent for helping disadvantaged areas in the regions, why did they first of all introduce and then withdraw disadvantaged area relief from stamp duty for commercial property?

Ms Hewitt: The stamp duty relief on property was a time-limited programme that has come to an end, and as the Chancellor said last week, we have now put in place a new local enterprise growth initiative which will deliver £150 million worth of support by 2008–09. If I may say so, I deplore the somewhat sneering tone that the hon. Gentleman adopted on the issue. I have seen the real impact that our policies are having in many of our most disadvantaged communities as far more people obtain the skills, confidence and support that they need to move into self-employment and, as their businesses grow, even to start taking on new employees of their own; and that is what we need.

Mr. Kenneth Clarke (Rushcliffe) (Con): The Secretary of State was asked about the short-lived stamp duty relief. I assume that when these flows of initiatives come out some attempt is made to evaluate the impact of such targeted tax reliefs. Has any evaluation been done on this and, if so, does it demonstrate any benefit to those who live in disadvantaged areas? How much is it estimated was wasted on giving stamp duty relief to developers who found themselves lucky enough to be in a place where they could take advantage on a valuable site of the tax relief that the Chancellor, probably unwisely, put forward?

Ms Hewitt: As I am sure the right hon. and learned Gentleman knows, my right hon. Friend the Chancellor evaluates every initiative and policy that we put in place in order to ensure that taxpayers' money is used as wisely and effectively as possible.

Mr. Clarke: Under the Freedom of Information Act 2000, will that evaluation be published and made available to the House?

Ms Hewitt: All Freedom of Information Act requests are dealt with quite properly under that Act. My right hon. Friend the Chief Secretary will, I know, want to return to the point about stamp duty in more detail when he replies, but by offering that support in disadvantaged areas we have helped to bring back into

use some of the old properties, particularly derelict properties, left behind by the demise of some parts of our manufacturing industry, and that has been to the real benefit of people in disadvantaged areas. The new enterprise growth programme will be a better targeted form of help on enterprise in those communities.

Mrs. Curtis-Thomas: The stamp duty relief was available extensively in areas of Liverpool where there has been significant deprivation, and it has made a significant difference to people seeking to buy their first homes, many of which were abandoned properties that have been brought back into use.

Ms Hewitt: My hon. Friend makes an important point, because reviving and strengthening the housing market in disadvantaged areas is essential if we are to get both economic growth and social inclusion in every community in every part of our country. That is perhaps not a point that those on the Opposition Front Bench understand.

Mr. Stephen Dorrell (Charnwood) (Con): Will the Secretary of State clarify whether she is saying that the commercial property relief under the stamp duty land tax was a success or a failure? Is it being withdrawn because it was a failure, or is she celebrating its success? Would she also remind the House that the revenue that the Chancellor is gaining by abolishing the relief is said in the Red Book to be £350 million a year, £150 million of which she says she is putting into the new scheme? That is a net increase in the revenue from disadvantaged areas of £200 million.

Ms Hewitt: The stamp duty relief has helped in exactly the ways that I and others have outlined within disadvantaged areas. It has undoubtedly helped, but the new relief will be a better targeted support for disadvantaged areas, which I hope that both sides of the House will welcome.

One of the areas on which we have made real progress but on which there is still more to do is regulation. It is worth reminding the House that in 1990 setting up a company took five working days from receipt of papers until registration, but we have cut that to 24 hours for those filing electronically, and in the EU we have now won the argument about the need to simplify European regulations in order to give business right across the EU an even better basis for growth.

Last week my right hon. Friend the Chancellor published the reports of Sir Philip Hampton and David Arculus, and we have accepted all their recommendations. The Chancellor, the Prime Minister and I had an excellent meeting with representatives of business organisations last week at which we discussed the practical steps that we will take to put those recommendations into effect. By bringing together different regulatory bodies, and by ensuring that all our regulators take a risk-based approach to enforcement and inspection, we estimate that we can cut the number of business inspections by at least a million a year—a significant saving in time for our entrepreneurs and business owner-managers that again will give a further boost to their businesses. That lighter-touch regulation for the vast majority of law-abiding businesses, coupled with tougher penalties for those who do break the law or who continue wilfully to flout the law, is the right approach.

My hon. Friends and I have already mentioned the whole issue of science, but let me say a little more about that, because it is central to our ability to compete in the future. We are an astonishingly successful nation in terms of our scientific achievements—1 per cent. of the world's population funding 5 per cent. of the world's science, publishing 9 per cent. of scientific papers and receiving 12 per cent. of world citations. We lead the G8 on citations per pound invested in publicly performed research and development. We have three of the world's top universities for biomedicine here in the United Kingdom. As the Budget confirmed, we are now delivering the largest sustained growth in science investment for decades—more than £1 billion of extra investment for the UK science base by 2007–08.

We know however that it is not enough simply to invest in the science base. We must take the new ideas and technologies out of the laboratories and get them into our factories and businesses, so the investment that we are making—for instance, £300 million in the technology programme—will help our universities and research institutes to link up with businesses and spin-off companies. We are seeing the success of those early programmes all around the country—in Lancaster university, for example, where InfoLab 21, a major project backed by £10 million of Government money, is attracting inward investors and will create a world-class centre of excellence in information and communications technology.

That support for science and innovation in our economy is central to the next stage of economic strategy in the United Kingdom, but it is an investment that would be put at risk by the Opposition parties. It is essential to manufacturing in particular, and it builds on the industrial strategy that I put in place four years ago with our industrial leaders and trade unionists, and which my right hon. Friend the Minister for Industry and the Regions is taking forward through the Manufacturing Forum. By ensuring that our manufacturing companies can benefit from the manufacturing advisory service and now from the technology programme, we are giving practical help to thousands of our smaller manufacturing companies and their work forces all around the country.

If we are to succeed in this competitive world, we need to continue investing in our people and raising the standards that working people can enjoy in the workplace. My right hon. Friend the Secretary of State for Education and Skills has just published a landmark White Paper on adult skills, which shows once again how we in the Government are working successfully with the business community and with trade unions to put in place the investment and reform that are needed to correct a skills deficit in Britain that goes back to the 19th century. However, we need to do more.

We have shown over the past eight years that, contrary to all the fears that were raised by the Opposition eight years ago, it is possible both to raise standards of protection for working people and to raise the growth rate and the employment rate in our economy. That is what we have done through the minimum wage and through the advances that we have made on family-friendly working, trade union

[Ms Hewitt]

recognition and much else besides. We have set out in the Budget and in the recent consultation document that my Department published how we propose to move forward in the years to come to ensure that we get the best standards for our employees, because that is the way to get the high-performance workplaces that are central to Britain's future as a high value-added, high-wage, knowledge-driven economy.

The Budget reinforces the economic stability that is the essential foundation for business success and employment creation, which we will never put at risk. It also puts in place the measures that are needed to help more of our businesses create the new products and the new production processes that will keep them competitive in the global economy, and which will continue to deliver increased employment, higher living standards and a better quality of life for our people. I commend the Budget to the House.

2.34 pm

Mr. Stephen O'Brien (Eddisbury) (Con): I draw the attention of the House to the entry in the Register of Members' Interests.

I welcome the opportunity to assess the real implications of this vote now, pay later Labour Budget on Britain's wealth creators, risk takers and entrepreneurs. Beginning with the broad economic background to the Budget debate, I am conscious of the tradition on these occasions—at least under the present Chancellor—to include grand historical analyses of the state of the economy. I am more than happy to continue the custom.

The Government and the Chancellor claim credit for 50 consecutive quarters of growth, so when did that start? For the vast majority of businesses and people of this country not brainwashed by the spin to which Labour is addicted, it started in the final quarter of 1992. The solid foundation on which the UK's macro-economic stability was built, and on which British business so vitally depends, was in fact established during the last four and a half years of the previous Conservative Government.

What has Labour done while building on our golden legacy? The Chancellor—*[Interruption.]*—and in domestic matters his sidekicks, the Prime Minister and a string of Secretaries of State for Trade and Industry, have presided over the largest trade deficit—*[Interruption.]* since records began in the reign of William and Mary.

Mr. Deputy Speaker (Sir Michael Lord): Order. The House listened with civility to the Secretary of State making her speech—*[Interruption.]* Order. The House ought to do the same when the Opposition spokesman is speaking.

Mr. O'Brien: I am grateful, Mr. Deputy Speaker.

The Chancellor has presided over the largest trade deficit since records began, and the lowest economic growth of any major English-speaking economy over the past seven years. Following the even worse experience of 2001, more regulations were introduced by the Government in 2004 than in any other year in the past half-century.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): The hon. Gentleman mentioned a golden legacy. Will he apologise to my constituents for the dreadful waste that was inherited in 1997, when we were paying out more to keep people unemployed and to service the national debt than we were spending on all our schools?

Mr. O'Brien: I am absolutely sure that my party and those who were responsible for building that golden legacy have nothing to apologise for, as we ensured that we locked in the macro-economic stability so valued by business.

A greater number of regulations were introduced by the Government last year than in any other year in the past half-century. So much for Prudence Brown and her sister, Constant Spin. What is the role of the Department of Trade and Industry in all this? According to the Department's recent business plan, the DTI's principal policy goal is to

"raise the rate of productivity growth"

and improve the competitiveness of the UK. Tragically, for the entire eight years under the Government's heavy trudge, the Department's overriding policy objective has had a staggeringly miserable record. Productivity growth is down by a third in comparison with the last Conservative Government, and the UK's competitiveness under Labour has fallen from fourth to 11th, according to the renowned World Economic Forum.

Mr. Salmond: Is Scotland included in the league table of English-speaking economies to which the hon. Gentleman referred? If so, can he answer the question that the Secretary of State so signally failed to answer, and remind the House when the last quarterly downturn in economic growth in Scotland occurred?

Mr. O'Brien: Unquestionably, I regard Scotland as a full member of the United Kingdom. Its native language is a wonderful dialect of the English language. As it happens, I am more Scottish than anything else within the United Kingdom, and I am very proud of that. As for the question that the Secretary of State signally failed to answer, I do not pretend to know the answer, but the hon. Gentleman is undoubtedly owed an answer by the Secretary of State. On my last visit to Scotland recently, I was aware that although some very good businesses are prospering, there are some serious challenges, not least because of net migration, which is causing severe difficulty in accessing the skills that Scotland needs.

Why has the DTI failed British business so miserably? As hon. Members might expect, I have been giving the question not a little thought, and my inescapable conclusion is that the DTI lives on a different planet from the rest of us—Planet Hewitt. On that planet, there is no correlation between the level of taxation and regulation of business and the productivity growth and competitiveness of the UK. On Planet Hewitt, the level of taxation of business has nothing to do with the Secretary of State whose Department exists to

"champion UK business at home and abroad".

We know that because, on 1 February, I tabled a parliamentary question to ask the Secretary of State

"what assessment she has made of the likely effects of additional tax rises on businesses in the UK in the period 2005–07 on national *(a)* private sector employment growth, *(b)* productivity growth and *(c)* competitiveness."—[*Official Report*, 15 March 2005; Vol. 432, c. 229W.]

That is a highly pertinent question, given that table C9 on page 254 of the Red Book reveals that the Chancellor expects his receipts from tax and national insurance to increase from 36.3 per cent. of GDP this year to 38.5 per cent. in 2008–09. The Ernst and Young Item Club, which uses the Treasury's model of the economy, calculates that the Chancellor will need to raise taxes by £10 billion to achieve that. Furthermore, the PricewaterhouseCoopers poll reported yesterday that 73 of the senior business people questioned believe that the tax burden will rise significantly in the next three years under Labour. We have shown how the inevitable tax rises that will follow hard on the heels of—electors forbid—a Labour third term can and will be avoided under an incoming Conservative Government.

I waited for a response to my question. While I waited, I wondered what the Secretary of State does with her time. Five weeks after I tabled it, on 10 March, I received a response from the right hon. Lady saying that my question was being transferred to the Chancellor. It is partly because all the discussion and all the decision making about the effects of business taxation have been transferred to the Chancellor under Labour that taxes have increased 66 times since 1997 while, at the same time, our productivity growth rate, our private sector growth rate and our competitiveness continue to fall.

Sir Digby Jones said:

"Business has become mightily fed up with being taken for granted. The cumulative rise in taxes of £46 billion between 1997 and 2005 has exacerbated a five-year decline in corporate profitability and diced investment by 11.5 per cent. in just two years."

The director general of the Confederation of British Industry is referring to a fundamental structural failure under this Government. Faced with a complacent Chancellor who has an obsessive-compulsive tendency to micro-manage the private sector, there is no one at the top of the Government to stand up for the interests of British business. The losers are not only the somewhat powerless Prime Minister and his equally hapless Trade and Industry Secretary, but, more importantly, the wealth creators and risk takers on whose profits we all ultimately depend for our essential public services. Let us not tiptoe around the subject: profit is good, as well as essential to the standing and welfare of our nation and her peoples.

Not for the first time, we have heard the Secretary of State's torrents of words about family-friendly policies, the importance of diversity and the position of women in the workplace. Let me make it absolutely clear that there is no dispute between us about the importance of harnessing all the resources and talents in our society. The best means of delivery is not the words uttered on Planet Hewitt, but the best practice of companies of all shapes and sizes up and down the country. The most important opportunity for us all to take is to enable all British businesses to be more competitive. Any more Government-inspired burdens on business only take this country backwards, not forwards, under Labour.

If the Secretary of State really means what she says, she should put her own house in order. Given that the work-life balance is so important, why do a majority of staff at her Department—55 per cent.—say that they work

"in excess of their conditioned hours"

according to the DTI's 2003 employee survey? Given that diversity is so important, why in the same survey do a significant majority of DTI officials—60 per cent.—not agree with the statement

"I believe that the DTI recognises the diversity of its customers and adapts its policies to reach them"?

If the Secretary of State believes as strongly as I do in narrowing the gender pay gap, why is there still a 16 per cent. difference between male and female salaries at the DTI—only marginally different from the national average?

In this outer orbit of Planet Hewitt, apart from tax, the major bugbear of business is over-regulation, which deflates corporate profits, absorbs valuable management time and drains entrepreneurial ambition. On Planet Hewitt, however, British business is not over-regulated, only "better regulated". The Secretary of State and her Ministers have been absolutely adamant on that point. The right hon. Lady said in November 2003:

"The number of regulations each year that impose a cost on business has fallen since 1996".—[*Official Report*, 6 November 2003; Vol. 412, c. 915.]

Back in the UK, the incredulity that greeted that claim was accompanied by sharp intakes of breath. According to a CBI survey, an overwhelming 95 per cent. of businesses say that they are having to spend more time on red tape now than they did five years ago.

Even the Chancellor's Hampton review, which was published last week, found that

"The predominant mood, particularly among small businesses, was one of concern of . . . the cumulative burden of regulation. Many surveys and much academic research confirm that this is the general consensus. This issue has been more prominent in recent years".

The Secretary of State's big conversation about business regulation cannot have extended far beyond the Treasury Bench, because she is mysteriously absent from the "general consensus" referred to by Philip Hampton.

According to the British Chambers of Commerce, Labour has placed a "millstone" of slightly less than £40 billion around businesses' neck since 1998. On Planet Hewitt, the BCC's figure is wearily disputed. The Minister for Small Business and Enterprise told the House last year:

"I reject the figure of £30 billion"—

the BCC's estimate of the cost of business regulation introduced between 1998 and 2003. He continued:

"The real cost of administering the regulations is only a fraction of that."—[*Official Report*, 30 June 2004; Vol. 423, c. 399.]

Last week, however, the Government's own Better Regulation Task Force admitted in a report that

"Complying with the information requirements of UK regulations is estimated to cost some £20 billion to £40 billion per annum."

[Mr. O'Brien]

According to the BRTF, whose report the Chancellor has accepted in full, he tells us, the cumulative burden of business regulation introduced under the Labour Government is between £140 billion and £280 billion. That is at least three and a half times greater even than the BCC estimates, which from their distant planet DTI Ministers vehemently reject.

The big tent of consensus from which the Secretary of State and her Ministers are mysteriously absent does not extend merely to the cost of over-regulation, but includes the policy tools to lighten the burden on business. Back in the real world, the Conservatives have been listening to individual business men and women, to business organisations and, of course, to our own panel of senior business practitioners and economists. Based on their input and advice, we have published a series of reports on how to reverse the flow of over-regulation. Our reports, which are accessible on www.conservatives.com/policies, have been welcomed by all the major employer bodies—*[Interruption.]* It is a great shame that Ministers have no idea of the terminology of e-business technologies. As I said, our reports have been welcomed by all the major employer bodies, including the Confederation of British Industry, the Federation of Small Businesses, the Forum of Private Business, the Institute of Directors, the Engineering Employers Federation and the British Chambers of Commerce.

After listening to British businesses' concerns about the stock of existing regulation, we have also announced plans to introduce deregulatory Budgets and a deregulation Bill containing specific measures to reduce the volume of regulation introduced by the Labour Government. We shall include that Bill in the first Queen's Speech of an incoming Conservative Government. *[Interruption.]*

Mr. Deputy Speaker: Order. Non-stop chuntering is not allowed, particularly from the Treasury Bench.

Mr. O'Brien: Thank you, Mr. Deputy Speaker. Clearly, Ministers want to close their ears to the real demands of business in this country to enable it to maximise its opportunities in a competitive global world.

When, on the advice of our business deregulation panel, the Conservatives called for sunset clauses, the Minister for Small Business and Enterprise dismissed them as a "quack cure for regulation". When the Conservatives backed post-implementation reviews, the Minister for Industry and the Regions derided them as

"regulatory impact assessments on regulatory impact assessments"

that would

"neither deregulate, nor cut bureaucracy."—[*Official Report*, 30 June 2004; Vol. 423, c. 381.]

When the Conservatives published proposals for regulatory budgeting along the lines of the Dutch model, the Treasury this time claimed that such Budgets

"could easily be used up by the need to implement EU rules. This would leave no space in the Budget for legislation proposed by British politicians."

When the Conservatives announced plans to end gold-plating of EU legislation when it is transposed into UK law, the Minister for Small Business and Enterprise accused us of being advocates of what he called "copping out of directives".

Now, all of a sudden, and with a general election imminent, the Chancellor feigns to announce that he has had a Damascene conversion to Dutch-style regulatory budgeting and that he will, by no means for the first time, overrule his DTI subordinates by accepting the BRTF's recommendations on sunset clauses, post-implementation rules and ending gold-plating. The Chancellor and the BRTF have obviously been absorbed in studying our action plan to reverse the drivers of regulation. The Chancellor's speech included phrases that were extraordinarily familiar to me and my business deregulation panel; I cannot imagine where he managed to lift them from.

It is symptomatic of the DTI's extraordinary ineptitude under this Secretary of State that British business finds itself having to defer to a famously meddling and interventionist Chancellor to defend it from extra red tape and bureaucracy.

Mr. Robert Walter (North Dorset) (Con): I wonder whether my hon. Friend noticed an item in the *Financial Times* this morning referring to a Library study about regulations. The Chancellor has stated that 50 per cent. of regulations come from Europe, whereas the Minister for Europe, citing the House of Commons study, said only 9 per cent. come from Europe, which would mean that 91 per cent. emanate from the Government themselves and they cannot not hide behind the European Union.

Mr. O'Brien: I am grateful to my hon. Friend. Every which way one looks at it, it is clear that all the regulations being placed on business are deeply worrying and undesirable. That said, there is no doubt that the Government are having a spat among themselves as to the true provenance of all these regulations. On this occasion I think that the Chancellor is nearer the mark—he is certainly supported by the Library research—in saying that 50 per cent. of regulations placed on business emanate from Europe. Other estimates even claim that 80 per cent. of such regulations initially emanate from Europe. But as we know, with this Government it is all talk, and in this particular dispute it is all talk in two different directions.

This is a Chancellor who describes the creation of the Financial Services Authority, a super-regulator whose handbook runs to more than 8,000 pages, as

"a measure to reduce the administration burden of regulation".

And this is a Chancellor who proudly, if rather strangely, refers to the new dispute resolution regulations as a "deregulatory measure". Those regulations are so complicated that the DTI had to spend £200,000 of hard-earned taxpayers' money pulping and then rewriting its guide to them, and the Federation of Small Businesses has described them as a

"potential minefield for small firms".

These regulations tell British businesses all they need to know about the difference between Labour and the Conservatives on red tape. Labour-speak is that introducing the new regulations is somehow

"deregulatory". Sometimes Labour gets its newspaper headline, but it is long-suffering British business that gets the hassle of a costly and complex new set of Labour impositions. The Conservatives, by contrast, will take action to abolish the regulations via our deregulation Bill.

On his record so far, British business has no more reason to trust the control freakery of the Chancellor in the Treasury than the nannying of the DTI to deliver genuine deregulation and to get Government off the backs of the British business community. The Chancellor should beware, because no one is better able than British business to see through his pre-election "bribes of March".

Mr. Cousins: The hon. Gentleman may be aware that 160 people in the export credit section administer the arms export controls and export licensing systems of the DTI. Does he consider that to be far too many?

Mr. O'Brien: Our plans for the DTI, unlike those of any previous Opposition, have been set out line by line and are, as always, published for the hon. Gentleman to see. The straight position is that we have looked at what will be effective in helping our innovative and competitive exporters to win new markets overseas. In refashioning the quality of that representation, we are looking to appoint people of higher calibre. We would therefore redeploy some people and at the same time hire at least 50 very high powered and experienced business men and women who would be able to operate in the markets where we are seeking to develop export opportunities, and, more to the point, have the respect to get business-led generation as an extension of the resources to businesses that are so sorely in need of the support that has been lacking to date under this Government.

As we have heard today, on this outer planet the Secretary of State does not spend much time worrying about the over-taxation or the over-regulation of business, but she does spend a lot of time worrying about the straw men that the Government put up, which pretend to be Conservative policies but which bear no relation to the reality of our proposals. The new Labour spin machine was whirring at full throttle this morning as we heard about the imaginary Conservative plans to decimate Government support for science and research and development. Back in the real world—*[Interruption.]* It may be useful for Government Front Benchers to listen to this and to hear the facts for a change, as they are sometimes a little bit shy about that. I have made it quite clear that a Conservative Government, with the support of my right hon. Friend the shadow Chancellor, will at least match the current Administration's spending on science, innovation and R and D.

Furthermore, we will refocus the raft of ineffective Government-funded support schemes, which, as we know from the FSB's 2004 membership survey, only 17 per cent. of businesses, particularly small and medium-sized businesses, even access, let alone use—a depressing finding that is also borne out by the Forum of Private Business figures. Of those few businesses who have used those schemes, only one out of 10 in the FSB survey found the DTI's advice or support satisfactory. Refocusing those schemes is the correct and sensible approach that we will take. After all,

"a few major wins of significant impact for business are worth any amount of initiative-itis."

Those are not my words, but those of the Martin Wyn Griffith, chief executive of the Small Business Service.

We will therefore retain and enhance the manufacturing advisory service, the small firms loan guarantee scheme and Enterprise Insight. Although we will abolish the Small Business Service as a freestanding entity and save overhead administration costs, we will absorb its value-added activities back into the core DTI with a real outward customer focus. The Secretary of State has said that the SBS is indispensable, but it is not—it is the business support services that are delivered to customers, not advice to Ministers, that count in a competitive world. If I can bring the Secretary of State and her Ministers once again crashing back down to earth, the chief executive of the SBS has stated in clear terms that the SBS will discontinue its provision of direct support to businesses and downsize its operations

"by 60 per cent by April 2006."

I commend to the House and to all the people who are engaged in this country's business community and workplaces our line-by-line analysis of DTI activities. We believe that taxpayers have an unqualified right to expect value for money from a Government. They know they are not getting that under Labour and that they can get it only from an organised and efficient Department of State, which is what we have set out in detail as a Department for business under the Conservatives. We note that according to a DTI staff survey, only 19 per cent. of DTI employees believe that

"there is a shared sense of purpose and direction across DTI",

and fewer than half believe that

"DTI's work is focused on a clear set of priorities".

That is a startling indictment of the current structure and regime of the DTI under this Secretary of State.

The right hon. Lady should listen to her colleague, the Secretary of State for Culture, Media and Sport, who told the House earlier this month that the BBC's model of governance is "unsustainable" because the governors cannot be effective as both "cheerleader" and "regulator" of the BBC. No business or organisation has ever succeeded where its strategy is to pull in two polar opposite directions as today's DTI does. By the same token, in the real world the DTI cannot more than double its employment relations budget and introduce 17 major new pieces of employment regulation, showing just how much it really distrusts business, and at the same time claim to be an effective cheerleader for business. That is why a Conservative Government will restructure the DTI to champion, not regulate, business.

Championing businesses means first and foremost showing a willingness to listen to them and celebrating all those engaged in businesses in Britain. The Conservatives have already shown our willingness to listen to and engage with business, not only on deregulation but in developing our recent skills policy. Working with the CBI, the BCC and the Engineering Employers Federation, we have proposed a system of vocational grants—I hope that the Secretary of State heard about those earlier in the response by my hon.

[Mr. O'Brien]

Friend the Member for Westmorland and Lonsdale (Mr. Collins) to the statement by the Secretary of State for Education and Skills—whereby we would create a skills strategy driven by what British businesses demand, not by what the education bureaucracy sometimes happens to produce. That is precisely what has not been successful under this Government and what our policies will produce, as has been endorsed by business.

After eight years of relentless regulation, for which the Secretary of State clearly remains stubbornly unapologetic—not least because she did not mention regulation on business in the whole of her opening speech, although it was a central piece of her own Chancellor's speech—smears about Conservative policies and fantasy Labour initiatives to deregulate are not good enough. British business will consider this Budget on the basis of the real-life facts on the ground, not the Labour myth-peddling machine.

It is a fact that before the last election, Labour said that it would not raise national insurance contributions. Immediately after the election, it did so. It is a fact, according to the CBI, that

"budget changes have pushed up business taxes by a cumulative £40 billion since 1997".

It is a fact that there have been 15 new regulations every working day under Labour—50 per cent. more than under the last Conservative Government. It is a fact that under Labour, as we are told on page 62 of the Red Book,

"the UK has not been fully effective at realising the commercial potential of research".

It is a fact that for every job that the private sector lost last year, the public sector took on almost two jobs. And it is a fact that nearly 1 million manufacturing jobs have been lost under Labour.

Enough is enough. Instead of the endless talk that we hear from Ministers about the challenges facing British business—important as they are, and important as it is to recognise the global challenge now coming from China, India and other very fast-developing markets—businesses need a Government with a clear plan of action. They need a low tax and a real low-regulation economy; the right skills system, driven by the demands of business, to pull young people up through school and higher and further education; support for science and research and development through the stripping away of much of the current bureaucracy, not least in the mismatched definitions of development for the purposes of qualifying for research and development tax credit; and a refocused DTI. The DTI must be that loud, authoritative voice that is needed for the confidence, competitiveness, profitability and highest possible reputation of British business. That will be at the heart of a Conservative Government whose success will transparently be measured by its month-by-month, year-on-year real effectiveness in reducing the regulatory burdens on business.

None of that is rocket science. It is all deliverable—but, obviously, only under the Conservatives. It is clearly out of reach of the inhabitants of planet Hewitt.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I remind the House that Mr. Speaker has placed a 12-minute limit on all Back-Bench speeches.

3.2 pm

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): I draw attention to my entry in the Register of Members' Interests.

It is appropriate that I have an opportunity to speak in today's debate. I am sure that my right hon. Friend the Secretary of State will not mind if, while she is still here, I deal briefly with a local issue—that of Peugeot. My hon. Friend the Member for Coventry, South (Mr. Cunningham) is present as well, and the Secretary of State will understand why we in Coventry are particularly concerned about the issue. It comes hard on the heels of Ford's decision to close Browns Lane, the historic centre of activities for Jaguar worldwide. We are happy to note that the job losses were small, and we are grateful for the handling of the operation in that respect. Nevertheless, as the Secretary of State will appreciate, this was a hard and bitter blow to the morale of the city itself.

Neither my hon. Friend nor I make any apology for viewing the Peugeot issue from a constituency point of view. Ryton is clearly our last manufacturing plant—albeit an assembly plant—for the motor industry. As the Secretary of State will know, 700 jobs went last year and 850 job losses have now been announced. That means that there will be fewer than 2,000 Peugeot employees at Ryton.

The Secretary of State spoke of her own disappointment, after all the work that she had done and, indeed, all the work that her Department had done. The Department deserves credit for that, notwithstanding the rubbish and denigration that we have heard from the Conservatives. I do not know how we would fight such things through without a good, committed, effective Department—but that is a separate issue. Anyway, the Secretary of State said how disappointing it was that, after all those efforts, the company had turned around and said "No thank you, we are not going to build the 207 in the UK; we are going to build it somewhere else, and we do not need the grant." Worse, the company now tells me—the Secretary of State may wish to confirm this now or later—that if it wanted the new grant for new investment that we still hope will be provided for the next few years, it would no longer be applicable and the whole process would have to start over again. As the Secretary of State can imagine, that is very disappointing. I regret to say that we are all reaching the conclusion that Peugeot has no plans for the plant's future, and will probably let it go in due course. I do not think we can let it go by default.

Mr. Jim Cunningham: My hon. Friend has raised an important point: the transferability of the grant from one project to another. I hope the Secretary of State will clear that up. I acknowledge that she worked wonders to save Jaguar's Whitley plant, and we appreciate that, but companies are making people redundant without proper consultation—without a by-your-leave. I am sure the Secretary of State knows that for the past

18 months we have been trying to get answers out of the company. Does she not think it is about time we introduced some form of legislation, perhaps tougher legislation, requiring consultation?

Mr. Robinson: I take my hon. Friend's point. He will be pleased to know that the company has agreed to consultation, but the redundancy notices have been issued and the decision to reduce the Peugeot staff by 850 has already been made. It is a funny sort of consultation when a company decides first and consults afterwards.

The Secretary of State will recall the last time we were in her office. She agreed to a meeting to discuss Peugeot some months ago, before we had the answer from Europe on the grant. One of her officials said that the Department was pushing for an appointment with the chief executive or the company president. I subsequently wrote to him myself, in French, and received a reply from the local director of communications in Coventry. It seems to be very difficult to get through to the company to find out what its intentions are. I think that that is the minimum that we are entitled to ask of it.

The chief executive officer is quoted as saying—at, I believe, the Geneva motor show—"Do not worry, the 206 will go on until 2010 at least." I do not think that statements of that kind are of any value in this context. The reason given for the present reduction of staff by 850, to less than 2,000—a 30 per cent. reduction, almost exactly—is that last month sales of the 206, marvellous car though it is, were down by 5 per cent. in Europe. If that is the case now, with the 207 coming in, I think we shall see a fairly rapid decline in sales over the next few years. I feel that my right hon. Friend the Secretary of State should take the matter up and have a discussion with Peugeot. If it became involved in a meaningful discussion, it might change what seems to be its current mindset—that there can be no future for Ryton. The Secretary of State will be pleased to know that we have a meeting arranged with the Minister for Industry and the Regions, on, I think, 5 April. We will bring up those points then, and she may be able to tell us what steps she can take.

Mrs. Curtis-Thomas: I have listened to what my hon. Friend is saying with deep regret. There may, alas, be no future for Peugeot in his constituency. Does that mean there is no future for the employees, and how does their future under this Government compare with their future under past Administrations?

Mr. Robinson: Fortunately everyone is a good deal better off than they were under past Administrations—if not in my constituency, in the general area of Coventry city.

What struck me about the Budget as soon as the numbers came through was how remarkably restrained the Chancellor had been. I do not want to provoke the right hon. and learned Member for Rushcliffe (Mr. Clarke), who is a former Chancellor himself, but I have a sneaking suspicion that had he found himself on the presumable eve of a general election, he might have found it in himself to give more away. Perhaps I should not have made that remark; I do not wish to provoke an intervention.

This is a mildly restrictive Budget. Some £250 million has been taken out of the economy. If the idea is to take £800 million from the super-rich oil companies with one hand, by advancing their tax payments, and giving it to pensioners with the other, I do not see how any Member could object to that.

Mr. Dorrell: For the record, the hon. Gentleman does not have to look into a crystal ball to inquire what my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) would do in the run-up to a general election. He was in exactly that position and subject to the temptations that the hon. Gentleman refers to, but did not do what the hon. Gentleman suggests he would have done.

Mr. Robinson: I will tell the right hon. Gentleman what his right hon. and learned Friend did: despite the imprecations of the then Governor of the Bank of England, he refused to increase interest rates, and we had to put them up the day we came to power. However, I do not want to get into that debate. We are talking about a Chancellor whose record, nine Budgets later, is well known to the House, and he basks in a glow of approval.

There were four targets in the Budget, which I thought were carefully selected. The first was lower-income families, and children. A remarkable statistic to pick out is that a family with two children on an average income of £25,000 is now, once credits are taken into account, paying an effective rate of 6 per cent. income tax. That is the extent to which the Chancellor and Government have been successful in targeting credits and relief and in making those on lower incomes with children much better off. I take great pride in that figure, which as with other aspects of the Budget, should be endorsed by both sides of the House.

I also believe that the targeting of senior citizens was right. Half of the increase that we have made has gone to the one third of pensioners who are less well off, and I believe that the £400 will be extremely welcome to them this year. The third target was first-time buyers, with the increase in the threshold for stamp duty, which was doubled. Many of us would have liked to see that threshold increase even further. However, if there is an element of regional redistribution—perhaps involving the midlands, east and south-east—given that effective regional policy is endorsed, we could all welcome that.

The final target was individual savings accounts, of which I suppose I have to claim to be the author. I am pleased to see that the savings under the new ISA provisions have been extended for a further five years. All those provisions were welcome, and I believe that the priorities were all well chosen.

I turn now to what I believe are two or three of the biggest challenges, beyond the Budget, that will face whoever is in government in the next five years—I am sure that that will be the present Government. The first was referred to with some effect by the hon. Member for Eddisbury (Mr. O'Brien), and I say to my right hon. Friend the Secretary of State that red tape and the size of the public sector are a real issue.

I have only a little time, but I remember that when I was in the Treasury there was a Better Regulation Task Force. It sent me one paper on regulation in

[Mr. Robinson]

particular—it did not send me any more after that—that I could not understand. I sent it back and told the taskforce to rewrite it. It sent it back to me, but I could understand it even less the second time. I decided that I would not sign it, so I sent it back to the Cabinet Office, where I suppose the taskforce is still located, saying that I would not sign the paper as I did not understand it. I never saw the document again, but I imagine that it went out. At that time, the unit had 29 people sending that stuff out, so I say to my right hon. Friend that red tape is a problem.

We do not always need initiatives. My right hon. Friend announced another important one today, but as we have more initiatives and more people administering them, the system becomes more unwieldy and difficult to reduce in size. There is only one way to deal with the problem, which is to cap the numbers in many areas of government. I stress from the start that we should work in meaningful consultation with the trade unions and tell them that we would continue with natural wastage, redeployment and retraining. If we as a Government were serious about that, we could bring down the numbers within a few years.

Gold-plating has been referred to. We were meant to be reducing that back in 1997–98, and I am sure that we are. *[Interruption.]* I am sure that we are. The number of regulations coming out of Brussels is a different matter altogether, and I am sure that the hon. Member for Eddisbury will know that I am not the greatest fan of them, although the former Chancellor is.

There are two or three huge challenges facing us.

Mr. Cousins: I want just to chide my hon. Friend. If he does not believe in regulations, how on earth did he give us the insurance ISA?

Mr. Robinson: I did not say that I do not believe in all regulations—I do not believe in many regulations. I believe that they could be cut, and that we should cut them.

I have only one minute left, and I want to say briefly that two or three huge challenges face the next Administration. The first is pensions, and Members from all parties will be aware of the scale of the problem, both locally and nationally. The Government have taken two excellent initiatives: the financial assistance scheme of £400 million; and the pension protection fund, which should safeguard 80 per cent. in the future. We are also very grateful for Brico, part of the Federal Mogul scheme in my constituency. However, the problems are huge and ongoing, and they will have to be faced.

The second challenge is equal pay. If the national health service is to meet the claims that will arise out of a court judgment in the north-west, the problem could be enormous. We ask the Government to be prepared to help the NHS. They will also face problems with equal pay from local government, and together with that will be the pensions issue. The third area is globalisation and the changes that it will force on all sectors of all economies, especially such an exposed and open economy as the UK's.

Only a Labour Government will have the vision and courage to meet those challenges. Equally importantly, only a Labour Government will have the compassion and values to ensure that, in meeting them—they are harsh challenges and will impose harsh realities—we look after the old, the sick and the poor. Only a Labour Government can do that, and I assure my colleagues on the Front Bench that I look forward to their re-election in due course.

3.16 pm

Dr. Vincent Cable (Twickenham) (LD): I had intended to start by setting out the parts of the Budget that I agreed with, but I have been provoked by the Secretary of State so I will start with a couple of points on the Department of Trade and Industry. She takes the proposal of axing or cutting the DTI a bit personally, so perhaps I could quote back to her a comment that was made to her when she spoke to the annual conference of the British Chambers of Commerce a few months ago. One of our leading entrepreneurs, Gulam Noon, who I think is a new Labour supporter, asked her please to stop trying to help them and just let them get on with their job of running their companies. In many ways, that encapsulates the scepticism that many companies feel about the DTI's role.

I went also to say in passing that I endorse the intervention from the right hon. Member for North-East Hampshire (Mr. Arbuthnot) about trade with China, not simply because it might offend President Bush, which is a subsidiary issue, but because it is rather a bad idea. I would have thought that the Government might have learned by now that subordinating British foreign and economic policy to the interests of a handful of arms companies is not good practice. I agree very much with what the right hon. Gentleman said.

I turn now to the substantial parts of the Budget with which I agree. First, the Secretary of State is right to say that, in many respects, the British economy is doing well. Of course, it is uneven and, as the hon. Member for Banff and Buchan (Mr. Salmond) correctly pointed out, there are variations across the UK. None the less, in many respects, the British economy is and has been doing very well. The problem, however, is that the Chancellor, like the Secretary of State, does not do modesty. We therefore have a completely unbalanced explanation of how this has been achieved. Part of the explanation clearly comes from outside—the rapid growth in the United States and China is an example—and from the legacy of the right hon. and learned Member for Rushcliffe (Mr. Clarke), in that there was a period of growth before this Government came in. All those are factors that need to be acknowledged.

I acknowledge many of the specific achievements that the Government have claimed. The Chancellor said in his Budget speech that our exceptionally low inflation had enabled him to launch 50-year bonds. That is good and, historically, it is a very positive development. He did not point out, however, that 50-year bonds are also being launched in France, one of those European failed states that he enjoys gloating about.

The Chancellor also argued that the British Government had a generally good record on the Government balance sheet—the relationship between debt and gross domestic product—and that is certainly true. We are one of the best countries of the G7 in that regard, although our record is nothing like as good as that of the Liberal Government in Canada, which is

exceptionally low and is improving. None the less, our record is relatively good. However, this is being attributed to good housekeeping in the United Kingdom, whereas we should be more concerned about the collective folly of the entire G7. Only a couple of years ago, a report from the Organisation for Economic Co-operation and Development highlighted the fact that the current trend in this respect in all the developed countries was unsustainable. I freely acknowledge, however, that the one genuinely positive and unambiguous benefit has been the fact that we have had steady growth. Martin Wolf produced a very good piece a few days ago, demonstrating that, of all the G7 countries, Britain has enjoyed the greatest stability in both inflation and growth. That is an advantage, and it is probably a product—in part, at least—of good policy decisions on the independence of the Bank of England.

As I advocated the policy of changing the stamp duty thresholds, I cannot help but agree with the Chancellor's proposal to do so. I am a bit disappointed that he did not go up to £150,000, because £120,000 is of precious little use in London and the south-east of England. None the less, it is a good policy as far as it goes. The objection raised by people in the property industry is that raising the stamp duty threshold will fuel house price inflation, but I do not think that that will happen. I base that belief on a small piece of information that was allowed to trickle out of the Treasury in the past few days. The Treasury's own forecast is that house prices are going to fall in the current financial year, admittedly by only a modest amount, but the trend is now clearly being acknowledged.

Sir Sydney Chapman (Chipping Barnet) (Con): Does the hon. Gentleman agree that the problem with the stamp duty threshold is that, once it has been reached and the payment triggered, the duty is liable on the total cost of the home rather than on only that part of the value above £120,000? That is going to be the main problem for people living in his constituency and mine.

Dr. Cable: The hon. Gentleman is quite right. The slab system, as it is called, which would kick in at £150,000 and apply 3 per cent. duty to the total amount, is one of the underlying elements of unfairness in the system. Having done the numbers, however—and having hoped that I might be able to offer some comfort on this issue—I have decided that unwinding the slab system and replacing it with a genuinely progressive system of stamp duty would either be phenomenally expensive or result in the top end of the property range being charged extremely high rates, such as 7, 8 or 9 per cent. So unravelling the problem that the hon. Gentleman has correctly identified is going to be very difficult, but he is right to say that this is a fundamental problem.

The Government were also right to give up the stamp duty exemption on properties in disadvantaged areas. We had a very useful exchange on this during the Secretary of State's speech. The Government have clearly discovered, as we did when we looked into the matter, that the vast majority of beneficiaries of the exemption are big property developers in Canary Wharf. Indeed, one of the largest beneficiaries in the past few months has been a big commercial development in High Holborn. We are not talking about shopkeepers in Salford—*[Interruption.]* The distinction is that that particular commercial area on the fringe of the City of London is extremely profitable, and the companies that benefit from the exemption are not small companies. The Government have drawn the correct conclusions in this regard. They had made a mistake, and they have at least partially acknowledged that in this proposal in the Budget.

A further change in the Budget that I acknowledge positively was the modest step to raise the threshold on inheritance tax. We know that this is a difficult and complex area. May we, however, have some feedback on whether the Government are going to address some of the serious anomalies in inheritance tax that are beginning to arise for middle-income families in many of our constituencies? This is partly caused by a threshold problem, and partly by a deeper issue. For example, a family came to see me last week. Five orphaned children whose mother had recently died found themselves living in the family home, having to cope on no income beyond benefits, and without any inherited savings. Nevertheless, they faced an inheritance tax bill of £20,000. They live in a fairly modest house in my constituency. We need to face not only the threshold question but the issue of how the inheritance tax burden on many middle-income families can be made supportable in exceptional cases of that kind.

My final point of agreement reflects partly what the hon. Member for Coventry, North-West (Mr. Robinson) said about red tape. The Chancellor's proposal is admirable and sensible, but the only problem is that we have had Lord Haskins and David Arculus considering the matter, and relatively little has happened. The Government claim to be committed to a tough regime of regulatory impact assessment, but, in practice, significant Departments such as the Home Office ignore it totally, and Departments are not consistent in the way that they apply it. The Treasury and the Inland Revenue in particular seem to treat it in a fairly flippant manner. Therefore, we need to consider the Government's record as much as their words. None the less, common ground exists on some important issues.

Let me turn to some of the issues about which I am more sceptical. First, on forecasts, the Government are forecasting above-trend economic growth for the next two years. The Government can say, not unreasonably, that their previous forecasts have been proved right and the doom-mongers have been proved wrong. To believe that there is no spare capacity in the economy however, is to make a series of fairly optimistic assumptions. We will not discover who is right until after the election, but if the Government are wrong, the Bank of England will raise interest rates over the next few months, or later in the year, which will begin to test out the stress, which Lord Griffiths and I have identified, of personal debt. In an environment of rising interest rates, many of those families who are just on the edge of a personal debt crisis will be tipped over it. It remains to be seen what will happen, however.

The other area in which forecasts are seriously optimistic is in respect of Government receipts. The two major areas through which the Government expect to get more money are anti-avoidance measures and the oil industry. The anti-avoidance measures will bring in

[Dr. Cable]

about £3.3 billion extra. Clearly, I have no quarrel with effective anti-avoidance, and the Treasury and Inland Revenue clearly want to lock horns with multinational companies over what are now laughably called double no taxation agreements, and if they can win that battle, that is fine. But independent analysts such as KPMG have suggested over the past few days that however well intentioned the Government's anti-avoidance measures, their likely effect might be to reduce revenue simply by driving away companies at the margin. I do not know what the outcome will be, but the forecasts are certainly on the optimistic side.

Similarly, it was interesting that there was no reaction from the oil industry. As I have been in that environment, that tells me that it has assumed that it will not have to pay. Effectively, it will pass on the change, and it might manifest itself in reduced investment in the North sea, but it will not pass it back to its shareholders. A proper evaluation of what the change in taxation implies for the oil industry is missing. The Secretary of State for Trade and Industry knows, because she has had bad experience, that the Treasury routinely announces radical changes in oil taxation without consulting the Department of Trade and Industry. I do not know what the answer is. The measure might be perfectly sensible, but we need some evidence that the Government have thought through the implications for investment in the industry. It is possible that oil prices will dip sharply in future years, and I think that the Government are merely bringing forward a receipt, which implies that, in five years' time, that receipt will not be there. Effectively, therefore, the change is an accounting shift rather than an increase in resource revenue, which will inevitably have to be paid for by the next Government, whoever they are.

Both those key points raise a question that I have raised previously, and that the Conservative spokesman has raised, about the independence of assessments of the Government's assumptions. The Government might be perfectly right, but we do not know what the Inland Revenue is expecting—it is all clothed in opaque cover. This country badly needs a system that gives the National Audit Office much more independence to assess and evaluate the Government's assumptions, and gives the Office for National Statistics more genuine independence of Government.

The other area of ambiguity relates to the so-called golden rule and the black hole. A spat broke out this weekend between the Government and the Conservatives. Perhaps I can put myself forward as an honest broker or arbitrator in this dispute, having no particular axe to grind. Having looked at the facts, I have to say that the Conservatives were rather misrepresented. Part of the problem is that they have been toying with two different £35 billion sums and the Government have focused on the wrong one. The £35 billion figure for 2011 is neither here nor there, and although I am not particularly pro-Conservative, the idea that they want to sack all the country's doctors is a little preposterous.

There is a genuine benefit in looking in more detail at the real £35 billion saving that is supposed to happen during the current spending round. As I understand it, that £35 billion consists in part of the £22 billion saving from Gershon, which we all say is desirable, although most of us are pretty sceptical about it. Incidentally, I hope that at some point the Government will demonstrate how the Gershon savings that the Chancellor mentioned will actually be realised. Given that we all agree with the £22 billion Gershon figure, what the Conservatives are actually advocating is an extra £13 billion in savings. I freely concede that of that sum, £5 billion is entirely plausible and constitutes serious cuts in things such as social housing. Such cuts may or may not be desirable—I do not think that they are—but they are serious attempts at making choices. However, the other £8 billion-worth of cuts are simply not plausible, as my hon. Friend the Member for Yeovil (Mr. Laws) demonstrated in the House a few weeks ago.

The problem with the Conservatives' proposals on the "black hole" is not that they intend to sack all the country's doctors, but that, if anything, those proposals will make the problem worse. There are two reasons for that. First, if they are as good as their word and cut taxes in their first week in office, it will take several years to claw back those savings, so the immediate impact will be a widening of the deficit. Then, there is the large-scale sacking of civil servants. As I understand it, the biggest spending commitment is a £5.9 billion increase in redundancy payments for civil servants, which will be clawed back by selling off Government assets. We know that selling off Government assets is a difficult and slow process, so even if it happens, there is a long time lag. So, whatever happens, if this policy comes about, the black hole—if there is such a thing—will actually get worse, rather than better. Perhaps the Government would do well to concentrate on that issue, rather than on the preposterous allegations that they were making over the weekend.

In my concluding few sentences I want to highlight the two main areas in which we fundamentally disagree with the Government, the first of which is council tax reform. We have all understood the £200 relief offered by the Government to be a one-off, although it has been suggested in the past few days that it might not be; perhaps we could have some clarification on that point. The Red Book clearly states that the relief is for one year only, but I ask that it be made absolutely clear for how long the £200 concession will last.

Even if such relief is a short-term sticking plaster for some pensioners, what the Government are not acknowledging is the potentially disastrous effect in the next 18 months to two years of council tax revaluation. Such revaluation has already begun in all our constituencies, and the impact on individual homes will be entirely capricious. Of course, some people will benefit, but many will lose out simply because their homes happen to be in an area where the rate of house price inflation has exceeded the national average over the past 14 years. In several cases in my area, the consequences will almost certainly involve moving up by two or three bands, thereby costing the families in question £700 or more. As I said, others will gain, but this random distributional effect will cause an enormous amount of grief and bring the whole council tax issue to a head. That is why we argue for fundamentally reforming the whole system by moving over to an income-based one, as operates in the United States, Switzerland and Scandinavia.

The second criticism is a much more fundamental one. The hon. Member for Coventry, North-West rightly argued that the Government are genuinely trying to target poverty through their child-related benefits and pensioner support. The intentions are admirable, but we all know that, in practice, there are all manner of unintentionally damaging consequences, the first of which is extremely high marginal rates of tax. The 2.1 million people enjoying tax benefits who are in work face marginal withdrawal and tax rates of 60 per cent.; indeed, in some cases the figure is much higher. That is far in excess of the 50 per cent. marginal tax rates that we have been told are wholly unacceptable for the rich.

There are even bigger problems for pensioners. The marginal withdrawal rates of 50, 60 or 70 per cent., depending on circumstances, are a massive disincentive to save. That complicates long-term pensions arrangements, which is why we need to move to the policy advocated by many people—we believe that it is shared in some parts of the Government—of providing a decent basic state pension, at least for older pensioners, above the means-tested level.

What is the overall verdict on the Budget? We should certainly be appreciative of economic stability, but in other respects the Government have created yet more complexity in an already complicated system and have done nothing to deal with the underlying unfairness in the tax system.

3.36 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): It seems just yesterday that I was walking around Plymouth, Sutton when it was a city down at heel, down at the bottom of far too many league tables and down at heart. That was the city that I inherited from my Tory predecessor. At that time, it included what was judged as the poorest ward in England on the index of multiple deprivation. However, that was not yesterday, but in 1997—and what a difference there is in Plymouth 2005. It is now a city buzzing with energy, full of ambition and confident in its future, as anyone who saw the exhibition, "Urban renaissance: a vision for Plymouth", in the Upper Waiting Room at the beginning of January could see for themselves. The Chief Secretary to the Treasury also saw it when he visited Plymouth last May.

With stability providing the foundation, investment and not cuts, and every child having the best start in life—the watchwords of the Chancellor's Budget speech—this was a Budget for Plymouth's hard-working families. There are 6,000 in Plymouth, Sutton with 10,000 children, all of whom will benefit from the commitment to uprate the child tax credit in line with earnings.

The vast majority of Plymouth, Sutton's 11,000 pensioners will welcome free bus travel in off-peak periods. I am pleased to say that it is already available in Plymouth to the over-80s. While only one in four—five out of 20—pensioners who are responsible for paying council tax will receive help under the Tory proposals, 19 out of 20 will benefit from the Chancellor's proposals. The Budget provides a platform to move forward on our policy to provide a fair deal for older people. We are committed to eliminating pensioner poverty, as well as recognising that all older people deserve our attention.

Older people are as different as any other group. In 1997, 3 million to 4 million of 11 million pensioners were living in abject poverty on £69 a week. We should have been much angrier about that. Many women who did not have a chance to build up a pension were among their number, yet 1 million of the 11 million pensioners were among those who saw their incomes rise most in the 1980s and 1990s—with an 80 per cent. real-terms increase in their income.

I make no apology to anyone either in my movement or outside it for supporting the Government's efforts to close the income gap rather than widen it. There is no way that increasing the basic pension across the board could have achieved that in the years up to the present. All that we can do to achieve that is based on having a strong and stable economy, low inflation, low interest rates and low unemployment. They provide the basis of security for pensioners, and are also good for home owners, business and our public services.

Public services need stability, predictability and steady investment rather than cuts. Steady investment also means that some 6,000 people in Plymouth, Sutton are now in work, thanks to the new deal—3,390 through the new deal for young people, 660 through new deal 25-plus and 1,900 through the new deal for lone parents, which the Opposition are intending to axe, should they get into office. That steady investment and high employment level mean that Plymouth now has below-average unemployment for the first time in 25 years.

Instead of the fear that unemployment means months and years on the dole, there is now confidence that, if major job losses arise, the support is there. For instance, a little over a year ago we had 1,400 job losses at the ITV digital call centre, all within a few months, but that hardly made a blip on unemployment in Plymouth because of the active employment policies that swung into action. Instead of feeling that the Government and their Member of Parliament believed that unemployment was a price worth paying for some crazy mirage that the economy prospers under the Conservatives, they had active support. In the weeks and months ahead, I will take any and every opportunity to remind people of the real track record: one of 10 per cent. interest rates, on average, across the time of the last Conservative Government—15 per cent. at times—which was bad for house owners.

The real track record included the price of economic failure and of servicing the national debt and the totally unnecessary sky-high levels of unemployment that meant that we were paying more on the economics of those failures than on schools. In Plymouth city alone, we were spending £100 million a year on keeping people unemployed. People were trapped in a low-skill, no-skill and no-hope economy, with £1 an hour for cleaning jobs not uncommon in and around Plymouth and Plymouth, Sutton.

In 2005, 140,000 people in Plymouth and the south-west have benefited from a minimum wage that we were told would put 1 million people out of work; instead, we have 2 million more jobs. In 2005, stability means year-on-year increases in school buildings, books, equipment and teachers—150 more than in 1997 in Plymouth alone. We have 2,320 more nurses as well as 696 doctors and 258 consultants in the South West Peninsula health authority area.

[Linda Gilroy]

As well as more new people, there are more new buildings, including the new Peninsula medical school of which we are proud, where some 200 out of the 2,000 extra doctors now in training in Britain are in their third year.

The Budget paves the way for continuing sustained and stable investment. I have mentioned some of the challenges, including the dockyard, globalisation and call centres—we have 10,000 jobs dependent on call centres—and foreign-owned companies will be looking at our competitive position. We have too many people with low skills and businesses are finding that skills are scarce. We have made significant progress and have more confidence and ambition, but we still need a recognition of our comparatively weak position and we need the son or daughter of objective 2 regional aid funding support.

My right hon. Friend the Secretary of State for Trade and Industry, through funding for the city growth strategy programme, helped us to identify where our strengths lie. The strategy envisages continuing to support the science park developments, such as the successful Tamar science park, and a new marine science park that we hope to develop in the Millbay regeneration area. We aim to build up our marine science industry and our medical and health sciences, including the growing reputation for stem cell research and the spin-off businesses from it. We have advanced engineering, including a very good department of robotics at Plymouth university.

The creative and cultural industries are playing an important part. The TR2 in Plymouth—the Theatre Royal 2—is a rehearsal theatre that production companies from London have used for making their scenery and rehearsing their productions. Following a recent meeting with my right hon. and noble friend Lord Sainsbury, we have opened up discussions. From this list, my right hon. and hon. Friends will be aware that we will soon be beating a path to the door of the Treasury to discuss the ambitious and aspirational agenda that we have in Plymouth.

Our region has the greatest disparities of any and we need science city status. I am pleased that Bristol has such status but, given the need for us to act as the engine driver for the Devon and Cornwall sub-region, we will need the sort of support that we have had through objective 2 for another round. We would want that to act with the themes that I have identified in a way that would lift us out of the need for such support. We are right on the edge of the objective 1 area, where my hon. Friend the Member for Falmouth and Camborne (Ms Atherton) is beavering away to make sure that there is a son or daughter of objective 1.

Plymouth is a city with a great past and a great future. This country has a great past, and Plymouth is building on that. The Government and their Budgets have a great track record of delivering a basis for the sort of growth that we have experienced and want. The country will shortly face a choice between a sustainable economy that is in good shape to take us forward fairly or an Opposition party that is still stuck in the past, apparently unable to understand the need for an active Government to play their part in helping us all to realise our full potential as individuals and in the public, private and voluntary sectors in which we work. I commend the Budget to the House.

3.46 pm

Mrs. Gillian Shephard (South-West Norfolk) (Con): It is with some sadness that I rise to make what is almost certainly my last speech in this House. Eighteen years is a long time in politics and I am conscious of the privilege that my constituents accorded to me by returning me four times to play my part in this House and, in the past, in the Government of our country.

However, I am not entirely sure how effective my representations have been over the years. Throughout my time in the House, I have reminded Labour and Conservative Governments that rural people matter too. In my maiden speech in October 1987, I said that in future I would

"From time to time ... remind the House that there are areas of the United Kingdom that lie to the east of"

Watford, as well as to its north and south

"and that the particular concerns of scattered rural communities such as my constituency also merit attention."

That is certainly life-enhancing prose now that I read it again. I also pointed out that the delivery of services in rural areas is more costly and complex than in urban areas and I pledged to fight for better infrastructure in Norfolk, not least because Norwich is

"the only conurbation of its size ... that is approached by a medieval network of single track roads."—[*Official Report*, 23 October 1987; Vol. 120, c. 1040.]

Not much has changed there.

During the whole of my time in this place I set out to test the fairness of Government policy by examining the effectiveness of its application in rural as well as urban situations. My Government did not always pass that test with flying colours and an episode that is strongly etched in my memory occurred during my first ministerial job in the then Department of Social Security when I argued that an overflowing septic tank was a real emergency for people on benefit and that if they were faced with that unpleasant situation, they should have access to the social fund. A civil servant said, "What is a septic tank, Minister?" At least Ministers knew that rural areas have many different and sometimes more complex concerns than urban areas. However, sadly, this Government still seem to have very little concept of how life works in rural areas and I shall illustrate that with two examples from the Budget.

The first is the Chancellor's much-vaunted offer of free bus passes for pensioners. Last week, he announced that the over-60s and disabled people would be entitled to free bus travel from April next year. Welcome as that news will have been in towns and cities and perhaps in some rural areas, it was treated with hollow laughter in many other rural areas. "What buses?" people said, as well they might. A constituent recently wrote from Rockland St. Peter, a village some six miles from the nearest market town, Attleborough. She said:

"The service we used to have to Attleborough and Norwich was reduced to once daily two years ago. It is now once monthly, yes, only twelve buses a year."

She added:

"The service when it ran every day was used to visit doctor, dentist, optician, nurse, foot clinic, health centre and to get to the hospital, the Norwich City College and other appointments."

I know that the Minister has a relative in that part of the world—I hope that he does not mind me saying so—and he will therefore be able to imagine how much use a bus pass would be for residents of that village. It certainly will not cost the Government very much if they can use the bus pass only once a month. He might even be able to picture the residents' reaction as the Chancellor pulled that particular rabbit out of his not very well filled hat. Since I raised this question, the county council has agreed to provide a taxi link once a week from the village. I wonder whether free bus passes will apply, but I shall not hold my breath for a reply.

There is more to that issue. According to the *Eastern Daily Press*, Norfolk's excellent regional newspaper, by Friday last week the Department for Transport had been forced to admit—only hours after the triumphant Budget—that local authorities were waiting to hear if the Government cash provided would cover the costs of the scheme, or if pensioners and the disabled in rural areas would have to pay for the Government handout through their council tax payments. Even more significantly, Department for Transport officials had to admit that only journeys that start and finish within a district council's boundary will be covered. How do Ministers think that rural people's lives work? Do they not understand that services, jobs and education are found in larger towns, and that in order to reach them people have to travel outside their own areas and that that, more often than not, means crossing a council boundary? I fear that that is a rhetorical question because those measures would not have been announced in the form that they have had Ministers realised that people in rural areas would be disqualified—at least, I assume that that is the case. The Norfolk Age Concern spokesman was quoted as saying:

"It does seem that some older people won't get any real benefit . . . if they live in rural areas."

Quite so.

My second example is more serious, and I make no apology for returning yet again to the question of biofuels. Obviously, a developed UK biofuels industry would have multiple benefits for this country, environmentally and economically. There would be particular benefits for rural areas, since the production of feedstocks would provide alternative markets for agriculture and help to ensure the continuation of farmed rather than merely conserved land in our countryside. The House does not need to take my word for that, because it could take the Government's. Only last summer, the Government agreed to amendments to the Energy Bill, which placed responsibility on the Secretary of State

"to ensure the integrity and security"

of energy supplies, specifically mentioning energy derived from biomass and biofuels.

The Government have signed up to the Kyoto protocol and they have adopted a national goal to move towards a 20 per cent. reduction in carbon dioxide emissions by 2010. They have signed up to the EU biofuels directive, which requires them to set targets for the substitution of petrol and diesel with biofuels by this July, and higher targets by 2010. Their energy White Paper, which I assume they support, states:

"The UK should put itself on a path to a reduction in carbon dioxide emissions of some 60 per cent. from current levels by about 2050".

Nor do Ministers lack all-party support, as illustrated by the number of early-day motions, debates, questions and delegations from both sides of the House to encourage further support for biofuels. Outside Parliament, unprecedented support includes the CBI, the British Chambers of Commerce, Friends of the Earth, the academic world, the National Farmers Union, development agencies and local chambers of commerce—all recommending that the Government should reduce duty on biofuels or provide other encouragement.

The Government say that they support the development of biofuels, and they have signed up to a number of environmental obligations. They enjoy extensive cross-party support, and huge support from outside the House. However, little has been done. Observation obliges me to point out that Ministers have paraded their environmental credentials for some time, most recently at an international meeting held the day before the Budget. However, they do not go into detail about why successive domestic Budgets have done little more to encourage environmentally friendly fuel produced in the UK than to propose a concessionary rate of 20p. Lord Whitty has said that that concession will not stimulate the investment needed to deliver the required outcomes in this country. Ministers cannot afford to be complacent, as they know that CO_2 emissions from transport have risen in the time that they have been looking after the economy.

Like its predecessors, this Budget will have disappointed Lord Whitty and the biofuels lobby. It is big on working parties and feasibility studies, and it extends an already inadequate and ineffective duty derogation. Above all, it is big on words, but action is not forthcoming. The biofuels industry will remain a tiny cottage industry that produces biodiesel from used cooking oil, and no bioethanol will be produced in this country. The only result of the Government's fine words will be massive imports of biodiesel from Germany, which is made from exported UK rapeseed, and of bioethanol made in Brazil, whose cost in terms of employment rights and the environment we can only guess.

That brings me back to where I started. One other side benefit of the development of the biofuels industry would be the provision of a secure and sustainable future for many aspects of agriculture, to the benefit of our rural areas. Eighteen years ago, I stated my intention to work in Parliament to ensure that specifically rural problems gained recognition. Under this Government, council grant has been switched away from the shire counties, and there has been a failure to recognise that a sparse population is more costly to police and to provide with services. Fuel tax has been hiked, and the Government have refused to contemplate a strategy for the development of agriculture. They have displayed equanimity about the fact that the countryside faces a managed rather than a working future.

Given all that, this Budget shows that the Government understand nothing of the countryside, or rural people. It is time for a new Government who do understand those things—and we will.

3.57 pm

Mrs. Claire Curtis-Thomas (Crosby) (Lab): I welcome many of the measures in this Budget, but my contribution today will centre on small and medium-sized enterprises.

[Mrs. Claire Curtis-Thomas]

I welcome the Government's announcement that SMEs' access to public sector procurement will be improved, as those businesses improve competition, drive innovation and therefore offer better value for money in the delivery of public services. I am also delighted that the Government intend to introduce the mandatory requirement that at least 2.5 per cent. of public sector extramural research and development will be devoted to SMEs. Many years ago, the Government introduced the research and development tax credit. That focused specifically on SMEs, and was subsequently extended to include larger businesses.

A number of derogatory remarks have been made today about the Small Business Service. I neither echo nor understand them. They do not match my experience of the SBS which, together with the regional development agencies and the Office of Government Commerce, will roll out nationwide the measures to improve SMEs' ability to tender effectively for public sector contracts. That roll-out will build on successful pilot projects in the west midlands and Haringey, which involved more than 1,600 businesses and increased the number of SMEs competing for public sector projects. They also raised the success rate of SMEs, including those run by people from the ethnic minorities.

I am sure that I am not the only hon. Member who was delighted to learn that 1,000 SMEs start up every day, and that the viability of such companies has improved considerably under this Government.

I am delighted that in the summer the OGC and the SBS will launch a national portal for low-value contracts, making it easier for SMEs to compete for business. I was especially pleased to learn that it is the Government's intention to improve the coverage and quality of information available on SMEs' participation and procurement opportunities through an annual review that will explore how to extend further those contracts to SMEs.

I want to touch briefly on retentions and what the Government have done to tackle a problem that faces many in the construction industry. For Members who do not know what retentions are, I will briefly explain. Historically, contracts in the construction industry were let with a retentions clause, whereby a sum of money is retained by the company or business, when a job is completed, until it is satisfied that there are no problems with the work. The contracting company can sometimes hold on to that money for years. There may be nothing wrong with the work undertaken, but the company letting the contract makes the contractor wait until the entire job is complete. If the project is small, such as a small office block, a small electrical company might have to wait for a year until the construction of the entire block is complete. If the construction is on a larger scale, for example a new technology park, the company might have to wait for years. Typically, retentions count for between 5 and 10 per cent. of a company's turnover and represent a significant loss of opportunity.

Retentions are an old-fashioned financial instrument that should have no place in today's construction industry. Their continued use inflates contract costs and can lead to some SMEs going into receivership, because the company that awarded the contract in the first place itself goes bust, leaving the contractor waiting in line for crumbs from the bankruptcy court.

The situation facing SMEs has not gone unnoticed by the Government, however, and some Departments have made great efforts to phase out retention clauses, especially the Department of Health, but much more remains to be done. My involvement in the matter is through the Electrical Contractors Association, whose representatives came to see me several years ago to talk about the problems their members were experiencing. I went to see my right hon. Friend the Chief Secretary, then the Financial Secretary, and the Under-Secretary of State for Trade and Industry, my hon. Friend the Member for Edinburgh, South (Nigel Griffiths), who had responsibility for construction and small business. Both Ministers spent an inordinate amount of time trying to address the problem, which is endemic in the construction industry. They established a working group that involves not only representatives from various Departments but also employers and the trade associations representing them. Thus far, significant progress has been made. A huge number of public contracts are awarded every year and small businesses would dearly like to be involved in them, but while the retentions problem remains their active involvement is seriously curtailed.

The measures introduced in the Budget substantially assist those businesses, in which I have an immense interest, but I ask my hon. Friends on the Front Bench to reconsider the retentions problem and to do more to ensure that small businesses, which we have grown and developed under a Labour Government, continue to flourish without that onerous financial burden.

4.03 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I draw the attention of the House to the business interests that I have listed in the Register of Members' Interests.

There was one measure that attracted the broad agreement of the majority of the House, in all three parties, when the Chancellor delivered his speech last week. A majority of all three parties fervently hoped that it would be the last Budget delivered by the present Chancellor of the Exchequer. In my case, that was not motivated by any animus. Personally, I get on well with the Chancellor and concede that he is by no means the worst Chancellor of the Exchequer that I have encountered in my political career, but there is a little animus among the Blairite element on the Labour Benches. Indeed, I think that the Prime Minister would wish to post the Chancellor as high commissioner to the Falkland Islands, if he could get him further away than the Chief Secretary—he would certainly like to see him away from the Treasury.

It may be that this was a valedictory Budget, and we have just heard a valedictory speech from my right hon. Friend the Member for South-West Norfolk (Mrs. Shephard), who was a delightful and effective colleague. I am sorry to see her departing from our midst so shortly after she arrived here.

The Chancellor delivered his valedictory Budget in storming style, but he did not have a very good stage upon which to go out. He was in the unfortunate position of having to deliver a pre-election Budget,

which I know from my experience can give rise to some unreal expectations on the part of one's colleagues and requires a certain amount of courage to be summoned up to bear in mind the national interest and to try to work out where one is going.

At the moment the Labour party is in a considerable panic, quite rightly, about the course of its election campaign, and it fondly imagined that something could be pulled out of the hat in order to buy them sufficient votes to win. The Chancellor did acknowledge that he could not afford that, and he produced a stirring performance, but one that will have no effect whatever on the course of the forthcoming election.

The Chancellor produced a smattering of electoral bribes that he managed to finance by an accounting device in order to have the minimum effect on the country's fiscal stance. I shall not speak about the bribes themselves, but bribes they plainly were, guided by focus groups towards parts of the electorate that are thought to be crucial to the forthcoming campaign.

The pensioners' bribe has been referred to, and it is not the first that they have received. Many hon. Members collect their winter fuel payment, which I regard as a small tax rebate. I do not quite qualify for the £200, supposedly off the council tax, but many hon. Members will collect it, and, I am glad to say, so will many of my constituents. I do not think that that will impress many pensioners; indeed, I do not think that they are impressed. They are being treated like 18th century electors, being offered little bits of cash in order to induce them to vote gratefully for a munificent Chancellor. I would advise them to follow the practice of all the more sensible 18th century electors, which is to accept the bribe but not to allow it to influence their judgment. It is no substitute whatever for serious reform of the pension system, which is in a critical state in this country, and if that is the approach that the Government are taking to the position of pensioners at the moment, I welcome the fact that we will be able, I hope, under a new Government, to have a serious look at pensions in the light of Adair Turner's report as early as possible in the next Parliament.

Mr. Salmond: How does the Chancellor's £200 bribe differ in principle from the Conservative party's £500 bribe to pensioners on council tax, except, of course, that the Conservative party's bribe will not apply in Scotland?

Mr. Clarke: Ours will recur and be a permanent reduction from the council tax; the Chancellor's is a one-off in the pre-election moment with no guarantee of its recurring.

Mr. Geoffrey Robinson *rose—*

Mr. Clarke: Perhaps it has changed. I give way to a former accomplice of the Chancellor.

Mr. Robinson: I just point out to the right hon. and learned Gentleman that I do not think the Conservative party's bribe is permanent. It is strictly limited to four years, I think.

Mr. Clarke: Well, it is a better bribe than that of the Labour party.

We all agree that when Parliament reconvenes we must address seriously the issue of future pension provision in the light of Adair Turner's excellent report, including the warnings that it contains about the affordability of future policy.

The other bribe is the adjustment of the thresholds for stamp duty on residential dwellings. I do not have time to express certain doubts about that. As I am standing for election myself, I welcome it, of course, although I have serious doubts about whether it will automatically feed through to reduce the price of houses below the bracket concerned for the benefit of first-time buyers. It is rather curious that the Bank of England has spent so much time trying to damp down the housing market and then the Chancellor produces a measure that tries slightly to reflate it. First-time buyers will come back into the market when it sorts itself out. I rather fear that house prices are likely to sag in the near future, only a little I hope, and then if they stay steady for long enough to reach a more sensible relationship to pay and personal incomes, first-time buyers will come back into the market.

Economically, the measure is a one-off fix which is a rather peculiar approach to the problem that has been caused in the housing market. It was financed by an accounting device—there is some short-term cost to these changes. The accounting device was, as far as I can see, simply a change to the cash flow of the oil companies, bringing forward the payment of certain tax revenues which, as the hon. Member for Twickenham (Dr. Cable) said, they will undoubtedly pass on to their customers.

That was the shape of the Budget, and it does not amount to very much. In a way I am slightly relieved, because so much damage could have been done by a reckless Budget before the election. It has left every problem to be faced by the Chancellor's successor after the election, and problems delayed are not problems solved.

The Budget speech got even further away than the Chancellor has ever got before from any serious presentation of economic policy, either of measures or of the state of the economy. We mainly recall it for the announcement of the statue to the Queen Mother, a very distinguished lady. I am sure it is a noble sentiment to erect a statue, but I cannot remember a more irrelevant statement in a Budget statement to the House, and it indicates how the barrel was being scraped.

The Government immediately tried to change the subject, with the Chancellor joining the Prime Minister in presenting one of the most dishonest election posters that I have ever seen—and that is quite a competitive field—in a pre-election campaign, with a totally fictitious claim that the Conservatives were proposing to cut public spending to an extent that would threaten the livelihood of teachers and nurses across the country.

When the Chancellor spoke about the economic situation, towards which he has some responsibilities, he gave his usual rosy and extremely upbeat and optimistic forecast about where the economy was going. It certainly was not modest, as my hon. Friend the Member for Eddisbury (Mr. O'Brien) said, and it did not acknowledge that the 50 quarters of consecutive growth to which the Chancellor referred began more than four years before he took office. But that is all

[Mr. Clarke]

history, and the Chancellor's record has not been too bad in parts of the past eight years for which he has been responsible.

The Chancellor did not address the two issues which the public should have uppermost in their mind when they decide where we are going now and start looking to the future in terms of our economic performance. The first issue, which has been well presented in debates throughout the country, is whether the present Government will be bound to increase taxation as soon as they get back, because of the situation that they are glossing over. That is exactly what they did after the last election, and I continue to believe strongly that that is what they will do if they win the election again. Secondly, and more importantly, how much further will those 50 quarters go, unless there is some drastic change of policy? My fear is that we are getting near the end of this long and sustained period of growth, and the Chancellor's denial that he is now on thin ice and that we are facing problems is becoming ever more incredible.

I have no time to set out the various things that I am worried about, none of which was addressed to any significant extent by the Chancellor in his speech. The increase in oil and commodity prices will almost certainly be sustained for quite a long time. It is a substantial step change in the price of oil and many other commodities, which is bound to have an effect on this country. The balance of payments deficit is at historic levels and seems to be deteriorating still. It is an important measure of how far our competitiveness is generally at risk, because it means that British business cannot produce the goods and services to satisfy domestic demand in competition with an ever-mounting flood of exports.

The most important thing that worries me is the huge amount of debt by which our continuing growth is being sustained. I refer not just to the Government debt, to which I shall turn in a moment. The combination of Government debt and private sector debt, including £1 trillion worth of household debt that has been accumulated largely on the back of a boom in the housing market which is now coming to an end, is a very serious problem indeed. In addition, unlike in competitor countries, wage growth in this country is beginning to increase in a somewhat alarming fashion, led by the steadily increasing public sector wage settlements being won by the ever-expanding public payroll, consisting of staff taken on by various Government agencies. None of those serious threats to our well-being was addressed by the Chancellor.

The right hon. Gentleman did not even convince me regarding the key policy that is within his control—fiscal policy. Are his forecasts for growth, tax revenues and spending correct? He claims consistently that he was right, pointing to his figures for growth in GDP as a whole. In fact, with the rate at 3.1 per cent., he came just within the forecast he made in last year's Budget—he just made it, and when I reminded myself of the speech I made last year, I was pleased to see that I conceded that he had a chance of doing so. However, over the years, the right hon. Gentleman's forecasts for tax revenues have consistently been wrong. I agree with the hon. Member for Twickenham that the Chancellor's forecast for corporation tax receipts, which runs far ahead of any likely growth in the economy, is wholly improbable, and his forecasts for public spending are also shaky. In any event, the Chancellor forecasts a continuing substantial rise in taxation and spending and a remorseless increase in the wealth consuming part of our economy relative to the wealth creating part.

I have no time for analysis, but the opinion of the Institute for Fiscal Studies is well known. The institute has identified what the public are beginning to recognise as a black hole of about £12 billion. Another source that I find attractive is the International Monetary Fund's article IV report for 2004—a report that I began to publish when I was Chancellor; previously, it had been a secret document. The IMF praises the British economy in some ways, but not our fiscal performance. It points out that the deterioration in our fiscal position since 1999 is the worst in the G7 and that a fiscal adjustment of about 1 per cent. of GDP will probably be needed to keep our economic progress on course. That is the tax increase to which the Chancellor will have to turn.

The Chancellor might stay within his golden rule if the statisticians can keep revising certain items of expenditure and if he can keep putting in the bag for the future various estimates of savings on tax avoidance he might make, but even the basic debt rule will be threatened in the not-too-distant future. The accounting conventions on which we now produce the figure for debt of slightly more than 30 per cent. of GDP are highly questionable. All capital expenditure is now off balance sheet and no proper provision is made for the future costs of the private finance initiative or for the huge unfunded pension liabilities that this country faces. The Chancellor's reputation will depend on whether he gets out in time. He needs to get out now so that someone can slow the growth of public expenditure, get control over affairs and guarantee future growth.

4.18 pm

Mr. Piara S. Khabra (Ealing, Southall) (Lab): I was surprised and disappointed to hear the views of the former Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke). I thought that he had the capacity to be objective about the Budget, but he was not.

I thank my right hon. Friend the Chancellor and the Treasury for producing a sensible, restrained and comprehensive Budget. I am sure that other hon. Members have greater expertise than I in the subject of today's debate—perhaps they have direct experience of working in business, finance or economics—but it needs no expert to see the many improvements that have been made to our economy as a result of the Chancellor's policies over the past eight years. Those benefits, including low interest rates and low inflation, have been felt throughout my constituency. Unemployment in my constituency has fallen by a third since 1997 and long-term unemployment has been cut by about 80 per cent.

Indeed, the British economy is not just healthy on its own terms; it also bears favourable comparison with other nations. Last year, the Organisation for Economic Co-operation and Development described the British economy as "impressive in recent years". As the Chancellor pointed out in his statement, it is a remarkable

achievement to attain 50 consecutive quarter years of continued growth. However, to maintain those gains it is essential that we should continue to nurture business, now and in the future. That means meeting the needs not only of headline-grabbing large corporations, but of small and medium-sized businesses, many of which are to be found in my constituency.

Small firms contribute about 40 per cent. of the UK's gross national product, and they employ more than 50 per cent. of this country's private sector work force. Therefore, I welcome the Chancellor's stated commitment to cut some of the red tape that, unfortunately, can strangle the entrepreneurial spirit of small and medium-sized firms. In particular, it is right to release small businesses from the obligation of administering working tax credit by next year. That should save them an estimated £90 million and many hours of form-filling.

As the Federation of Small Businesses has noted, we must ensure that we keep our promises on red tape. However, it is important to note the overall confidence that small businesses have in the economy. The small business confidence survey carried out by Teneric in February this year shows continued optimism on growth. More than 80 per cent. of those questioned were optimistic about the UK's economic growth in the next 12 months, and three quarters believed that their businesses would be better off a year later.

I also welcome the Treasury's commitment to transport, which is an essential part of a healthy economy. I welcome especially the funding that has been found to put forward a Crossrail Bill. I realise that transport issues were covered in last Thursday's debate, but Crossrail is of real importance to the economy of my constituency. It should be a real boon to businesses in Ealing, Southall, which has a direct link to Heathrow airport—many of my constituents are employed there and many business men in my constituency have dealings there—and to central London. The Government estimate that Crossrail will result in an extra 56,000 to 110,000 jobs as a result of regeneration activity in areas covered by the route.

It was interesting to hear India mentioned in the Chancellor's statement. I have a particular interest in India for three reasons. First, I was born in India, so I have a particular interest in developing a good trading relationship with it. Secondly, there is a large Indian sub-continent-descended population in Ealing, Southall. Thirdly, I am a member of the Select Committee on International Development, which has a strong involvement with India on developmental issues such as trade and business. For all those reasons, I am keen to promote the UK's trading ties with India. Although the Chancellor mentioned China on a number of occasions, I am sure that he understands the importance of working closely with a democratic nation of India's size. It is huge country with huge economic potential. Moreover, the UK is India's third largest trading partner. I am aware that the Secretary of State has visited India a number of times to promote trade and trade relations between the two countries.

Outsourcing is often a controversial subject. I urge both the Treasury and the DTI to do more to explain to the public why it is good for our economy. The CBI estimates that the UK economy has gained roughly £16 billion through offshoring.

One of India's advantages in attracting investment from overseas is its educated population, especially in information technology and the pharmaceutical industry. With that in mind, I welcome our Government's commitment to investment in educating a UK work force that is fit for the 21st-century workplace. Measures such as improving financial support for 16 to 19-year-olds in education, including the extension of child benefit and child tax credit from April 2006, are therefore sensible.

It goes without saying that any investment that we make in our young people's skills has the potential to benefit the British economy and enable it to produce many times what it produces now—although I feel that we must not crowd out some of the more traditional subjects just because they do not have business applications.

As the *Financial Times* has noted, the days of the truly give-away pre-election Budgets are probably in the past, but those who criticise this Budget for not giving enough away cannot then turn around and complain that the Chancellor is overstretching the country's economy.

Ultimately, following what is likely to have been an election year Budget, it will be the people of Britain who make up their minds about our policies, but I am confident that, if we go to the polls in May, there will have been enough in the Budget for me to make a good case to the people of Ealing, Southall for why the country's economy is safe with the Labour party and not with the Conservatives.

4.27 pm

Mr. Stephen Dorrell (Charnwood) (Con): I begin by drawing attention to the interest that I declared in the Register of Members' Interests.

I want to take up what was said by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke). I believe that the Budget statement that we heard last week was an exercise in suspended disbelief. The Chancellor did what he does best: he came to the Dispatch Box and took us on a guided tour of all the high spots—from his perspective—of his economic record, seeking as he did so to avert our eyes from other less comfortable truths which he prefers not to address until the other side of a general election.

The Chancellor drew attention to the fact that we had enjoyed a long period of growth, which is extremely welcome. He drew attention to the fact that the competitiveness of the British economy is currently much better than it was during the 1960s and 1970s, with the result that we have been able to achieve reasonably high and reasonably sustained levels of employment. As my right hon. and learned Friend said, all that is true, and the Chancellor can certainly claim not to be the worst Chancellor on record—but true though it may be, it is not the whole story.

One way of encapsulating the less comfortable aspects of the Chancellor's record is to invite the House to reflect on the fact that one of the characteristics of his time in office has been his tendency to attend meetings of ECOFIN and lecture his European counterparts on how much more effective wealth creation and job creation are in Britain than they are elsewhere in the European Union. The Chancellor would recognise that one reason why that has been true in recent years is that

[Mr. Stephen Dorrell]

productivity growth in the 1990s and the early part of this century has compared favourably with growth elsewhere in the European Union. It should therefore be a matter of serious concern to both the Chancellor and all Members that, when Deloitte recently conducted a study of 6,500 European companies to assess productivity growth in Britain compared with elsewhere in the European Union, its conclusion was that Britain is now below the European average.

So, measured by the Chancellor's own rhetoric to his ECOFIN colleagues, there is cause for serious concern about the underlying performance of the British economy. The various burdens, which I want to discuss briefly and for which the Chancellor is responsible, are now impeding productivity growth and competitiveness. They are doing so at a time when the Chancellor's own lectures draw attention to the danger, in a globalised and highly competitive economy, of saddling our business with burdens that our competitors elsewhere in Europe and, more importantly, elsewhere in the world beyond Europe do not suffer.

There is no great secret about why British productivity growth is slipping down the European league—and, as the Chancellor is fond of pointing out, slipping down the European league is bad enough in itself, but we must remember that that is the third division. By global standards, real productivity growth is being achieved in the United States and some of the other Anglo-Saxon economies and, more importantly, in India, China and the economies of the emerging countries. In comparing ourselves with the European Union, we are comparing ourselves with the third division, and even in the third division we are in the relegation zone.

Why are we seeing such gradual deterioration in our performance? The first reason, which the Chancellor has recognised, albeit belatedly and inadequately, is the cost to British business, in terms of both pounds and pence and of impeded productivity efficiency growth, of the regulatory burden for which the Government are solely responsible. Anybody who has been a Minister is painfully familiar with the logic that says, "This is desirable and ought to happen, Minister, and if you sign this regulation, your constituents will be grateful because it will happen and you won't have to go to the Chancellor to pay for it because the cost of meeting the obligation will be met by the people to whom the regulation applies". Regulation imposed by Government looks like a free lunch in the short term, but in fact it impedes the underlying competitiveness of the economy. We are seeing that working through day by day and week by week as part of the Chancellor's record to which he does not draw attention when he presents his annual good news statement in the Budget.

The second thing to which the Chancellor does not draw attention is the fact that a growing public sector—job creation in the British economy in the past seven years has been disproportionately in the public sector—

The Chief Secretary to the Treasury (Mr. Paul Boateng) *indicated dissent.*

Mr. Dorrell: The Chief Secretary cannot say that that is untrue: The number of people employed in the public sector has grown faster over the past seven years than the number of people employed in the private sector.

There are relatively more people employed in the public sector, and it is a matter of fact that productivity growth is slower in the public sector than in the private sector. If we look at the total effect of that on the British economy, we see that it is another factor contributing to the slowdown of our competitiveness and undermining our capacity to deliver the economic stability, growth and rising living standards that we all want.

All that is compounded by the clear evidence of the black hole in the public finances. The burden that Government represents on wealth creation is partly manifest in regulation, but more directly manifest in tax—the cost burden that the Government represents on the wealth creation sector.

The Chancellor is fond of reminding people that his growth forecasts have often been closer to the truth than those offered by people in the private sector and, to some extent, he is entitled to do so. His growth forecasts have a reasonable record of accuracy. His forecasting ability has been wholly inadequate, however, in regard to his capacity to forecast his own public sector deficit. It is worth reminding ourselves that in the Budget before the last general election, the Chancellor expected that, in the tax year that is now just coming to an end, the amount of borrowing required in the public sector would be £13 billion, whereas the actual out-turn, according to this year's Budget, is £34 billion. So, over four years that figure has gone up by £20 billion.

I do not believe that the rather academic discussion about the golden rule gets us very far, and I want to draw the attention of the House to two tables—which seem to be much more telling—that appear in the Red Book. The first is table C9, which examines the Government's projections for tax revenue. During the period between 2005–06 and 2009–10, the Chancellor projects that, for the first time since the mid-1980s, tax will go back above 40 per cent. of national income. More importantly, perhaps, for the voting population, not only will the tax burden rise as a share of national income over that four-year period, but income tax in particular will rise relentlessly as a share of national income year by year. So, the Chancellor's own projections for the next Parliament contain a significant rise in the tax burden in general and the income tax burden in particular, taking the total tax burden back above 40 per cent. of national income for the first time since 1988.

Table 2.5 on page 32 of the Red Book shows that, even taking account of that rising revenue, we shall still be faced with debt as a share of national income rising year by year over that same four-year period. Public sector net debt will rise from a figure of 34.5 per cent. of national income today to just over 37 per cent. by 2009–10. The Chancellor is therefore projecting a rising share of national income accounted for by tax and, even taking that into account, an increase in his borrowing as a share of national income. That is why the Institute for Fiscal Studies and almost all the independent commentators are right to say that there is a black hole in the public finances that will have to be put right by a post-election tax increase.

My right hon. and learned Friend the Leader of the Opposition described this as a

"vote now, pay later Budget."—[*Official Report*, 16 March 2005; Vol. 432, c. 270.]

That is true on two levels. First, it is true on a specific cash level. The public finances are in such a state that tax increases after the election will be inevitable. If Labour is re-elected, which I hope that it will not be, it will have no choice but to raise tax. My right hon. and learned Friend the Member for Rushcliffe suggested that we did not need a crystal ball when all we have to do is look at the Red Book, because that is exactly what happened after the last election.

Beyond the specifics of the tax increase, however, we should also be concerned about the long-term impact of a rising regulatory burden, a rising tax burden and a rising debt burden on the competitiveness of the British economy, which the Chancellor is so fond of trumpeting. We are embarked on a slow deterioration of the very achievements that he is so proud of talking about, and if we are to protect those achievements and reinforce our competitiveness, we need the kind of change of direction that I hope and believe the Government will start to initiate on 6 May.

4.39 pm

Mr. Jim Cousins (Newcastle upon Tyne, Central) (Lab): It is always a pleasure to speak in a debate involving the right hon. and learned Member for Rushcliffe (Mr. Clarke) and the right hon. Members for Charnwood (Mr. Dorrell) and for South-West Norfolk (Mrs. Shephard). The right hon. Member for South-West Norfolk said that she was making her last speech, which the whole House will regret. I hope that it will not seem churlish if I say that when she held office I often prayed for the speech that she was making to be her last in that high office.

It might be useful to start on a note of agreement with some of the points made by Opposition Members. The right hon. and learned Member for Rushcliffe is perfectly right that, in the next Parliament, we will have to consider the issue of pensions and how we fund and organise a substantial increase in the basic rate of state pension to provide a platform for savings in younger generations. He is also right to describe the current Budget as largely neutral, and that is proper. The steady build-up of public expenditure over the past four years has protected our economy and enabled it to grow so that we have not experienced the problems and difficulties of growth that many other economies in the world have experienced.

Opposition Members are also right that now is a time when we ought to consider how the public investments that we are making can contribute to growth, the creation of employment and the creation of new enterprise in the future. That lies at the heart of the Chancellor's proposals, and I want to focus my remarks on that. I want to deal particularly with the proposal for science cities.

My city has been identified as a science city, and it might be useful to illustrate how that has depended on the public expenditure growth of the last four years. Cities such as mine could not have been transformed as they have been, and could not demonstrate the growth potential that they now demonstrate, had that public expenditure not taken place. The idea of science cities also shows that one cannot parachute public policy innovations into a vacuum—they must grow from initiatives already in place. The whole concept of science cities began with the idea of getting universities in the north-east to work together rather than against each other, examining what research there was in a largely research-free zone in the north-east, and considering how the regional development agency could support new research initiatives that were designed to put the north-east region at the centre of innovation, rather than running behind it.

From that initiative of creating five research centres and bringing universities in the north-east together, the idea of science cities was born. That has been reflected in the Government's "Northern Way" initiative, which, as the Chancellor announced, is to be extended to regions outside the north. That is an example of public expenditure, innovation and enterprise in the public sector growing and developing organically.

Another message is that innovations such as science cities cannot exist in a vacuum, unconnected to real-world activities. If we consider some of the initiatives that I hope the science city programme will pick up, we can see that connection and reflection. A huge investment in systems biology and the biology of ageing is growing out of the activities of one of our local hospitals, which is now developing international expertise. An initiative in molecular engineering works off the fact that 50 per cent. of Britain's petrochemicals are now generated in the north-east of England. An initiative in microsystems, which benefits from an earlier investment through the science and research infrastructure fund, has now generated one of the largest new enterprise formation from public enterprises and £45 million of research on top of that. In particular, there are biotechnology initiatives, which are a focus of the Chancellor's Budget. In my own city, such activities have been building up for 10 years, arising originally out of a millennium scheme—a biological exhibition centre, the purpose of which was to involve young people. That should remind us that the science city idea must be connected to the inspiration of younger people, who may have no knowledge of such activities in their educational lives so far.

What is the result of such investment? Five of the 12 stem cell lines now being used in this country were developed in the city of Newcastle, as part of the economic activities undertaken by that biotechnology centre. Moreover, the only licence for therapeutic cloning in this country is also held by that centre. That is an example of how public expenditure can join up with and inspire real-world activities.

Here, however, there is also a warning for us all. In many cases, such activities depended on the quite complex "bending" of main programmes across a wide range of departments. The Chancellor's Budget makes specific reference to undertaking activities related to the stem cell initiative across the research councils. However, the Higher Education Funding Council has not acknowledged the important role of maths and science in its resource allocation systems in the past couple of years. I hope that not merely the research councils but the HEFC will be involved in this initiative. We cannot splice together a new policy for science and innovation unless the HEFC acknowledges the important role that it has to play. Most of our universities' research funding comes from the HEFC, the clinical fellowships that it supports, the postgraduate work that it supports, and from main-line departments whose activities it supports.

[Mr. Jim Cousins]

My own city faces difficulties in funding exciting projects such as linking energy policy to the environment, and carbon storage. Such projects will prove significant in the extension and prolongation of North sea oil and gas, but we cannot proceed with them unless the HEFC's main programmes continue to be "bent". We also need to achieve joined-up government and to develop the activities of the Department for Education and Skills and of the Department of Trade and Industry, along with some of the Chancellor's own tax system initiatives.

This Budget has now put right an error of two years ago that could have choked off the development of many university spin-off companies. That error was an accidental, collateral effect of a tax avoidance restriction measure, and the fact that the Budget has put it right is an illustration of smart government. It shows that public enterprise can be used to create enterprise in the real world, and to build up such connections.

One of the worst things that one can ever do in politics is to ask the question, "What did the Romans ever do for us?" I have a particularly strong feeling about this issue, given that the Romans got as far as my constituency boundary, stopped and built a wall. I suppose that that has given my constituents a knowledge of hand-to-hand fighting and of excise duties—a knowledge that unkind people claim has not left them to this day. We should not ask a Government to do things for us. The public sector should put proposals to the Government, based on what can be done in its own regions and cities, to which it can legitimately expect the Government to respond. That is how the science city initiative should work.

I should like to say to the right hon. and learned Member for Rushcliffe that one of the real dangers that the country faces stems from the fact that financial engineering occupies such a dominant place in our economic activities, while real engineering does not. The attempt to seek higher yields and engage in higher levels of risk in some sectors of our financial engineering economy could well put our overall economy at risk in the future. We would then find again that public expenditure, public investment and the creation of public employment were necessary to sustain our economy's growth and stability through such difficulties.

4.51 pm

Sir Sydney Chapman (Chipping Barnet) (Con): I am grateful for the opportunity to speak in the final day of debate on the Budget resolutions, and it is a pleasure to follow the hon. Member for Newcastle upon Tyne, Central (Mr. Cousins). If I may say so, he made a very interesting speech, which is worth re-reading. He has taken us intriguingly across a broad spectrum of time, from the Romans visiting and colonising his constituency to the science city of the future.

I hope that the House has not become tired of valedictory speeches. I have—alas, in a sense—another one to give and I am conscious that I am following a superb valedictory speech from my right hon. Friend the Member for South-West Norfolk (Mrs. Shephard). I must say with great regret at the outset that I have no financial interest to declare.

I would like to highlight the fact that I have had the privilege of being a Member of Parliament for 30 of the last 35 years by underlining the phenomenal growth in public spending during that period. I first fought a parliamentary election 41 years ago. In 1964, total Government expenditure was less than £13 billion. When I was first elected in 1970 it had grown to £22 billion, and when I was kicked out in 1974—I add that there is no causal link between these figures and my career as an MP—it had grown to £40 billion. When I was returned in 1979, Government expenditure was £87 billion and in 1997, after 18 years of Conservative government, it had grown to a whopping £320 billion. Today, it is nearly £500 billion.

Interestingly, national health service expenditure has matched those increases. Only £1 billion in 1964, it more than quintupled—if that is the right word—from £9 billion to £46 billion in the 18 years of Conservative government, and it is currently about £85 billion. Rightly and properly, the NHS had taken an increasing proportion of overall expenditure. I recall that when the NHS was introduced in 1948, it was expected that it would cost £400 million. In fact, in its first year, it cost £700 million. It was also expected when it was first introduced that the health of the nation would get better, so the cost in real terms would go down. Nothing could be further from the truth. It has not happened because of the cost of exciting new medical technologies, life-saving drugs and so forth. I salute both sides of the House for the way in which NHS expenditure has increased—a point to which I shall return in a few minutes.

It would be wrong of me not to try to make a cheap party political point by saying that the only time when Government expenditure has not grown significantly in real terms was between 1974 and 1979. At that time, there was a massive increase in prices of 106 per cent. and Government expenditure increased only a little beyond that.

All Governments boast that they have spent more. In my first campaign in 1964, I boasted that, after 13 years of Conservative government, education expenditure had increased from under £500 million to over £1,000 million. Politicians on the Government side always boast about the increase in public expenditure. Therefore, I reiterate what my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) said: it is patently absurd for the Government to say that if a Conservative Government were elected, public expenditure would be cut by £35 billion by 2011. If they continue to say that, I believe it will be counterproductive for them in the public opinion polls.

One feature of NHS spending worries me. Despite all the huge increases in NHS spending in the past eight years, all the NHS trusts around me complain of massive and increasing deficits and I genuinely would like some explanation of that. If all the increased spending is not being spent adequately at the sharp end, a lot must have leaked from the pipeline between the Government and the local trusts.

Within this great growth of Government expenditure under all parties, there has been growth in inflation and, in one sense, they are related. Also, since I first came here, the national debt has grown relentlessly. In 1964 it was £30 billion; today, it is about £450 billion. Since 1970—I have chosen that as it is the year I came

here—the value of the pound has sunk by 90 per cent or, put another way, £1 in 1970 is worth only about 10p today. That is a matter of concern.

We need to spend more, not only because of inflation but because the population of the country has increased since 1964 from about 54 million to approaching 60 million. Increasing numbers of my constituents wonder, as we are spending all this money on vital services—perhaps some people might not regard some of the services subjectively as vital—whether we are doing so effectively and efficiently. The higher that expenditure goes within any Department of State, or the higher total Government expenditure goes, the more there is a case that a lot of it is being badly used or inefficiently applied. Our constituents will want us to address that.

I agree with my right hon. and hon. Friends that the Budget used to be about economic management and tax. It may be politically sexier now, but it seems that Budgets under the present Chancellor have become a political manifesto, if not a party political broadcast; certainly, he has been highly selective in the statistics he gives us.

I want to make a few points about the Chancellor's statement last Wednesday. The Chancellor boasted that this is the 50th quarter of economic growth, which means that it started 12 and a half years ago and obviously includes a period of the Conservative Government. That Conservative Government took the painful and unpopular measures that led to sustained economic growth.

I am not impressed by the Chancellor's boast of fiscal tightening in the Budget. In reality, he has tightened spending by £265 million in a Budget of £450 billion. If that is a tightening, it is infinitesimal. I warn my constituents—I will not be able to pick up the pieces for them—that before the last election he cut taxes by £1 billion only to increase them by £8 billion after the election. This does not look promising for the next Budget.

I have calculated that the Government's compound current deficits since 1997 are fast approaching £150 billion, which is certainly more than the Chancellor anticipated a few years ago. There has been a deterioration in private savings, and the savings ratio has almost halved from 9 per cent. to 5 per cent.

I want to make two further points. I welcome the doubling of the stamp duty threshold, but only 15 per cent. of people who buy homes today will benefit. The average price of a house in England is around £170,000, but in London it is £280,000 and in my constituency of Chipping Barnet it is £380,000. Stamp duty rates will kick in at £120,000, but again they will apply to the whole purchase price and the first £120,000 will not be exempt. Inheritance tax will now apply to most of my constituents simply because of house prices in my constituency.

I shall finish on a personal note. During my time in the House, I fear that the power of the legislature has diminished while the power of the Executive has increased. That has been the trend for 100, if not 150 years, but there seems to have been a sharp increase recently. However, Members of Parliament still have a fundamental role and it has been a privilege to have been a Member of Parliament for 30 years. The hours have been long and the job has been stressful, but rewarding. I shall miss serving my constituents and, dare I say it, the camaraderie and friendship that I have enjoyed throughout the House.

5.3 pm

Mr. Iain Luke (Dundee, East) (Lab): I congratulate the hon. Member for Chipping Barnet (Sir Sydney Chapman) on his farewell speech to the House, which was eloquent and forceful, although I disagree with some of his comments on the NHS. I wish him a happy, long and healthy retirement so that he can watch the health service go from strength to strength under continuing Labour Governments.

I am pleased to make a further contribution to the Budget debate. This is the eighth Budget of two successful Labour Administrations and it maintains the Government's efforts to secure Britain's continued economic prosperity. During an earlier exchange the Conservative Front-Bench spokesman, the hon. Member for Eddisbury (Mr. O'Brien), who has now left the Chamber, said that performance was not as good in the English-speaking economies of the world, and the hon. Member for Banff and Buchan (Mr. Salmond) asked if Scotland was among those economies. I am firmly committed to Scotland remaining within the English-speaking economies as part of the Union.

Members of the Conservative Opposition who deride the Budget deserve what they get—further years in opposition. I am surprised that so many English Tory Members talk down Britain. That is why we need a Scottish raj, if there is such a thing, to ensure that Britain continues to be great. The efforts of my right hon. Friend the Chancellor lie at the heart of that.

We are at the beginning of a new millennium, and world trade and competition are now truly global. The Budget provides the vision and provisions that will avoid the boom and bust practices of the past. As recently as the early 1990s, those practices were visited upon us and my city suffered as badly as any. I hope that, under present policies, such recessions are a thing of the past. The Budget also aims to achieve social justice and economic well-being for all, goals with which I can clearly identify.

I understand why the Opposition want to make cheap political points in this debate: they are unnerved by the prospect of losing yet another general election. However, the citizens of Britain do not want cheap political shots: they want to know that the finances of this country are in safe, capable, prudent and expert hands. The real headline behind this and the previous seven Budgets is that they are.

I want to focus on the measures in the Budget aimed at creating ever more enterprise and employment opportunities for the people whom I have been elected to serve: the constituents of Dundee, East. I wish to concentrate primarily on the fostering of small businesses and the building of a knowledge-based economy.

I welcome the further steps in the Budget set to promote further investment, more jobs, higher levels of skills and more small business start-ups in areas like my own. At the outset, I wish to echo the point made by my hon. Friend the Member for Glasgow, Shettleston (Mr. Marshall): I, too, never want to hear another

[Mr. Iain Luke]

Conservative budget as long as I live, nor do an overwhelming majority of my constituents. Scotland rejected Margaret Thatcher, as it will undoubtedly reject the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), a politician who was responsible for the introduction of some of the worst aspects of Thatcherism in the past and is dedicated to reintroducing them in greater measure in the future. That was called a golden legacy in the opening speeches, but it tastes bitter to the people of Scotland and others throughout the UK.

I have been glad to serve the city of Dundee, which has moved on so much since 1997. Unemployment has been halved and youth unemployment virtually eradicated by the new deal. Dundee is going forward, not back. It is going forward along the path clearly set out by my right hon. Friend the Chancellor. Dundee deserves and demands full employment, and this Budget sets out the next stage in the agenda to achieve it by ensuring that the conditions that encourage small businesses to be created, sustained and built on are firmly in place. I spend a lot of time visiting small businesses in my city, as other hon. Members do, to ensure that their needs are reflected in Government policy. That is the only way to counter the inevitable drift of manufacturing jobs and the inevitable attraction of lower production costs outwith the UK: replacing those lost jobs by creating more local jobs and encouraging local enterprise through less regulation, more simplified tax processes and a reduction in the administrative costs for small businesses.

As a member of the European Standing Committee that considers issues such as gold-plating, I am aware that the Government are now taking steps to deal with it. Areas such as my own are now beginning to see some benefit from policies previously put in place by my right hon. Friend the Chancellor, a trend evidenced over the past three to four years by increased small business start-ups. I hope that the Budget will provide a boost for further business start-ups in services, leisure, manufacturing and science-related sectors.

It is in that last cause, and the creation of a knowledge-based economy, that I am glad wholly to support the Chancellor and the Government in their quest to make the UK a world-leading location for the next wave of research and development. Although I welcome the further designation of Bristol, Nottingham and Birmingham to join Newcastle, Manchester and York as science cities, I wish to make the point strongly that Dundee—although it falls within the remit of the Scottish Executive—certainly deserves to be added to that list. Dundee has two vibrant and innovative universities and a student population of 20,000, with more students arriving every year. The importance of higher education and science is clearly evident, both within the city's boundaries and further afield.

Some may mock the Government's emphasis on those sunrise activities but, in a city the size of Dundee, the real impact made by our academic universities and their activities on our country must not be undervalued. I am happy to acknowledge the DTI's role in promoting research and development in Scotland, and at Dundee university. My right hon. Friend the Secretary of State mentioned Dundee university in her opening speech, when she spoke about the three universities in the UK that lead the world in the promotion of the medical biosciences and the life sciences.

In the past year, Dundee has been visited by my right hon. Friend the Home Secretary, when he was Secretary of State for Education and Skills. His remit in the city was not big and he does not make many visits north of the border, but he was in Dundee to open a new Wellcome Trust research facility. Only last week, Lord Sainsbury, the Science Minister, opened a new award-winning space research facility at Dundee university. The work being done at Dundee university is linked to an impressive computer games technology programme at the city's other university, Abertay university. The combined efforts of the two institutions enable me to declare that Dundee is one of the UK's premier science cities.

As an undergraduate, I visited the places where the industrial revolution began, and most of them are located in the English midlands. I regularly visit Dundee and Abertay universities, and I can report that the same vibrancy is evident in the new starts being made and building programmes undertaken. We are entering a new industrial revolution, in which the pursuit of advanced scientific research will take us on to an even more elevated plane, with an increased level of production and prosperity arising from an economy that is based on knowledge and science. I want to pay tribute to the principals of Dundee's two universities, Sir Alan Langlands and Professor Bernard King. They have done a great deal to improve Dundee's economic status by promoting research, bringing in new students, and changing the city's outlook.

This Budget will promote Dundee's economic improvement. It is not yet a designated science city, but I welcome the announcement that three more such cities will be created, to add to the three that already exist. However, it is not enough to have six science cities, or even 60. Six hundred such cities might be closer to the target that we should set. I believe that every UK city will need to be a science city if we are to cope with the global competition that is undoubtedly coming our way, as the Budget made clear.

The Budget embodies the Government's ideal on these matters, and my right hon. Friend the Chancellor is to be commended for the forceful way that he supports that ideal. In his biography of Gladstone, the late Lord Jenkins wrote—in a chapter entitled "The Chancellor Who Made the Job"—that Gladstone took four and three quarter hours to deliver his first Budget speech, which dealt with a total of £52 million and occupied 72 columns in *Hansard*. Last week, in his usual prudent way, today's Chancellor spoke for just under 50 minutes. His speech occupied only 13 columns in *Hansard*, but the growth in public expenditure in the 150 years since the grand old man made his first Budget speech means that my right hon. Friend's Budget deals with something like £590 billion. The Budget was delivered in a prudent manner that gave clear evidence of the intent to deliver.

Of previous Chancellors who are rated among the all-time greats—and I do not include the right hon. and learned Member for Rushcliffe (Mr. Clarke), who is not present just now—Gladstone, Pitt the Younger and Lloyd George went on to become First Lord of the

Treasury. I am sure that the present incumbent will emulate those distinguished predecessors some day. Until then, he and the Government deserve the gratitude of this House and the country for keeping us on a stable and even economic path.

My right hon. Friend the Chancellor has rejected boom and bust in favour of growing prosperity, and has created a long awaited era of social justice in this country. His commitment to combating poverty on a global scale puts many, if not all, of our neighbours to shame. Britain and Scotland are going forwards, not backwards.

5.14pm

Mr. Alex Salmond (Banff and Buchan) (SNP): The hon. Member for Dundee, East (Mr. Luke) opened his speech by offering congratulations to the hon. Member for Chipping Barnet (Sir Sydney Chapman) on his valedictory address. I do the same and wish the hon. Gentleman best wishes for the future. I extend the same good wishes to the hon. Member for Dundee, East, in case the citizens of that great city are less impressed than he is by the Chancellor's track record on the Scottish economy, which is what I shall speak about.

At the Scottish Labour conference a couple of weeks ago, the Chancellor attacked me and accused me of claiming to be an economist. I make the frank admission that I am a fully paid-up member of EA—economists anonymous. I confess that I was a Government economist. I confess that I was a bank economist. I confess that I am a visiting professor of economics at Strathclyde university. I confess to all those things. I would never accuse the Chancellor of any of them.

I am sure that the Chancellor's degree in history was great training for his present position and that his lecturing in politics was marvellous preparation. His time with Scottish Television as a producer also stood him in good stead for his tenure as Second Lord of the Treasury. I do not actually think it necessary for a Chancellor to be an economist, although it can occasionally be helpful for recognising mumbo-jumbo such as "endogenous growth cycle theory", but it is not necessary to have that background or expertise. My claim against the Chancellor is that he claims to be a Scottish Chancellor of the Exchequer when his track record tells us that he is not. He has done nothing specific or substantial to benefit the Scottish economy during his tenure of that office.

Mr. Luke: I am glad to hear about the hon. Gentleman's CV in economics. Does he agree, however, that it would be much more profitable for him to concentrate on teaching economics rather than pursuing a career in politics where there is no end in sight?

Mr. Salmond: I shall try to combine both. Perhaps the hon. Gentleman will hear me do so in my speech.

The Chancellor's speech last week opened with the boast about 50 continuous quarters of economic growth. The House may remember that he referred to the English premiership record of 50 consecutive matches.

Ian Stewart (Eccles) (Lab): It was 49.

Mr. Salmond: Well, it was almost 50. The Chancellor said that he had gone one better and had reached the magic number of 50.

I wanted to ask the Chancellor about the figures for the Scottish economy—I thought that his own country might be of some interest to him. I asked a parliamentary question but received the reply:

> "The Chancellor of the Exchequer has asked me to let you know that your parliamentary question: 'To ask Mr. Chancellor of the Exchequer, in which quarters Scotland has been in negative growth since 1997'... is more appropriate to the Secretary of State for Scotland."

What on earth does the Secretary of State for Scotland have to do with economic growth in Scotland? He has no power and no influence whatever. He survives on a pocket-money budget that is sliced off the Scottish Executive budget. Ninety per cent. of the decisions that affect economic growth in Scotland are taken by the Chancellor and the other 10 per cent. are taken by the Scottish Executive. None of them is taken by the unfortunate Secretary of State for Scotland, who presumably exists to answer questions that the Chancellor does not want to answer.

The answer to my question finally arrived. We find that there have been four quarters of negative growth in the Scottish economy since 1997. The last one was three years ago in the first quarter of 2002. In Scotland, far from seeing the longest period of economic growth for the past 200 years, we have experienced that for only three years under the current Chancellor. If the Chancellor was examining his record on the Scottish economy, he would not have started his Budget speech with that boast.

For the climax of his Budget speech, the Chancellor announced a freebie—free bus travel for pensioners. Earlier, the right hon. Member for South-West Norfolk (Mrs. Shephard) said that that announcement had confused some of her constituents, who were finding it difficult to get any buses, let alone free ones. The announcement would also confuse the Chancellor's constituents in Dunfermline, East, because they have had free buses for some time. I am not certain whether the Chancellor travels on buses in his constituency, but it seems significant that the climax of his Budget speech was an announcement that had already been made in Scotland.

In a speech that ranged wide and looked at announcements such as the well deserved memorial to the Queen Mother which has been mentioned, the Chancellor managed to miss out many things pertinent to the Scottish economy. I am somewhat concerned that even now, when I asked the question earlier—let us call it the Banff and Buchan question—about growth in the Scottish economy, the Secretary of State for Trade and Industry was unaware of the situation, as was the Conservative spokesman, although his reply was so nice about Scotland that perhaps I will forgive him. It was certainly a lot better than that of his colleague the hon. Member for Beaconsfield (Mr. Grieve), who described the problem of emigration for Scotland as being attributable to the fact that Scotland was "an unattractive country". I hope that the hon. Member for Eddisbury (Mr. O'Brien) will give his hon. Friends some lessons on how to address problems in the Scottish economy.

But this is a serious matter. We have a Chancellor of the Exchequer sitting for a Scottish constituency who either does not want, or is not prepared, to engage in why the economic success that he boasts about at a UK

BEST COPY AVAILBLE

[Mr. Salmond]

level is not being replicated in his own constituency and in his own country. Even more seriously, unless there is an acknowledgement of this growth problem and difficulty in the Scottish economy, how can there be any measures within the Budget to tackle it and do something about it? Significantly, when I asked the Secretary of State for Trade and Industry for two measures in the Budget that would boost Scottish growth, she did not come up with even one. So the charge that I make against the Budget and the Chancellor is that he is a Chancellor from a Scottish constituency, but in no way can he be described as a Scottish Chancellor of the Exchequer.

The black holes that were supposed in the Chancellor's estimation are also quite interesting. Brown's black hole seems to have been filled by black, black oil. I have been looking at the entirety of the Budget give-aways, and if we include everything, including measures that are due to take effect from this year, the give-aways, announcements or bribes, depending on one's point of view, come to £3.4 billion. The increase in projected oil revenues this year conveniently also comes to £3.4 billion, exactly replicating the figure of Budget give-aways.

I suppose that the Chancellor of the Exchequer could claim that he was anticipating this increase in oil revenues to allow him to be in a position to finance his Budget largesse and therefore it was all built into his calculations. As we all know, the price of oil is now $54 a barrel. The Budget estimates are based on around $40 a barrel, according to the Treasury convention. But I have been looking back to last year and I find that, far from arguing that the price of oil should be $55 or $40 a barrel, the Chancellor of the Exchequer was lecturing the Organisation of Petroleum Exporting Countries and suggesting to it that the price should be $28 a barrel. On BBC Online on 20 May 2004 he said:

"It is crucial for the stability and prosperity of the world economy that Opec act now".

Just in case OPEC was not reading BBC Online, in *The Times* of 24 May, the Chancellor said:

"I think Opec do accept themselves that the sustainable price for oil is $22 to $28 a barrel, and I think they do therefore recognise there is a need for production targets to be increased".

Rather luckily for the Chancellor, OPEC seems to have paid no attention whatever to his forecasts for last year, because if it had, and if that had been the prevailing price, I am afraid that the £7.1 billion of revenues forecast for the coming year in his Budget statement would not have been there, and therefore presumably he would not have had the wherewithal to finance the largesse and give-aways that the Budget has just announced.

I suspect that the Treasury model for looking at the impact of oil revenues on world economic growth is seriously out of date: out of date because the current surge in oil prices is demand-led rather than supply-led; out of date because the coefficients of energy in the economy have changed dramatically since the 1970s; and out of date because the major factor in world growth and oil prices in the '70s was the question referred to as "recycling", which now presents nothing like the same difficulties of hoarding and suppression of demand that we have now.

I wonder what would have rescued the Chancellor on this pre-election Budget if it had not been for the windfall of oil gains. I would have liked to see in the Budget some recognition or appreciation, or perhaps, as the Norwegians have done over the past 10 years—almost the tenure of the present Chancellor of the Exchequer—the building up of an investment fund for future generations, the first payments on which were made in Norway in 1996. The fund now stands at almost £90 billion, some £20,000 a head for every man, woman and child in that country. The revenue generated from that fund is greater than annual Norwegian oil and gas revenues. The point is clear. What we fear in Scotland is that while our neighbours across the North sea are providing for future generations—for their oil and gas revenues will never run out, in the sense that that fund will always be available to power forward the Norwegian economy—no Chancellor, and certainly not the present Chancellor, has made any similar provision for the long-term benefit of the Scottish economy and for effecting the transformations that are undoubtedly required.

Economic growth can be considered a dry subject, but the impact of low growth in Scotland is felt in ways that are comprehended by every person in the country. The official forecast is that far from gaining population—we note the debate on immigration that is taking place in the election campaign—Scotland is to lose 500,000 people over the next 40 years. That is the equivalent of losing a town the size of Alloa, Carnoustie or Kelso every single year. That is the impact of low growth on the Scottish economy. If we and our colleagues across the Chamber had a pound for every young Scot we meet in London who has come down here for opportunity and would love the opportunity to go back home if there were similar career advantages, we would all be very rich indeed.

So, far from being a dry subject, economic growth is a subject that touches every family in Scotland, and far from finding in the Budget a way out of the low growth-depopulation cycle to which the present and previous Chancellors have subjected Scotland, we find a Budget with nothing substantial to offer the Scottish economy and therefore nothing substantial to offer the Scottish people.

The right hon. and learned Member for Rushcliffe (Mr. Clarke) asked why the Chancellor was so keen to have items like the Queen Mother's memorial in his Budget speech. The answer lies in the same reason as for his mentioning Britain 60 times in his Budget, and Scotland twice: he is anxious to recast himself as someone with British credentials. They used to say in the Labour party, when they talked about such things, that one could rise with one's class or out of it. The difficulty with the Chancellor is that he is not rising with his country; he is rising out of it.

5.28 pm

Mr. Damian Green (Ashford) (Con): We have debated wide-ranging aspects of the Budget today. I shall concentrate on the effect of the Budget on public services and, in a sense, to pick up on the point made by the hon. Member for Newcastle upon Tyne, Central (Mr. Cousins), who spoke about smart government. I want to talk about dumb government and those aspects

of the public services that are not responding properly to the money that has been put into them, and which will not do so for systemic reasons.

We have heard two wise and splendid valedictory speeches today, from my hon. Friend the Member for Chipping Barnet (Sir Sydney Chapman) and my right hon. Friend the Member for South-West Norfolk (Mrs. Shephard). I refer the House to the valedictory speech made by my right hon. Friend the Member for North-West Cambridgeshire (Sir Brian Mawhinney) in the debate last Wednesday. One part of his speech illustrated the theme that I shall emphasise today—the absence of value for money in far too much of the public sector. Over-ambition leads to under-performance, and big government is too often incompetent government.

I shall take three examples from different parts of the Government machine. My right hon. Friend the Member for North-West Cambridgeshire, speaking about the Child Support Agency, said that after 26 years in the House, he was still able to be righteously angry on behalf of his constituents. I share his anger. The sheer incompetence of the CSA is a stark illustration of how pouring millions of pounds of taxpayers' money into a problem is not the same as solving it.

The CSA's latest idiocy—a small but striking example—is that its preferred method of communication is by telephone. Why? The CSA deals with complex financial calculations, the detail of which is extremely important, but its senior management enjoin staff not to put anything on paper. A few weeks ago, in a conversation on the helpline for MPs, I asked to be e-mailed the details of an especially complex case, only to be told, "We don't have external e-mail." The helpline is a service designed to help us to help our constituents, yet e-mailing us the details of any case affecting one of our constituents is not permitted. I can conclude only that the CSA is being run for the benefit of the CSA, not its clients.

That is a powerful example of they way in which the honest aspirations of all Governments need to be subject to a reality check. We must ask in respect of every problem, will it actually be tackled best by an extension of the public sector or by the public sector pouring in more taxpayers' money?

My second example of the underlying problem is the Department for Transport, where administrative costs have increased by 50 per cent., from £255 million in 1998 to £382 million in 2003–04. Passengers on all modes of transport are entitled to ask whether they are getting value for money from that colossal increase in the Department's budget. Reference has been made to the big transport policy in the Budget—free off-peak bus passes for pensioners—but for many of my constituents and other people living in rural areas there simply are no off-peak buses on which they could use that election bribe. Many Chancellors have indulged in pre-election bribes, some effective, some ineffective and some straightforwardly cynical, but to offer free off-peak bus passes for pensioners takes the prize for sheer all-encompassing pointlessness in the large areas of the country where there will be no one to receive the bribe that the Chancellor is trying to give them.

My main example of the lack of effectiveness of too much Government spending is the railways. The Red Book shows that subsidies to the rail industry are increasing at a rate that I am sure alarms the Treasury, in particular the Chief Secretary, as they approach £5 billion a year. I invite the House to consider a specific example of how that colossal and fast-increasing subsidy is not working effectively. One of the next big franchises to be advertised, the integrated Kent franchise, affects my constituency. It seems to me that an obvious way to reduce the subsidy in the long term is to attract more passengers on to the railways by making it easier and more convenient to use the trains, but what does the Strategic Rail Authority propose for the integrated Kent franchise? Cuts in off-peak services to village stations such as Charing and Chilham. That is a prime illustration of how not to do it.

Those examples are a subset of the ways in which big, ambitious government can fail the people it tries to serve. One of the minor idiocies of the SRA's approach to the Kent franchise is that it ignores the fact that, at the behest of the Government, Ashford is one of the fastest-growing towns in the country. The SRA's approach merely reflects that of far too many central Government Departments. The Office of the Deputy Prime Minister has ordered the building of 30,000 extra houses in 30 years, but the Department of Health has not recognised that the growth has already started and has not provided enough GPs or dentists, the Department for Transport has not started to build the new motorway junction that is increasingly needed as the traffic congeals and the Department for Education and Skills says that the increasing school rolls can be covered by the usual funding, but there is no sign of that. The Chancellor probably thinks that he has been generous to the Deputy Prime Minister over the so-called sustainable communities plan. However, the fact that it is all driven and planned from the centre means that the needs and wishes of local people are ignored. When the SRA goes, the Department for Transport will plan everything. That does not inspire confidence, not because the Department will necessarily be any worse than the SRA—it may be better—but because the structure will not work, however much money is put in.

I have given examples from the benefits system and transport; my third example is education. The big idea in the Budget was more spending on buildings and computers, but standards in existing classrooms are not good enough. Of course new building will be welcome, but that is not aimed directly at what is most needed. The facts are clear: the Chancellor has heavily increased education spending, year after year, but the key aims that he wants to achieve are not being met. The Government's targets for raising primary school standards were set by the first Education Secretary, missed by the next, who resigned, moved carefully forward in time by the third Education Secretary and are now being quietly dropped by the fourth Education Secretary whom we have seen under this Government.

Some 1 million 11-year-olds are leaving primary schools unable to read, write and count properly; that is not a record of which the Government can be proud. Yet the Chancellor's response in this Budget is simply more of the same: more spending, more centralisation. That has not worked in the past, and there is no reason to believe that it will work in the future. This Budget has given us more of the policies that have expensively failed over the past eight years.

The same problems are apparent in those three disparate fields. A Government who came into office—full, I suspect, of genuine idealism—pulled the levers

[Mr. Damian Green]

enthusiastically, taxing and spending with a will, yet found too often that the levers were not connected to anything. Eight years and nine Budgets in, there are lessons to be learned. First, taxing and spending with an unreformed public sector does not work, and that applies at any level of public spending. I recognise that there are areas of public service that need continuing high levels of spending, and I am glad that my party is committed to maintaining the high levels currently seen in key areas—including some that I have been talking about, such as education and transport. However, unless that money is spent more intelligently in the future than it has been in the past, it will not achieve its purpose.

The second lesson has already been learned by the British people: they should beware of Ministers who equate extra spending with extra virtue. The British people are entirely capable of recognising that money needs to be spent on the big, key public services, but that, at the same time, large sums of money can be wasted on those key services. They recognise that nothing like enough of the tax money that the Chancellor has taken away is being spent effectively where they want it spent. That is why the waters have already closed over this Budget, even before this House has finished debating it. It was meant to be the Government's big, pre-election boost; it has palpably failed in that, and for good reason.The new Labour experiment was reliant on a proposition that has been seen to be false: that higher public spending necessarily means better public services. Victims of the CSA, rail travellers in Kent and elsewhere, and anxious parents are only three of the groups now looking for an alternative, and finding one in the Conservative party.

This Budget has already been largely forgotten, and I hope that it is the final manifestation of a theory that has raised the amount of tax that we all pay, but has failed to raise the standards of our public services. That is why this Budget, the policy ideas that lie behind it and—most importantly—the Government who introduced it have all failed this country.

5.39 pm

Keith Vaz (Leicester, East) (Lab): I will be brief, and raise only a couple of points. First, I disagree profoundly with what was said by the hon. Member for Ashford (Mr. Green)—but I imagine that he had to say such things, as we have had such a wonderful Budget.

I congratulate the Chancellor on yet another superb Budget. When I returned to my constituency last weekend, the reaction of the people of Leicester, East was as positive as it has always been when the Chancellor has managed to tell us how well the economy has been doing over—in this case—the last eight years, while also pointing out that much more needs to be achieved if we are to stay on track. It is that stability, that security, that has meant so much to my constituents. I congratulate the Chancellor on yet again producing a Budget that is good for the people of Britain, but does not do what some have suggested Chancellors should do before an expected general election—although, of course, none of us knows when the election will take place—which is to indulge in a spending spree in an attempt to encourage people to support one party or the other. The Chancellor has not done that. He has kept to his script, taking care to be prudent but also to help certain interest groups.

This is very much a Budget for pensioners, and those who were most delighted to receive the Chancellor's news last week were the pensioners in my constituency who live on the outer estates in Leicester, such as Thurnby Lodge and Netherhall. His desire to ensure that pensioners can use public transport in the way that he envisages has delighted my constituents who suffered during the brief period when the Liberals and Conservatives controlled Leicester city council—that brief period when many of the gains made by previous Labour administrations, in the form of implemented policies that benefited pensioners, were taken away.

Also well received was the Chancellor's decision to increase the threshold for inheritance tax. I would have liked it to be raised a little higher. Having just completed, after nearly two years, the administration of my late mother's estate, I know how complicated these form-filling exercises are. But the Chancellor is moving in the right direction. The raising of the threshold will allow people on modest incomes to leave something to their families, having accumulated that money over a lifetime. It is important for them to be able to pass on their legacies. I understand the need for taxation, but it must obviously be graduated.

I welcome a third step—the changes made by the Chancellor to encourage Islamic banking. I know that he will address the Muslim awards dinner tomorrow night, and that he is the first British Chancellor to attend a function of that kind. I welcome his proposal to help those who wish to deposit their money in banks like the Islamic bank, a branch of which opened recently in my constituency. We should be able to provide financial services that meet the needs of different communities, and I thank the Chancellor for what he has done.

Overall, the Chancellor has achieved stability and prosperity, the two hallmarks of this Administration. I remember that when I first entered the House 18 years ago, people questioned whether the Labour party could manage the economy. Such questions are no longer asked, because the economy has been managed and organised so well.

Let me, in passing, pay tribute to the Chief Secretary to the Treasury, my right hon. Friend the Member for Brent, South (Mr. Boateng). We have heard a number of valedictory speeches from Conservative Members. I hope that this will not be mine, because I intend to stand again, and subject to the wishes of the people of Leicester, East, I may be elected. However, my right hon. Friend has announced that he is retiring from domestic politics to take up his post as the new high commissioner in South Africa, and this will be his last speech as the Chief Secretary. I pay tribute to him for all the work that he has done for his constituents in Brent, South who will miss him greatly, especially the Swaminarayan Hindu mission—I know that he was a frequent visitor to it. I pay tribute also to his contribution to the Government in the various posts that he has held. He has been an excellent Minister and is going out at the top. I hope that he will ensure that the furniture is polished in Pretoria because I know that a number of colleagues and I will be visiting him in South

Africa. He will be a spectacular success there, as he has been in every job that he has had, in government and before. I wish him well.

I have another point about one aspect of the Budget that the Chancellor did not dwell on. I say this is in a friendly way, but if I had not listened carefully to what the Chancellor was saying, I would have missed his comment on the latest assessment of the euro. I want to conclude my comments by mentioning the euro, because it is a vital part of the Budget debate.

When the Government announced after taking office in 1997 that there would be a referendum on the euro, giving the people of this country the chance to take that crucial decision, we decided under our rolling timetable to see whether we had met a number of key economic tests. When the Chancellor announced that three out of the five tests had been met—I think in the Budget before last—he said that there would be a rolling assessment of whether the other tests had been met. He was very brief in his description of that assessment when he spoke last week.

I understand the situation fully, and this is not a criticism of Treasury policy—who would seek to criticise the Treasury when it has produced such a wonderful Budget? However, the fact remains that we have a commitment to examine the issue from Budget to Budget and in the autumn statement. The autumn statement was brief on the matter, and the Budget was even briefer. I accept the Chancellor's judgment, and I do not want to substitute my judgment for that of the person whom I regard as one of the finest Chancellors that we have ever had and certainly the finest in the past 100 years. However, it is important for us to be clear where we stand on the two remaining tests, and there is no harm in telling the House on a regular basis—once a year, because that is how often we have the Budget—what has happened to those tests. I am sorry that we did not have the opportunity of hearing whether we had met the other two tests. It is important that we get a timetable from the Government for the next time that we have those tests.

Mr. Damian Green: Does the hon. Gentleman think that the Chancellor is avoiding telling the House about the results of those two tests because we have passed them or because we have not passed them?

Keith Vaz: The point is that we do not know. I do not think that he is avoiding telling the House, but there is a feeling that we should not dwell on the issue because it is not exciting. However, it is important that we know, and when my right hon. Friend the Chief Secretary winds up—of course, he will be able to speak from the Dispatch Box without being held to account because he is going to South Africa—he will perhaps let us know the Government's view.

I do not mind what that view is as long as we know the timetable: will we have another assessment in the pre-Budget autumn statement, or do we have to wait a further 12 months, until probably the time of the European constitution referendum? We cannot ignore the issue, so let us be clear about it. Believe me, I accept the Chancellor's judgment: whatever he says I will accept absolutely, because I think that he is best placed to tell us whether the tests have been met. All I ask is to be told when the timetable will be set out. I do not think that enough was done last week to tell us about that.

I understand the problems of the stability and growth pact, and I know that the Chancellor fought a successful battle yesterday in explaining to our European colleagues that more had to be done in that regard, and that he was not satisfied with the new rules that had been decided on by the EU, simply because they would affect our budget and our financial prospects. My right hon. Friend was very cautious in that regard, and I am happy for him to be cautious, but there is a tendency to forget the contribution that the European Union makes to our economy. Eight of our top 10 trading partners are EU members, for example, and the enlargement of the EU on 1 May gave us the largest single market anywhere in the world. Contrary to the view expressed by some Conservative Members—not those who are in the Chamber today—such as the shadow Home Secretary, that the arrival of the eastern Europeans would cause problems for our economy, those countries have benefited our economy. So let us treat Europe in a proper way in our Budget statements, and remind ourselves that it has a contribution to make.

Nothing that I have said today about the euro should detract from the huge success of this Budget and of the Chancellor. We have a stable, prosperous economy and the people of this country will be able to pass their verdict, whenever the election takes place, principally because of our economic success. I thank the Chancellor for what he has done.

5.51 pm

Mr. Robert Walter (North Dorset) (Con): To some extent, this has been a sad debate, because we have heard the final speeches of my right hon. Friend the Member for South-West Norfolk (Mrs. Shephard) and my hon. Friend the Member for Chipping Barnet (Sir Sydney Chapman). As always, they made very good, well informed and witty speeches, and we shall miss them. My hon. Friend the Member for Chipping Barnet and I have become very good friends over the past eight years. He made some rather incisive comments about the beginning of the national health service, which he could remember. I do not quite remember it, because it was brought in just one month after my birth, although my mother always said that its introduction had nothing to do with that event.

As today's debate is on trade and industry, perhaps I should start by referring to our appalling trade deficit. The latest figures for last year show that our deficit on trade in goods was in excess of £57 billion. That is catastrophic for the nation. My hon. Friend the Member for Chipping Barnet reminded us that the first election he fought was in 1964. A key issue in that election was our deteriorating trade balance. If today's electorate were as well informed on the trade picture as they were then, I suspect that this Government would be done for in much the same way as the Government were done for in 1964.

The situation today is deteriorating. Imports have increased in volume terms over the past four years by some 12.5 per cent., whereas the export volume figure has decreased by 0.3 per cent. That is a poor situation to be in, and companies in my constituency are doing their best to fight that trend. Flight Refuelling Ltd makes the fuel systems for virtually every commercial airliner in the world, while Farrow and Ball, the paint maker, sells its excellent products on every continent. Marden

[Mr. Robert Walter]

Edwards produces packaging machinery—I am afraid that a lot of it is exported to pack the goods that are then imported into the United Kingdom. William Hughes produces springs, a very unsexy product, but we sit on those springs almost every day, as it supplies springs to every car maker in Europe to go in the seats of motor cars.

In relation to our trade picture, the important macro-economic point is the Government's complacency. I sit on the Treasury Committee, and on a number of occasions I have raised with both Treasury officials and the Chancellor of the Exchequer our trade deficit and current account deficit. They are at pains to point out to me that, in real terms, we have had deficits like this in the past. That may be so, but the difference now is that we have consistently had a deficit in virtually every year this Government have been in power, and the deficit has been increasing. We no longer have a cyclical trade position but a current account that is permanently in deficit and shows no signs whatever of improving, and the Government seem to have no sense of urgency about addressing that problem.

I want to consider the housing market and some of the Government's policies with regard to it, particularly the incentive to first-time buyers that the Chancellor introduced in this Budget. I do so with a sense of caution, however, as the International Monetary Fund, whose advice the Chancellor likes to ignore, in its latest article IV consultation on the UK economy, issued as recently as 8 March, stated:

"Perhaps the greatest near-term risk to the outlook was the possibility of a sharper-than-expected drop in house prices... even though the correlation between changes in house prices and changes in consumption may have weakened since 2002, the ratio of consumption to disposable income had risen over the past decade alongside increasing housing wealth."

The Red Book contains few figures on house prices. If we want to find any sort of analysis, we must go to the Treasury's website to find a section called "Supplementary charts and tables", which shows the ratio of earnings to house prices. That is a fascinating chart, as it reflects the entire United Kingdom. My concern is not the entire United Kingdom, but the regional picture.

Some of us may recall that, last autumn, the Joseph Rowntree Foundation did a fascinating analysis of the ratio of earnings to house prices, which showed that in London that ratio was in most instances of the order of 5:1. Outside London, in my region, the south-west, the ratio was also of the order of 5:1. In other parts of the south-west region, however, it was even higher. There are two districts in my constituency, north Dorset and east Dorset, and the figures for east Dorset show that the mean house price for a two or three-bedroomed dwelling, which is what most families need, was £203,000, and the ratio of house prices to average incomes was 5.35:1. Given an average or mean house price of £203,000, I wonder what benefit the Chancellor thinks that his £120,000 threshold will bring to those seeking to get on to the property ladder in London, the south-east or the south-west. I suspect that the only people who will derive any benefit are in the north, so in my view such a benefit will be available only to those who are perhaps supporters of the Labour party. It will do nothing for those who—

Andrew George: The hon. Gentleman will doubtless be aware that among the other districts in the Government's south-west zone—I do not call it a region—that suffer from large differentials between house prices and very low earnings is my constituency, which includes west Cornwall and the Isles of Scilly. Although I agree with his analysis, does he agree with me that one of the best ways, among many others, of helping local people is to develop policies that constrain the very high levels of second home ownership that exist in places such as west Cornwall and, no doubt, parts of his constituency? Second home ownership is fuelling price increases, and as a result houses are way out of the league of what local people can afford.

Mr. Walter: I thank the hon. Gentleman for his intervention. There are many measures that the Government could implement to encourage those who need to get on the property ladder. I am always reluctant to suggest that we should introduce measures to restrain prices, but I can say that all Dorset's local authorities have moved to a 90 per cent. council tax on second homes, the proceeds of which will be used to provide affordable housing.

I want to make two further points before I sit down, the first of which the Chief Secretary to the Treasury can perhaps help with in his reply. The Government have re-opened negotiations on the plan to reform public sector pensions. If that were to lead to a retention of the status quo, whence would the anticipated savings be derived? On the other hand, would we be looking at an increase in projected public expenditure as a result of future, larger pension bills?

Finally, I want to discuss chapter 3 of the Red Book, entitled "Meeting the productivity challenge", and in particular subsection 19, entitled "Leading regulatory reform", which states that

"the Government believes that inefficient regulation can impose a significant burden on business".

Two of the stated areas of action in that regard are

"ensuring that regulation is used only where necessary",

and

that it is not 'goldplated' if it originates from the EU".

There will be a sound round of applause from all parts of the House for that provision on gold-plating—an issue that we have discussed on many occasions. The third area of action listed in subsection 19 is

"pursuing an agenda of regulatory reform in Europe"—

we all agree on that—

"because around half of all significant new regulations affecting UK businesses originate in the EU."

I read that with interest, because according to this morning's *Financial Times*, the Minister for Europe said that that is not so. He

"debunked the 50 per cent. figure as typical of the tendency of 'anti-European politicians [to] tell more myths and fantasy about Europe than you can find in Harry Potter or *The Da Vinci Code*'."

The Minister for Europe also referred to work of the House of Commons Library, which shows that of those regulations that are passed in this House through secondary legislation, only 9 per cent. actually come from Europe. That implies that 91 per cent. of the regulations under discussion originate from the Government Front Bench, that they have very little to do with Europe and that the Government seek to hide behind the European regulatory framework in order to excuse regulations that they themselves decided to introduce, completely independently of the European Union. The Government should answer that question, and, if the story in the *Financial Times* is not true, we shall doubtless hear from the Minister for Europe.

6.5 pm

Mrs. Barbara Roche (Hornsey and Wood Green) (Lab): Like my hon. Friend the Member for Leicester, East (Keith Vaz), I shall start by telling my right hon. Friend the Chief Secretary that we wish him well in his new post and that we shall miss him a great deal. Speaking as someone who has known him for more years than I care to remember—we have known each other for a very long time—I know that he will be missed by the Labour party in London. I am grateful for his contribution as a London Member to our capital city.

Looking across the Chamber, I see in his place one of my neighbouring north London MPs, the hon. Member for Chipping Barnet (Sir Sydney Chapman). He and I have had an extremely friendly relationship ever since I became a Member, and I know that he will be greatly missed in this place. All hon. Members will want to wish him the best for the future. As I said, we have had extremely cordial relations as neighbouring MPs.

We also heard today a speech by the right hon. Member for South-West Norfolk (Mrs. Shephard). She has been a mentor and friend to many women who have entered Parliament and she will be missed by Members on both sides of the House.

I want to focus my brief remarks on an important subject in this year's excellent Budget, which has been warmly welcomed by my constituents in Hornsey and Wood Green. I refer to black and ethnic-minority businesses. We all know that small businesses play a vital part in the economic life of our country. Indeed, they are the lifeblood of our economy and should be encouraged. When we look at the figures on business start-ups, we note a tremendous disparity between the richest and poorest areas of the country. One way to remedy the problem is by encouraging many more people in the minority ethnic communities to become entrepreneurs by starting up and running successful businesses.

More than two-thirds of black and minority ethnic communities live in England's 88 most deprived local authority areas. When I was a Cabinet Office Minister, I was proud to produce a strategy unit report that examined black and ethnic minority communities and the labour market.

Mr. John Taylor (Solihull) (Con): Perhaps the hon. Lady shares my experience as a junior Minister at the Department of Trade and Industry, when I was probably the only person there who had run a business with fewer than 10 employees. As chairman of an enterprise agency, I learned that the real handicap to starting a new business—I applaud the hon. Lady's emphasis on ethnic minorities—was not the absence of a business plan or enough money, but the problem of finding affordable premises. That turned out to be one of the greatest obstacles that hindered small business start-ups.

Mrs. Roche: The hon. Gentleman, who speaks with a wealth of experience, is right, but the other barriers—from a lack of access to finance to a lack of awareness of programmes—are also major issues.

I welcome the Chancellor's emphasis on the new centres of vocational excellence for entrepreneurship, which will be helpful in developing businesses. Many businesses start, but it is important that they flourish beyond three years. If they do, they can employ other people, creating wealth and opportunity.

I am pleased that the Government are looking at promoting the incorporation of race equality in public procurement within the current legal and policy frameworks. We ought to take a leaf out of the American Government's book and take public procurement and contract compliance very seriously. An emphasis on making public money work in deprived areas will produce a greater reward. We should look at what can be done under current regulations and the European framework to ensure that money is used wisely. If businesses flourish, that assists employment and wealth creation.

I am pleased that the Chancellor has placed great emphasis on Islamic-compliant products, to which my hon. Friend the Member for Leicester, East referred. Alongside the Phoenix fund—created by the Government to provide venture capital for small businesses—I would like to see Islamic-compliant funds. These would be open not only to the Muslim community, but to every business seeking to invest and would be ethically based. They could give an emphasis to mentoring, which fits with established good business practice. If those funds were used for regeneration, we would see more businesses in our most deprived areas. From excellent businesses and projects run in my constituency by women who are Muslim, I know that such a fund would make starting a business more attractive to others. That could be done easily and simply and would be open to everyone else. It would also promote the notion that the way to develop good business practice is to have a good business plan and to ensure that mentoring and advice are available.

It is important today, when our subject is trade and industry, to continue the emphasis on small businesses. I said earlier that they are the lifeblood of this country's economy, but they are often ignored. All right hon. and hon. Members know that they can be centres of innovation and creativity and can promote spin-off

[Mrs. Roche]

companies, which sometimes come from very small companies. They must be encouraged. If we encourage start-ups and the prosperity of those businesses, not only will our economy prosper in constituencies such as mine, but our national economy will prosper. That is why I welcome the Budget.

6.16 pm

Mr. Edward Leigh (Gainsborough) (Con): I am delighted that the Chief Secretary is in his place and I apologise for missing the early part of this debate—I was detained on other business in the House. I want to tell him before he retires from office that I hope that he and his successor will work closely with the Public Accounts Committee to root out waste and incompetence in the public sector. That can unite both sides of the House and is becoming increasingly central to the debate on the Budget. Whatever our different ideological positions, there are many opportunities to save public money and ensure that we get more bang for our buck.

I have sat on the PAC for five years. We have interviewed more than 600 senior officials and have had more than 250 hearings. The Gershon review has been central to our work and many of its recommendations have figured in PAC reports. It hopes to save £20 billion a year and my right hon. Friend the shadow Chancellor hopes to achieve even more. I must tell my hon. Friend the shadow Chief Secretary and the Chief Secretary that much unites both sides of the House, but improvements in the delivery of public services are not materialising or are taking place too slowly. There is often a failure to apply more widely the lessons learned in one part of the public sector or to transfer them to another part of the public sector. Mistakes are repeated in the public sector, even after causes have been identified. There is often a failure to exploit commercial opportunities and slow progress in making the most of opportunities offered by developments in technology. We see that again and again in report after report.

The numerous reports of the PAC, which I am honoured to chair, have highlighted practical ways of achieving financial savings for the benefit of taxpayers. Many of our recommendations do not require radical change, but involve basic housekeeping and good management. We could save money in so many areas—the figure could be obtained by reading the Committee's numerous reports. Given the scale of public spending a 2 per cent. improvement in the use of resources would generate savings of about £8 billion per annum. That is what I am offering to the Government. We could save £8 billion per annum if projects were more efficient. That would pay for 50 large hospitals and is equivalent to 2p on the basic rate of income tax. We could do that today without any change of policy simply by reducing complexity and bureaucracy, improving public service productivity, being more commercially astute, strengthening project management, tackling fraud and having better and more timely implementation of policies and programmes. If we did that efficiently in the public sector, we could save up to £8 billion.

I hope that that is a helpful offer from the Chairman of the Public Accounts Committee in the closing moments of Back-Bench contributions to this debate.

6.19 pm

Mr. Oliver Letwin (West Dorset) (Con): May I begin by congratulating the Chief Secretary on his admittedly provisional appointment? No one could deny that it has been a long-term aim on his part. In his acceptance speech in the 1987 election, he said:

"Today, Brent, South; tomorrow, Soweto."

I hope that he will now consult the works of the American historian, Will Durant, who tells us:

"To say nothing, especially when speaking, is ... the art of diplomacy."

The Chief Secretary has been an adornment to the House and I wish him well in whatever role 6 May may bring him.

I also wish to pay tribute to my right hon. Friends the Members for North-West Cambridgeshire (Sir Brian Mawhinney), who spoke in an earlier debate and for South-West Norfolk (Mrs. Shephard), who received a touching tribute from Opposition Members, and my hon. Friend the Member for Chipping Barnet (Sir Sydney Chapman). Alas, in all three cases they have probably given their last speeches in this House. They have served the House for many years and made distinguished contributions. We will miss them.

I thank my right hon. Friend the Member for Charnwood (Mr. Dorrell) and my hon. Friends the Members for Ashford (Mr. Green), for North Dorset (Mr. Walter) and for Gainsborough (Mr. Leigh) for their contributions to the debate. I also thank, of course, my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), who was an enormously distinguished Chancellor and knows more about Budgets than most people in this House or outside it.

Two phrases have been used to describe the Budget. The first is that what the Chancellor gives with one hand, he takes back with the other. The second is that this is a vote now, pay later Budget. It is certainly the case that what was given with one hand was taken back with the other. For example, let us take the case of the £200 allowance for the over-65s. When the Chancellor announced it, he did not highlight the fact that, unlike our permanent 50 per cent. discount for the council tax bills of the over-65s, it will be for one year only. There was a blissful moment on a television programme when my hon. Friend the Member for Tatton (Mr. Osborne), the shadow Chief Secretary, faced the Chief Secretary himself, who ventured the idea that every change in the Budget is for one year only. That is odd, because the Red Book shows that that is by no means the case. It is proof that when it comes to anti-terror legislation, the Prime Minister has to be dragged, kicking and screaming, to accept a sunset clause, but when it comes to tax cuts he is happy to see a sunset clause after just one year. It is a clear case of giving with one hand and taking back with the other.

The Chancellor made the welcome announcement that he would raise the threshold for stamp duty. However, he did not draw attention to the fact that he had frozen thresholds year after year, as house prices have risen. I checked *Hansard* to ensure that I had not missed any bits of the Chancellor's eloquent speech, but he did not draw attention to the fact that he had raised the top rate of stamp duty from 1 per cent. to 2 per cent., then to 3 per cent. and finally to 4 per cent. Indeed, there may come a time when children are taught to count by listing the rises in stamp duty from this Chancellor.

Above all, the Chancellor did not draw attention to REV09 in the Inland Revenue notes that accompany the Budget, but people now know that they have to read them. They show that the Chancellor will raise £340 million—£90 million more than he is giving in stamp duty changes—by getting rid of the disadvantaged area relief, which we heard about earlier in the debate today. It was mentioned by my right hon. and learned Friend the Member for Rushcliffe and my right hon. Friend the Member for Charnwood, and it was also debated with the Liberal Democrat spokesman, the hon. Member for Twickenham (Dr. Cable). It may be appropriate to get rid of that relief, but I wonder why the Chancellor did not major on the advantages of doing so. Could it be because he introduced it in the first place? That may be a connected phenomenon. The fact is that the Budget gave with one hand, and took back with the other.

Opposition Members have inquiring minds and will be asking why the Chancellor engaged in so much give and take—giving with one hand and taking back with the other. Labour Members are probably also wondering the same thing, although not many are in the Chamber at the moment as they do not want to hear too much about the Budget. I wish that I could offer an enormously subtle and complex answer, but it is—alas—terribly simple. It is that the Chancellor has run out of money.

That is what every independent economic commentator has noted. The Institute for Fiscal Studies, the International Monetary Fund and the Organisation for Economic Co-operation and Development all say that the Chancellor is borrowing and spending too much. They say that, on his plans, he will have to raise taxes after the election because there is a black hole in the public finances. That is why he had to engage in taking away with one hand what he gave with the other. It is also why this is a vote now, pay later Budget.

The problem is not just that the Chancellor has run out of money. That might be called an oversight, but such things happen to Chancellors from time to time. The nation might forgive the right hon. Gentleman if he had been spending the money in an enormously appropriate way. The nation might be willing to help him out with some tax rises after the election. People might want to elect him to impose those rises if they felt that he was getting value for money.

However, the terrible problem for our country is that the Chancellor has run out of money not because he has spent it well, but because he has failed to get value for it. He has created vast bureaucracies, with 250,000 extra posts created. Those extra bureaucrats are busy. So busy are they that some need to have stress counselling. What do they do? They create 15 new regulations every working day. That is enough to keep those bureaucratic postholders very busy indeed.

In the midst of that vast expansion of the bureaucracies, what has happened? It is what always happens when Governments grow too big—the spending in those bureaucracies moves out of control. I pay tribute here to my hon. Friend the shadow Chief Secretary, who has asked a marvellous series of very simple parliamentary questions on this matter. I also pay tribute to the Chancellor as, unusually, many of his questions have been answered.

We have discovered fascinating insights into how our bureaucracies work. Today's debate was opened, eloquently, by the Secretary of State for Trade and Industry, but she did not say much about the potted plants in her Department. Had she done so, she would have had to admit that £120,000 has been spent on those plants over the past four years.

It is also true that the Budget debate has not been adorned by the Deputy Prime Minister—he of the two Jaguars, as hon. Members will recall. My hon. Friend the shadow Chief Secretary has asked an interesting question about the use of hired cars in the Office of the Deputy Prime Minister. A most interesting result emerged. From the amount spent on car hire in the ODPM, we have calculated that over the past two years it would have been possible for Department staff to circumnavigate the globe 250 times in hired cars. That is an example of spending that is out of control.

However, the real problem is that the huge increase in bloated bureaucracies is making the public services not better, but worse. People do not have to take the word of politicians for that, as our chief constables are queuing up to say the same thing for us. Just a few days ago, the chief constable of Nottinghamshire said that his force was "reeling" from excessive bureaucracy.

Labour Members were not shy, but they stepped forward and said that the Nottinghamshire chief constable was not as good as he had been made out to be. Alas for them, just last Sunday the chief constable of Surrey joined the fray. He said that only for about 10 or 12 per cent. of their time are police officers

"doing things that I feel constables should do . . . about 32 per cent. of a constable's time is pure bureaucracy—it's clerical work",

which he said had increased "exponentially".

That is the problem. There is waste, spending is out of control and there is a huge bureaucracy. I grant that the Chancellor and the Chief Secretary would like to achieve an improvement in public services, but those factors are making those services worse. That is why we are not getting the cleaner hospitals, the school discipline and the police on the streets that our country deserves, needs and wants.

Even the Chancellor half admits that fact. He is endlessly making promises to remove bureaucracy and red tape—the very bureaucracy and red tape that he has created. If he did not believe some of what I have just said, why is he always telling us that he is trying to remove it? But the problem is that it never happens. A year ago, we were told that about 104,000 civil servants would be removed. What did we discover in the Budget? Just 12,000 civil servants were removed—5 per cent. of the added bureaucratic posts created during the past seven years.

The record on red tape is very interesting. In 1998, the then Secretary of State for Trade and Industry said:

"The Budget cuts the burden of red tape."—[*Official Report*, 23 March 1998; Vol. 309, c.51.]

By 1999, there was a new Secretary of State for Trade and Industry—there have been several; the Chancellor does not seem to be happy with any of them for long—who said:

"I am currently reviewing all regulations".

[Mr. Oliver Letwin]

He bravely announced:

"We have started that process."—[*Official Report*, 25 March 1999; Vol. 328, c. 509–11.]

Then we come to 2001 and a new Secretary of State for Trade and Industry—[HON. MEMBERS: "Ah."] Yes. She said that

"the Regulatory Reform Act 2001 will give the House the opportunity and power to sweep away unnecessary, out-of-date, entangled old regulations".—[*Official Report*, 25 June 2001; Vol. 370, c. 483.]

The Chancellor was not satisfied with that because then he started saying things—

Mrs. Roche: Will the right hon. Gentleman give way?

Mr. Letwin: But I shall of course give way to the hon. Lady before I tell the House what the Chancellor said.

Mrs. Roche: I am extremely grateful to the right hon. Gentleman. Does he recall that during the last Conservative Government a significant number of Conservative Back Benchers signed an early-day motion deploring the regulatory record of the then Conservative Government? What does he have to say about that?

Mr. Letwin: Poor things. They did not realise what would hit them under a Labour Government.

The Chancellor said:

"I now propose . . . to abolish a set of regulations."—[*Official Report*, 17 April 2002; Vol. 383, c. 581.]

Very well done. Unfortunately, in 2003 he felt that he had not achieved that so he said:

"In total, the Government are announcing today 147 regulations for reform or removal."—[*Official Report*, 10 December 2003; Vol. 415, c. 1064.]

Problem. Ernst and Young looked at them and found that 75 per cent. of them had nothing to do with tax or red tape. The only item that the then Financial Secretary was able to mention was something that had never occurred in the first place.

We move on to 2005. What did the Chancellor say?

"Today the enterprise challenge is to enhance the flexibility needed for a successful economy and to tackle . . . regulatory concerns."—[*Official Report*, 16 March 2005; Vol. 432, c. 261.]

So we have 1998, 1999, 2001, 2002, 2003, 2004 and 2005. Spot the difference. It has been all talk and no delivery.

What is the Labour party's response to that evidence of failure to get value for money, failure to constrain bureaucracy and failure to get rid of red tape—a vast commitment to big government? It is to engage in the theatre of the absurd. First, Labour said that the Conservatives were

"committed to an immediate £18 billion cut to public services".

That was in June 2004. By August, they had changed their tune. By then, the figure was £20 billion, but by 1 December, at column 654 of *Hansard*, the Chancellor was telling us that it was £70 billion. The Chancellor had found an excess of additional funding for the Conservatives. He felt that that was not terribly good, however, so a day later he asked the Chief Secretary to put something on the website and it was £50 billion—£20 billion gone in a day. Remarkable. Now, we are at £35 billion. The problem with all those accusations is that each is as false as the last—18, 20, 70, 50, 35. Dodgy arithmetic from the party that brought us the dodgy dossier.

Kevin Brennan (Cardiff, West) (Lab): The right hon. Gentleman is on the record as saying that he would like public expenditure to fall to 35 per cent. of gross domestic product. If that is not the figure, what figure does he believe in today?

Mr. Letwin: I am on record as saying that I would like to spend £12 billion less than the Chancellor in 2007–08 and to use £8 billion of it to stop his tax rises in the next cycle and £4 billion to produce tax cuts. *[Interruption.]* We should have pity on the hon. Gentleman because he works for the Chancellor of the Duchy of Lancaster, and under whatever dispensation, that is not a post that will last very long.

This is a Budget debate that will be remembered for the Chancellor's dodgy arithmetic. It will be remembered as the time when the Chancellor yet again locked himself into spending plans that the nation could not afford. It will be remembered as the time when the Chancellor yet again failed to set out any coherent plan for giving people in this country value for money.

What is needed now is a change of direction—transparent accounts, spending plans that the nation can afford, real action to cut back on wasteful, unnecessary and extravagant bureaucracy—to give the taxpayer value for money, to get that money to the front-line services, and to give Britain better services and lower taxes. That is what the coming general election will be about, and as my right hon. and learned Friend the Leader of the Opposition so memorably put it on Wednesday, bring it on.

6.35 pm

The Chief Secretary to the Treasury (Mr. Paul Boateng): This has been a good and typically wide-ranging debate over a number of days with differing perspectives and tribute is due to all those who have participated, particularly those for whom this has been a valediction. In that respect, I should like to pay tribute to the right hon. Member for South-West Norfolk (Mrs. Shephard). She has friends on both sides of the House. My hon. Friend the Member for Hornsey and Wood Green (Mrs. Roche) has already paid her glowing tribute for the work that she has done in mentoring women Members of the House. I want to pay her a tribute from the other side. I remember the very first day that she was appointed to her then historic position in the Treasury as the first woman ever to sit on the Treasury Benches as a Treasury Minister. If she recalls, we followed each other around the studios on that day. We had a good old go, as was our wont, but she made an enormous impact on the Treasury, and she made a subsequent impact on this House. She is a groundbreaker in every respect, and she will be much missed. [HON. MEMBERS: " Hear, hear."]

I also pay tribute to the hon. Member for Chipping Barnet (Sir Sydney Chapman). I went to Chipping Barnet, unsuccessfully, in the course of the last general election in an attempt to unseat the hon. Gentleman. [HON. MEMBERS: " Shame."] Call me old fashioned; I am

a politician—*[Interruption.]*—at least I am now. We were in the square in Chipping Barnet and it was clear that we would have a good old go, and indeed we did. We considerably reduced the hon. Gentleman's majority, but it was clear that he was the long-standing Member who was much loved by his constituents, known to all of them just as he is known to all of us, and is greeted with much affection on both sides of the House. However, as I heard him bemoaning at great length the increase in public spending over the many years that he has been a Member of the House and a candidate, I could not help remembering that throughout all the jobs that I have ever held on the Government Benches he has always asked for more. But we all got the point of his contribution, and he will be much missed.

Talking of valedictions, let me just say a word of thanks to those who have been kind enough to refer to my own departure. I am thinking of the hon. Member for Rayleigh (Mr. Francois), the shadow Economic Secretary, who was kind enough to pay tribute to me yesterday, and the shadow Chancellor, but particularly my hon. Friends the Members for Hornsey and Wood Green and for Leicester, East (Keith Vaz). It has been an honour and a privilege to serve Brent, South in this place, and I am grateful for the opportunities and friendships it has afforded me. Those have been 18 deeply fulfilling years, and I look back on them with much happiness.

Now to the task in hand. *[Interruption.]* No more Mr. Nice Guy. The Budget locks in our current economic stability. It seeks to promote fairness in relation to our nation's prosperity, so pensioners, children, hard-working families and those seeking a step up in terms of home ownership, which we will consider in some detail in the course of this evening's winding up, all benefit. The Budget recognises also that in the 21st century we need to invest in skills and education and in research and development, reduce the regulatory burden on business, and so boost our long-term productivity and growth.

This year has seen Britain benefit from strong global growth. The Chancellor's Budget forecasts in 2003 predicting strong growth, which were challenged repeatedly by our opponents, have once again been proved right. Our economy is set to grow by 3 to 3.5 per cent. this year. Growth, which has been balanced with consumer spending, is in line with trend gross domestic product since 2000. Business investment is growing twice as fast as consumer spending last year. Manufacturing is now growing at its fastest for four years. With our lowest inflation for 30 years, the lowest interest rates for 35 years, and unemployment the lowest in the G7, we can and must make the necessary investment to secure the economy for the long term.

This hard-won economic stability has enabled us over the past eight years to invest in our public services and in our nation's infrastructure. The Conservative party cannot be trusted to make, let alone match, the scale of that investment. We do not need to read the account of the Opposition's spending plans, which they have made only too clear; we can look at their actions when they were last in government. But first, let us consider what they said. We are more than happy to rise to the challenge thrown down by the shadow Chancellor in his winding-up speech, and to examine the exact words that he has uttered on the issue over recent months.

On 28 November 2004 the shadow Chancellor said:

"Our plans provide the ability over a six-year period for us to be spending about £35 billion less per year in the sixth year than Gordon Brown's plans provide for."

The right hon. Gentleman nods. On "The Daily Politics" show on 18 January 2005 he said:

"Our plans provide for us to continue growing public spending 1 per cent. slower each year than Labour, and by the end of the parliament, 2011–12, the end of the economic cycle, we'll be spending about £35 billion less than Labour."

Those statements were confirmed again, for the avoidance of doubt, only last week. When asked whether he would cut public spending by £35 billion, the shadow Chancellor replied:

"You get to those vast figures by the fifth year".

If he is not denying having said any of those things, why does he ask us where we get the figure of £35 billion from? That is where we get it—from his own mouth. *[Interruption.]* Someone says from a sedentary position that those are not cuts.

Opposition Members are always inviting us to listen to what the Institute for Fiscal Studies says. We do listen. I said so when I last addressed the House, at the time of the pre-Budget report, so I should like Opposition Members to listen to what the Institute for Fiscal Studies says. Mr. Robert Chote said on 18 March:

"If by 2011–12 the Conservatives have got spending down to 40 per cent of national income, and Labour is spending 42 per cent of national income, then it clearly is a spending cut of £35 billion, in 2011 prices, in relation to what Labour is spending".

Huw Irranca-Davies (Ogmore) (Lab): I am loth to remind some hon. Members of the Ireland-Wales game at the weekend, but if, during that glorious spectacle, I had gone to the bar and been told by the barman, "I'll give you two pints of Guinness. By the time I've finished pouring, one will be full to the brim and the other will have such a massive frothy head on it that you'll only get three quarters of a pint," which one would have been the full pint?

Mr. Boateng: I could not have put it better myself.

The shadow Chancellor has told us—again, he can deny it if it is not true—that he would find the cuts by cash freezing departmental expenditure limits for all Departments except schools and hospitals. Let me read to the House what he said, so that Opposition Back Benchers are clear about the policy that they will have to defend on the doorsteps. The right hon. Gentleman said on 16 February 2004 that he has

"agreed with my shadow Cabinet colleagues that the baseline for spending across all of these departmental budgets will be 0 per cent. growth for the first two years."

He went on to declare in the same speech that he appreciated that that represented a "tough constraint" for his colleagues.

My right hon. Friend the Secretary of State for Transport managed to extract from the shadow Pensions Minister an admission that the cash freeze stood as Opposition policy. If it does not, we would like to hear it. The hon. Member for Havant (Mr. Willetts) said:

"We never intended it to be Department by Department—we were referring to the envelope within which public spending would be made."—[*Official Report*, 17 March 2005; Vol. 432, c. 425.]

Why then did the hon. Member for Arundel and South Downs (Mr. Flight), who was the shadow Chief Secretary at the time that the medium-term expenditure

[Mr. Boateng]

strategy was announced, say in a letter to Tory business supporters that Tory plans meant real reductions in areas other than health, education, pensions and welfare? That is what the shadow Chief Secretary told a Conservative City group.

The shadow Chancellor has attempted to use the James review to indicate that he would offset the effects of the departmental cash freeze. We are still waiting for the James review to be published, although we have had the slides. Slide 31 concedes that the Opposition plan to cash freeze the defence budget. Is that correct or not—or is there more to slide 31 than we have seen?

Mr. Letwin: The Chief Secretary is obviously struggling, so let me help him. In those years defence expenditure will increase by 9 per cent., transport expenditure by 10 per cent., international development expenditure by 18 per cent., police expenditure by 12 per cent., schools expenditure by 13 per cent. and national health service expenditure by 21 per cent.. Those are huge increases. He is quite wrong about other spending items, too—we will not freeze spending on certain Departments, but reduce it. DTI expenditure will decrease by 10 per cent. and DEFRA expenditure by 27 per cent., because we do not need four fifths of the people currently at the DTI, we do not need £120,000-worth of potted plants, and we do not need more DEFRA officials than there are dairy farms in England.

Mr. Boateng: We will not pay for our defence by getting rid of potted plants. The reality is here in front of me; is there something else that we need to know? The James review—[HON. MEMBERS: "The slide."] Well, this is all we have been given. The top figure here is £27.6 billion; £27.6 billion; £27.6 billion—that is a cash freeze. If it is anything else, we want to know.

Mr. George Osborne (Tatton) (Con) *rose—*

Mr. Boateng: I shall give way in a moment; do not worry.

The issue goes beyond that—

Mr. Osborne *rose—*

Mr. Boateng: I give way to the hon. Gentleman—let him explain.

Mr. Osborne: I am grateful to the Chief Secretary for finally giving way. Will he read out what is five columns down his document, which compares the actual Conservative and Labour plans and shows that the Conservatives plan to spend more on defence than the Labour party in 2007–08?

Mr. Boateng: The difficulty is—[HON. MEMBERS: "Ah!"] Hold on a minute. The Conservatives say one thing in answer to one question, but they have put another thing on the slide. The reality is that their defence budget is frozen for 2005–06, 2006–07 and 2007–08, and no amount of wriggling can get over that.

Let us go beyond what the Conservatives have said on slide 31 and look at the record. We heard a typically bravura performance from the right hon. and learned Member for Rushcliffe (Mr. Clarke).

Mr. Kenneth Clarke *rose—*

Mr. Boateng: If I can just finish, then by all means the right hon. and learned Gentleman will have his chance to defend his reputation. Under his Budgets, when the Conservatives were last in office, the average rate of real growth in the NHS was just 1.6 per cent. In his last three Budgets, he cut education spending by £80 a pupil in real terms. Let us hear him defend that.

Mr. Clarke: In those Budgets, we debated the Budget measures and the spending costs. The Chief Secretary, for whose remarks I am personally very grateful, spent three minutes describing the Budget in standard terms, saying that it was building in stability, and then, 12 minutes ago, started on this absurd dissection of what a Conservative Government might be doing in 2011. We all know that we have no idea what any Government will be spending in 2011 unless six intervening Budgets, six public spending rounds and global economic circumstances make no change, whoever is in power. Will he address the fact that under the plans published in the Budget, taxation is going to be raised by fiscal drag—by about £2.4 billion a year—and that, even after that, the Institute for Fiscal Studies says that taxation will have to be put up by the equivalent of about 1 per cent. of GDP?

Mr. Boateng: What the right hon. and learned Gentleman is not prepared to address is the fundamental strength of this economy—the fact that we are able to take in more tax because more people are in work and companies are more profitable. Above all, we are able to do that while maintaining our fiscal rules and ensuring that our borrowing is for investment and is affordable. We remember that in the last year of his stewardship of the economy, the Conservatives were spending more on servicing their debt than on schools.

Mr. Letwin *rose—*

Mr. Boateng: I will not give way now; I will finish my argument. That is the record of right hon. and hon. Conservative Members, and we will take no lessons from them in that regard.

I turn to regulation, about which we heard a great deal from the shadow Chancellor, who alleged that we had failed to address regulation in the Budget. We have done nothing of the sort, but let us look at the Conservatives' record on regulation. According to the right hon. and learned Member for Rushcliffe,

> "We kept trying"

—to reduce regulation, that is—

> "we never really succeeded."

According to the right hon. Member for Kensington and Chelsea (Mr. Portillo),

> "We were rather notable regulators. We passed volumes of new rules and laws interfering with almost every aspect of business and social life."

The Leader of the Opposition has said:

> "Conservatives too were less responsive to these concerns, and less effective in deregulating, than we should have been."

That is the reality of the Conservatives' record on regulation. Our proposals on regulation, contained in the Budget, mean a 25 per cent. reduction in form-filling, the creation of a national regulatory forum, and a better

grip on regulators' performance at the centre, with a better regulation executive. My hon. Friends the Members for Crosby (Mrs. Curtis-Thomas) and Dundee, East (Mr. Luke), among others, have talked of the importance of these measures to small and medium-sized enterprises in reducing the burden of regulation.

We have here a Budget that contains deregulation measures that have been praised by no less a person than the CBI director general himself, who described them as worthy of applause and

"at the heart of the UK's battle to be competitive . . . Both the Hampton Report and the Better Regulation Task Force contain practical ways . . . ensuring that the proposals will be workable, and looking forward to their being workable."

As I have said, that is not praise from us; it comes from the CBI director general. For the same reason the World Bank has found that Britain is the best European Union country in which to do business, and it is what marks us out from our competitors in the EU. We have been successful in growing our economy, and continuing to do so.

The Budget is good news for pensioners, all of whom will benefit by about £11 million from free bus travel alone. Those in need will gain most. Under the Tories, the wealthiest would gain three times as much as the poorest. It is good news for home buyers, of whom an additional 300,000 will be exempted from tax each year—more than 50 per cent. of first-time buyers. It is good news for hard-working families: those with children will gain most. We are on target to reduce by a quarter the number of children living in low-income households by 2004–05. Under the Tories, so many of them were trapped in poverty. It is good news for our youth and the next generation: there will be better education facilities and better access to skills, whereas under the Tories so many were failed. It will bring real benefit to business too, securing our hard won stability by maintaining the push for productivity and growth with practical measures on regulation and training.

Business, pensioners, youth and hard-working families are not thinking what the Conservatives are thinking, but not forgetting either: in fact, they are remembering. They are saying "No more boom and bust." They are saying "no" to cuts and charges. They are saying "Forward, not back". That is the record and the reputation that we will take out to the country whenever we are called on to do so. We will be going forward, not back. We are proud of what we have done for business, proud of what we have done for hard-working families, proud of what we have done for pensioners. Forward, not back! I commend the Budget to the House.

Question put and agreed to.

Resolved,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.

MR. SPEAKER *then, pursuant to Standing Order No. 51(3) (Ways and Means Motions), put forthwith the Questions necessary to dispose of the further motions.*

2. RATES OF TOBACCO PRODUCTS DUTY

Resolved,

That—

(1) For the Table of rates of duty in Schedule 1 to the Tobacco Products Duty Act 1979 there shall be substituted—

TABLE

1. Cigarettes	An amount equal to 22 per cent of the retail price plus £102.39 per thousand cigarettes.
2. Cigars	£149.12 per kilogram.
3. Hand-rolling tobacco	£107.18 per kilogram.
4. Other smoking tobacco and chewing tobacco	£65.56 per kilogram.

(2) This Resolution shall have effect as from 6 o'clock in the evening of 16th March 2005.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. RATE OF DUTY ON BEER

Resolved

That—

(1) In section 36(1AA)(a) of the Alcoholic Liquor Duties Act 1979 for "£12.59" there shall be substituted "£12.92".

(2) This Resolution shall have effect as from midnight on 20th March 2005.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

4. RATES OF DUTY ON WINE AND MADE-WINE

Resolved,

That—

(1) For Part 1 of the Table of rates of duty in Schedule 1 to the Alcoholic Liquor Duties Act 1979 there shall be substituted—

PART 1

WINE AND MADE-WINE OF A STRENGTH NOT EXCEEDING 22 PER CENT

Description of wine or made-wine	*Rates of duty per hectolitre* £
Wine or made-wine of a strength not exceeding 4 per cent	51.69
Wine or made-wine of a strength exceeding 4 per cent but not exceeding 5.5 per cent	71.07
Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent and not sparkling	167.72
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent but less than 8.5 per cent	166.70
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent or of a strength exceeding 8.5 per cent but not exceeding 15 per cent	220.54
Wine or made-wine of a strength exceeding 15 per cent but not exceeding 22 per cent	223.62

(2) This Resolution shall have effect as from midnight on 20th March 2005.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

5. Hydrocarbon Oil Etc. Duties (Rates and Rebates)

Resolved,

That provision may be made amending rates and rebates in the Hydrocarbon Oil Duties Act 1979.

6. Vehicle Excise Duty (Rates)

Resolved,

That—

(1) The Vehicle Excise and Registration Act 1994 shall be amended as follows.

(2) In subsection (3)(b) of section 13, as currently in force, for "annual rate currently applicable to a vehicle under paragraph 1(2) of Schedule 1" there shall be substituted "basic goods vehicle rate currently applicable".

(3) In that section, after subsection (6) there shall be inserted—

"(7) In this section "the basic goods vehicle rate" means the annual rate applicable, by virtue of sub-paragraph (1) of paragraph 9 of Schedule 1, to a rigid goods vehicle which—

(a) is not a vehicle with respect to which the reduced pollution requirements are satisfied, and

(b) falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 3,500 kilograms and not exceeding 7,500 kilograms."

(4) In sections 35A(5) and 36(3), for the words from "to the annual rate" to "(or" there shall be substituted—

"(a) in the case of a vehicle licence, to the annual rate which at the beginning of the relevant period was applicable to a vehicle of the description specified in the application, or

(b) in the case of a trade licence, to the basic goods vehicle rate (within the meaning of section 13) which was applicable at that time (or to the annual rate which at that time was applicable".

(5) Schedule 1 shall be amended as follows.

(6) In paragraph 1(2), for "£165" there shall be substituted "£170".

(7) For the Table in paragraph 1B there shall be substituted—

CO_2 emissions figure		*Rate*		
(1)	*(2)*	*(3)*	*(4)*	*(5)*
Exceeding	*Not exceeding*	*Reduced rate*	*Standard rate*	*Premium rate*
g/km	g/km	£	£	£
—	100	55	65	75
100	120	65	75	85
120	150	95	105	115
150	165	115	125	135
165	185	140	150	160
185	—	160	165	170

(8) In paragraph 3(1A), for "the general rate specified in paragraph 1(2)" there shall be substituted "£165".

(9) In paragraph 7(3A)(b), for "the general rate specified in paragraph 1(2)" there shall be substituted "£165".

(10) In paragraph 10—

(a) in sub-paragraph (2), for "an amount equal to the amount of the general rate specified in paragraph 1(2)" there shall be substituted "£165",

(b) in sub-paragraph (3), for "an amount equal to 140 per cent of the amount of the general rate specified in paragraph 1(2)" there shall be substituted "£230", and

(c) sub-paragraphs (3A) and (3B) shall be omitted.

(11) Paragraph (4) of this Resolution shall have effect on and after 17th March 2005; and the remainder of this Resolution shall have effect in relation to licences taken out on or after 17th March 2005 for a period beginning on or after 1st April 2005.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

7. Value Added Tax (Goods Subject to Warehousing Regime)

Resolved,

That provision may be made for the purposes of value added tax in connection with goods subject to a warehousing regime.

8. Value Added Tax (Fuel for Private Use)

Resolved,

That provision may be made for and in connection with amending section 57 of the Value Added Tax Act 1994.

9. Value Added Tax (Overstated or Overpaid Amounts)

Resolved,

That—

(1) Section 80 of the Value Added Tax Act 1994 shall be amended as follows.

(2) For subsection (1) there shall be substituted—

"(1) Where a person—

(a) has accounted to the Commissioners for VAT for a prescribed accounting period (whenever ended), and

(b) in doing so, has brought into account as output tax an amount that was not output tax due,

the Commissioners shall be liable to credit the person with that amount.

(1A) Where the Commissioners—

(a) have assessed a person to VAT for a prescribed accounting period (whenever ended), and

(b) in doing so, have brought into account as output tax an amount that was not output tax due,

they shall be liable to credit the person with that amount.

(1B) Where a person has for a prescribed accounting period (whenever ended) paid to the Commissioners an amount by way of VAT that was not VAT due to them, otherwise than as a result of—

(a) an amount that was not output tax due being brought into account as output tax, or

(b) an amount of input tax allowable under section 26 not being brought into account,

the Commissioners shall be liable to repay to that person the amount so paid.".

(3) In subsection (2) before "repay" there shall be inserted "credit or".

(4) After subsection (2) there shall be inserted—

"(2A)Where—

(a) as a result of a claim under this section by virtue of subsection (1) or (1A) above an amount falls to be credited to a person, and

(b) after setting any sums against it under or by virtue of this Act, some or all of that amount remains to his credit,

the Commissioners shall be liable to pay (or repay) to him so much of that amount as so remains.".

(5) In subsection (3) for "under this section, that repayment" there shall be substituted "under this section by virtue of subsection (1) or (1A), that the crediting".

(6) For subsection (3A) there shall be substituted—

" (3A)Subsection (3B) below applies for the purposes of subsection (3) above where—

(a) an amount would (apart from subsection (3) above) fall to be credited under subsection (1) or (1A) above to any person ("the taxpayer"), and

(b) the whole or a part of the amount brought into account as mentioned in paragraph (b) of that subsection has, for practical purposes, been borne by a person other than the taxpayer.".

(7) In subsection (3B), in paragraph (a), for "repayment" there shall be substituted "crediting".

(8) For subsection (4) there shall be substituted—

" (4) The Commissioners shall not be liable on a claim under this section—

(a) to credit an amount to a person under subsection (1) or (1A) above, or

(b) to repay an amount to a person under subsection (1B) above,

if the claim is made more than 3 years after the relevant date.

(4ZA) The relevant date is—

(a) in the case of a claim by virtue of subsection (1) above, the end of the prescribed accounting period mentioned in that subsection, unless paragraph (b) below applies;

(b) in the case of a claim by virtue of subsection (1) above in respect of an erroneous voluntary disclosure, the end of the prescribed accounting period in which the disclosure was made;

(c) in the case of a claim by virtue of subsection (1A) above in respect of an assessment issued on the basis of an erroneous voluntary disclosure, the end of the prescribed accounting period in which the disclosure was made;

(d) in the case of a claim by virtue of subsection (1A) above in any other case, the end of the prescribed accounting period in which the assessment was made;

(e) in the case of a claim by virtue of subsection (1B) above, the date on which the payment was made.

In the case of a person who has ceased to be registered under this Act, any reference in paragraphs (b) to (d) above to a prescribed accounting period includes a reference to a period that would have been a prescribed accounting period had the person continued to be registered under this Act.

(4ZB) For the purposes of this section the cases where there is an erroneous voluntary disclosure are those cases where—

(a) a person discloses to the Commissioners that he has not brought into account for a prescribed accounting period (whenever ended) an amount of output tax due for the period;

(b) the disclosure is made in a later prescribed accounting period (whenever ended); and

(c) some or all of the amount is not output tax due.".

(9) For subsections (4A) and (4B) there shall be substituted—

" (4A)Where—

(a) an amount has been credited under subsection (1) or (1A) above to any person at any time on or after 23rd March 2005, and

(b) the amount so credited exceeded the amount which the Commissioners were liable at that time to credit to that person,

the Commissioners may, to the best of their judgement, assess the excess credited to that person and notify it to him.".

(10) For subsection (7) there shall be substituted—

" (7) Except as provided by this section, the Commissioners shall not be liable to credit or repay any amount accounted for or paid to them by way of VAT that was not VAT due to them.".

(11) The side-note to the section shall accordingly become "Credit for, or repayment of, overstated or overpaid VAT".

(12) In consequence of those amendments the Value Added Tax Act 1994 shall be amended as follows.

(13) In section 78, in subsection (1)(a) for "and which they are in consequence liable to repay to him" there shall be substituted "and, as a result, they are liable under section 80(2A) above to pay (or repay) an amount to him,".

(14) In section 80A—

(a) in subsection (2)(a), for "repayment" there shall be substituted "crediting";

(b) in subsection (2)(b), for "the cost of the original payment of that amount to the Commissioners" there shall be substituted "the amount brought into account as mentioned in paragraph (b) of subsection (1) or (1A) of that section";

(c) in subsection (3)(a), for "repayment" there shall be substituted "crediting of the amount";

(d) for subsection (3)(b) there shall be substituted—

" (b) provision for cases where an amount is credited but an equal amount is not reimbursed in accordance with the arrangements;";

(e) in subsection (3)(c), for "repaid" there shall be substituted "paid (or repaid)";

(f) in subsection (4)(a), for "to make the repayments to the Commissioners that they are required to make" there shall be substituted "to make the repayments, or give the notifications, to the Commissioners that they are required to make or give";

(g) in subsection (7)—

(i) for "repayment", in the first place, there shall be substituted "credit";

(ii) for "the making of any repayment" there shall be substituted "the crediting of any amount".

(15) In section 80B after subsection (1) there shall be inserted—

" (1A)Where—

(a) an amount ("the gross credit") has been credited to any person under subsection (1) or (1A) of section 80 above,

(b) any sums were set against that amount, in accordance with subsection (2A) of that section, and

(c) the amount reimbursed in accordance with the reimbursement arrangements was less than the gross credit,

subsection (1B) below applies.

(1B) In any such case—

(a) the person shall cease to be entitled to so much of the gross credit as exceeds the amount so reimbursed, and

(b) the Commissioners may, to the best of their judgement, assess the amount due from that person and notify it to him,

but an amount shall not be assessed under this subsection to the extent that the person is liable to pay it to the Commissioners as mentioned in subsection (1) above.

(1C) In determining the amount that a person is liable to pay as mentioned in subsection (1) above, any amount reimbursed in accordance with the reimbursement arrangements shall be regarded as first reducing so far as possible the amount that he would have been liable so to pay, but for the reimbursement of that amount.

(1D) For the purposes of this section, nil is an amount.

(1E) Any reference in any other provision of this Act to an assessment under subsection (1) above includes, if the context so admits, a reference to an assessment under subsection (1B) above.".

(16) In section 83—

(a) in paragraph (t), before "repayment" there shall be inserted "crediting or";

(b) in paragraph (ta), after "80B(1)" there shall be inserted "or (1B)".

(17) The amendments made by this Resolution shall have effect in any case where a claim under section 80(2) of the Value Added Tax Act 1994 is made on or after 23rd March 2005, whenever the event occurred in respect of which the claim is made.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

10. Value Added Tax (Gas and Electricity Supplied by Persons Outside UK)

Resolved,

That—

(1) In paragraph 8 of Schedule 6 to the Value Added Tax Act 1994—

(a) after "8" there shall be inserted ", or any supply of goods is treated by virtue of section 9A,", and

(b) after "the services" there shall be inserted "or goods".

(2) This Resolution shall have effect in relation to supplies made on or after 17th March 2005.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

11. Income Tax (Charge and Rates for 2005–06)

Resolved,

That income tax shall be charged for the year 2005–06, and for that year—

(a) the starting rate shall be 10%;

(b) the basic rate shall be 22%;

(c) the higher rate shall be 40%.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

12. Income Tax (Personal Allowances for Those Aged 65 or More)

Resolved

That—

(1) For the year 2005–06—

(a) the amount specified in section 257(2) of the Income and Corporation Taxes Act 1988 shall be £7,090; and

(b) the amount specified in section 257(3) of that Act shall be £7,220.

(2) Accordingly, section 257C(1) of that Act, so far as it relates to the amounts so specified, shall not apply for that year.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

13. Corporation Tax (Charge and Rate for 2006)

Motion made, and Question put,

That corporation tax shall be charged for the financial year 2006 at the rate of 30%.

The House divided: Ayes 382, Noes 14.

Division No. 149] **[7.1**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Banks, Tony
Barnes, Harry
Barrett, John
Barron, rh Kevin
Battle, rh John
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh A. J.
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Boateng, rh Paul
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Gordon *(Dunfermline E)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Carmichael, Alistair
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Chidgey, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Darling, rh Alistair
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Elman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Field, Mark *(Cities of London & Westminster)*
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gill, Parmjit Singh
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(MerthyrTydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith *(Streatham)*
Hinchliffe, David
Hodge, rh Margaret
Hoey, Kate *(Vauxhall)*
Holmes, Paul
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin

Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, rh Beverley *(Stretford & Urmston)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, rh Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Sir Gerald
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, rh Charles *(Ross Skye & Inverness)*
Kennedy, rh Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, rh Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNamara, Kevin
McNulty, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Öpik, Lembit
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, rh Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Gareth *(Harrow W)*
Thurso, John
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Wareing, Robert N.
Watson, Tom
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Roger *(Brecon)*
Willis, Phil
Wills, Michael
Wilson, rh Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wray, James *(Glasgow Baillieston)*
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. John Heppell and Mr. Nick Ainger

NOES

Beggs, Roy *(E Antrim)*
Campbell, Gregory *(E Lond'y)*
Dodds, Nigel
Donaldson, Jeffrey M.
Ewing, Annabelle
Hermon, Lady
Hunter, Andrew
Paisley, Rev. Ian
Robertson, Angus *(Moray)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Salmond, Alex
Thomas, Simon *(Ceredigion)*
Williams, Hywel *(Caernarfon)*

Tellers for the Noes:
Pete Wishart and Mr. Michael Weir

Question accordingly agreed to.

14. Corporation Tax (Small Companies' Rate and Fraction for 2005)

Resolved,

That for the financial year 2005—

(a) the small companies' rate shall be 19%, and

(b) the fraction mentioned in section 13(2) of the Income and Corporation Taxes Act 1988 shall be 11/400ths.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

15. Corporation Tax (Starting Rate and Fraction for 2005)

Resolved,

That for the financial year 2005—

(a) the corporation tax starting rate shall be 0%, and

(b) the fraction mentioned in section 13AA of the Income and Corporation Taxes Act 1988 shall be 19/400ths.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

16. Corporation Tax (Non-Corporate Distribution Rate for 2005)

Resolved,

That the non-corporate distribution rate for the financial year 2005 shall be 19%.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

17. Armed Forces Pensions and Compensation Schemes

Resolved,

That—

(1) The Income Tax (Earnings and Pensions) Act 2003 shall be amended in accordance with the following provisions of this Resolution.

(2) In section 393(1) as originally enacted, after "non-approved retirement benefits scheme" there shall be inserted "other than a scheme established by an order under section 1(2) of the Armed Forces (Pensions and Compensation) Act 2004 (armed and reserve forces compensation schemes)".

(3) After section 640 there shall be inserted—

" 640A Lump sums provided under armed forces pension scheme

No liability to income tax arises on a lump sum provided under a scheme established by the Armed Forces Early Departure Payments Scheme Order 2005 (S.I. 2005/437).".

(4) In section 641, after paragraph (g) of subsection (1) there shall be inserted—

" (h) a benefit under a scheme established by an order under section 1(2) of the Armed Forces (Pensions and Compensation) Act 2004 payable to a person by reason of his illness or injury—

(i) by way of a lump sum, or

(ii) following the termination of the person's service in the armed forces or reserve forces.".

(5) The amendments made this Resolution shall have effect for the year 2005–06, and the amendments made by paragraphs (3) and (4) shall also have effect for subsequent years of assessment.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

18. Donations to Charity by Individuals

Resolved,

That provision may be made amending section 25 of the Finance Act 1990.

19. Employee Securities

Resolved,

That provision (including provision having retrospective effect) may be made in relation to securities acquired pursuant to a right or opportunity available by reason of employment.

20. Scientific Research Organisations

Resolved,

That provision may be made amending sections 82B and 508 of the Income and Corporation Taxes Act 1988 and section 88 of the Income Tax (Trading and Other Income) Act 2005.

21. Unit Trusts and Open-Ended Investment Companies

Resolved,

That provision may be made about the taxation of unit holders in authorised unit trust schemes and shareholders in open-ended investment companies.

22. Alternative Finance Arrangements

Resolved,

That, for the purposes of income tax, corporation tax and capital gains tax, provision may be made about arrangements which constitute an alternative to transactions involving the payment of interest.

23. Film Production etc

Resolved,

That provision (including provision having retrospective effect) may be made—

(a) about expenditure on the production or acquisition of films, and

(b) in relation to cases where relief has been claimed or deducted in relation to such expenditure.

24. Partnerships (Income Tax)

Resolved,

That provision (including provision having retrospective effect) may be made for the purposes of income tax in relation to individuals who are or have been members of a partnership or a limited liability partnership.

25. Accounting Practice

Resolved,

That provision (including provision having retrospective effect) may be made with respect to matters connected with accounting practice.

26. Securitisation Companies

Resolved,

That—

(1) Provision (including provision having retrospective effect) may be made enabling the Treasury to make provision by regulations as to the application of the Corporation Tax Acts in relation to a securitisation company.

(2) In paragraph (1) of this Resolution a "securitisation company" means a company—

(a) in relation to which the following conditions are met—

(i) it is party as debtor to a capital market investment,

(ii) securities representing that capital market investment are issued and,

(iii) the capital market investment is part of a capital market arrangement,

and which meets such other conditions as may be specified, or

(b) of a description specified by reference to its relationship, direct or indirect, with a company within paragraph (a).

(3) In paragraph (2) of this Resolution—

"capital market investment" and "capital market arrangement" have the same meaning as in section 72B(1) of the Insolvency Act 1986; and

"specified" means specified in the Treasury regulations.

27. Double Taxation Relief

Resolved,

That provision (including provision having retrospective effect) may be made amending Part 18 of the Income and Corporation Taxes Act 1988.

28. Corporation Tax (Counteracting Tax Arbitrage)

Resolved,

That provision may be made for the purposes of corporation tax about—

(a) amounts that are not to be allowed as deductions for the purposes of the Corporation Tax Acts; and

(b) contributions to the capital of any company that are to be treated as income arising to the company.

29. Controlled Foreign Companies

Resolved,

That provision (including provision having retrospective effect) may be made amending Chapter 4 of Part 17 of the Income and Corporation Taxes Act 1988.

30. Annual Payments for Consideration

Resolved,

That provision (including provision having retrospective effect) may be made amending section 125 of the Income and Corporation Taxes Act 1988.

31. Provision not at Arm's Length

Resolved,

That provision (including provision having retrospective effect) may be made amending Schedule 28AA to the Income and Corporation Taxes Act 1988.

32. Intangible Fixed Assets

Resolved,

That provision may be made amending Schedule 29 to the Finance Act 2002 and section 86(2) of the Finance Act 1993.

33. Insurance Companies

Resolved,

That provision (including provision having retrospective effect) may be made about insurance companies.

34. Chargeable Gains

Resolved,

That provision (including provision having retrospective effect) may be made amending, or making amendments connected with, the Taxation of Chargeable Gains Act 1992.

35. Charges On Income

Resolved,

That provision may be made in relation to charges on income for the purposes of corporation tax.

36. Rent Factoring

Resolved,

That provision may be made—

(a) amending any enactment contained in sections 43A to 43G of the Income and Corporation Taxes Act 1988, or

(b) in relation to finance agreements (whenever entered into) to which section 43D of that Act would apply but for section 43E(1)(a) or (b) of it.

37. Loan Relationships etc

Resolved,

That provision (including provision having retrospective effect) may be made for the purposes of corporation tax in relation to—

(a) loan relationships, and

(b) other relationships where a company stands, or is treated as standing, in the position of a creditor or debtor in relation to a debt.

38. Manufactured Interest

Resolved,

That provision may be made amending paragraph 3 of Schedule 23A to the Income and Corporation Taxes Act 1988.

39. Capital Redemption Policies

Resolved,

That provision (including provision having retrospective effect) may be made in relation to capital redemption policies, within the meaning of Chapter 2 of Part 13 of the Income and Corporation Taxes Act 1988.

40. Strips Of Interest-Bearing Corporate Securities

Resolved,

That provision (including provision having retrospective effect) may be made in relation to assets which—

(a) represent the right to, or

(b) secure,

the payment of, or payments corresponding to, the whole or a part of one or more payments remaining to be made under a security.

41. Derivative Contracts

Resolved,

That provision (including provision having retrospective effect) may be made in relation to derivative contracts for the purposes of corporation tax.

42. Annuities And Other Annual Payments

Resolved,

That provision may be made in relation to assets which—

(a) represent the right to, or

(b) secure,

the payment of, or payments corresponding to, the whole or a part of one or more payments remaining to be made under an annuity or other obligation to make annual payments.

43. Tonnage Tax

Resolved,

That provision may be made amending Schedule 22 to the Finance Act 2000.

44. The United Kingdom Atomic Energy Authority

Resolved,

That provision may be made in relation to the United Kingdom Atomic Energy Authority.

45. Stamp Duty Land Tax

Resolved,

That provision may be made amending Part 4 of the Finance Act 2003.

46. Stamp Duty Land Tax (Miscellaneous Amendments)

Resolved,

That—

(1) Part 4 of the Finance Act 2003 shall be amended in accordance with the following provisions of this Resolution.

(2) In section 45, at the end of subsection (3) there shall be inserted "except in a case where the secondary contract gives rise to a transaction that is exempt from charge by virtue of subsection (3) of section 73 (alternative property finance: land sold to financial institution and re-sold to individual)".

(3) In section 57A, after subsection (3) there shall be inserted—

" (3A)Where the leaseback element of a sale and leaseback arrangement is exempt from charge by virtue of this section, the market value of the subject-matter of each transaction is to be determined for the purposes of this Part without reference to any incumbrance which is attached to the subject-matter by virtue of the arrangement."

(4) In paragraph 1(7) of Schedule 7, for "paragraph 3" there shall be substituted "paragraphs 3 and 4A".

(5) In paragraph 3 of Schedule 7, at the end of sub-paragraph (5) there shall be inserted "and paragraph 4A (withdrawal of group relief in certain cases involving successive transactions)".

(6) In paragraph 4 of Schedule 7—

(a) in sub-paragraph (3), for paragraph (b) there shall be substituted—

" (b) another company that—

(i) is above the vendor in the group structure, and

(ii) as a result of the transaction ceases to be a member of the same group as the purchaser.", and

(b) in sub-paragraph (5), for "this purpose" there shall be substituted "the purposes of sub-paragraphs (3) and (4)".

(7) After paragraph 4 of Schedule 7 there shall be inserted—

"Withdrawal of group relief in certain cases involving successive transactions

4A(1) Where, in the case of a transaction ("the relevant transaction") that is exempt from charge by virtue of paragraph 1 (group relief)—

(a) there is a change in the control of the purchaser,

(b) that change occurs—

(i) before the end of the period of three years beginning with the effective date of the relevant transaction, or

(ii) in pursuance of, or in connection with, arrangements made before the end of that period,

(c) apart from this paragraph, group relief in relation to the relevant transaction would not be withdrawn under paragraph 3, and

(d) any previous transaction falls within sub-paragraph (2),

paragraphs 3 and 4 have effect in relation to the relevant transaction as if the vendor in relation to the earliest previous transaction falling within sub-paragraph (2) were the vendor in relation to the relevant transaction.

(2) A previous transaction falls within this sub-paragraph if—

(a) the previous transaction is exempt from charge by virtue of paragraph 1, 7 or 8,

(b) the effective date of the previous transaction is less than three years before the date of the event falling within sub-paragraph (1)(a),

(c) the chargeable interest acquired under the relevant transaction by the purchaser in relation to that transaction is the same as, comprises, forms part of, or is derived from, the chargeable interest acquired under the previous transaction by the purchaser in relation to the previous transaction, and

(d) since the previous transaction, the chargeable interest acquired under that transaction has not been acquired by any person under a transaction that is not exempt from charge by virtue of paragraph 1, 7 or 8.

(3) For the purposes of sub-paragraph (1)(a) there is a change in the control of a company if—

(a) any person who controls the company (alone or with others) ceases to do so,

(b) a person obtains control of the company (alone or with others), or

(c) the company is wound up.

References to "control" in this sub-paragraph shall be construed in accordance with section 416 of the Taxes Act 1988.

(4) If two or more transactions effected at the same time are the earliest previous transactions falling within sub-paragraph (2), the reference in sub-paragraph (1) to the vendor in relation to the earliest previous transaction is a reference to the persons who are the vendors in relation to the earliest previous transactions.

(5) In this paragraph "arrangements" includes any scheme, agreement or understanding, whether or not legally enforceable."

(8) In paragraph 11(5)(a) of Schedule 17A, for the words from "the purchaser" to the end there shall be substituted "the event falling within paragraph 3(1)(a) of Schedule 7 (purchaser ceasing to be a member of the same group as the vendor), as read with paragraph 4A of that Schedule".

(9) In paragraph 8 of Schedule 7—

(a) in sub-paragraph (1)(b) for "the first and second conditions" there shall be substituted "all the conditions", and

(b) after sub-paragraph (5) there shall be inserted—

" (5A)The third condition is that the undertaking or part acquired by the acquiring company has as its main activity the carrying on of a trade that does not consist wholly or mainly of dealing in chargeable interests.

In this sub-paragraph "trade" has the same meaning as in the Taxes Act 1988."

(10) After paragraph 17 of Schedule 15 there shall be inserted—

"Withdrawal of money etc from partnership after transfer of chargeable interest

17A(1)This paragraph applies where—

(a) there is a transfer of a chargeable interest to a partnership ("the land transfer");

(b) the land transfer falls within paragraph (a), (b) or (c) of paragraph 10(1);

(c) during the period of three years beginning with the date of the land transfer, a qualifying event occurs.

(2) A qualifying event is—

(a) a withdrawal from the partnership of money or money's worth which does not represent income profit by the relevant person—

(i) withdrawing capital from his capital account,

(ii) reducing his interest, or

(iii) ceasing to be a partner, or

(b) in a case where the relevant person has made a loan to the partnership—

(i) the repayment (to any extent) by the partnership of the loan, or

(ii) a withdrawal by the relevant person from the partnership of money or money's worth which does not represent income profit.

(3) For this purpose the relevant person is—

(a) where the land transfer falls within paragraph 10(1)(a) or (b), the person who makes the land transfer, and

(b) where the land transfer falls within paragraph 10(1)(c), the partner concerned or a person connected with him.

(4) The qualifying event—

(a) shall be taken to be a land transaction, and

(b) is a chargeable transaction.

(5) The partners shall be taken to be the purchasers under the transaction.

(6) Paragraphs 6 to 8 (responsibility of partners) have effect in relation to the transaction.

(7) The chargeable consideration for the transaction shall be taken to be—

(a) in a case falling within sub-paragraph (2)(a), equal to the value of the money or money's worth withdrawn from the partnership, or

(b) in a case falling within sub-paragraph (2)(b)(i), equal to the amount repaid, and

(c) in a case falling within sub-paragraph (2)(b)(ii), equal to so much of the value of the money or money's worth withdrawn from the partnership as does not exceed the amount of the loan,

but (in any case) shall not exceed the market value, as at the effective date of the land transfer, of the chargeable interest transferred by the land transfer, reduced by any amount previously chargeable to tax."

(11) For paragraph 3 of Schedule 16 there shall be substituted—

"Bare trustee

3 (1) Subject to sub-paragraph (2), where a person acquires a chargeable interest as bare trustee, this Part applies as if the interest were vested in, and the acts of the trustee in relation to it were the acts of, the person or persons for whom he is trustee.

(2) Sub-paragraph (1) does not apply in relation to the grant of a lease.

(3) Where a lease is granted to a person as bare trustee, he is treated for the purposes of this Part, as it applies in relation to the grant of that lease, as purchaser of the whole of the interest acquired.

(4) Where a lease is granted by a person as bare trustee, he is to be treated for the purposes of this Part, as it applies in relation to the grant of the lease, as vendor of the whole of the interest disposed of."

(12) In paragraph 11 of Schedule 17A, for sub-paragraph (1) there shall be substituted—

" (1) This paragraph applies where the grant of a lease is exempt from charge by virtue of any of the provisions specified in sub-paragraph (3)."

(13) In paragraph 15A of Schedule 17A—

(a) after sub-paragraph (1) there shall be inserted—

" (1A)Where any consideration in money or money's worth (other than an increase in rent) is given by the lessee for any variation of a lease, other than a variation of the amount of the rent or of the term of the lease, the variation is treated for the purposes of this Part as an acquisition of a chargeable interest by the lessee.", and

(b) for the heading preceding that paragraph there shall be substituted "Reduction of rent or term or other variation of lease".

(14) After paragraph 18 of Schedule 17A there shall be inserted—

"Loan or deposit in connection with grant or assignment of lease

18A(1) Where, under arrangements made in connection with the grant of a lease—

(a) the lessee, or any person connected with him or acting on his behalf, pays a deposit, or makes a loan, to any person, and

(b) the repayment of all or part of the deposit or loan is contingent on anything done or omitted to be done by the lessee or on the death of the lessee,

the amount of the deposit or loan (disregarding any repayment) is to be taken for the purposes of this Part to be consideration other than rent given for the grant of the lease.

(2) Where, under arrangements made in connection with the assignment of a lease—

(a) the assignee, or any person connected with him or acting on his behalf, pays a deposit, or makes a loan, to any person, and

(b) the repayment of all or part of the deposit or loan is contingent on anything done or omitted to be done by the assignee or on the death of the assignee,

the amount of the deposit or loan (disregarding any repayment) is to be taken for the purposes of this Part to be consideration other than rent given for the assignment of the lease.

(3) In the case of a transaction which consists of the grant or assignment of a lease of residential property, tax is not chargeable by virtue of this paragraph merely because of paragraph 9(2) of Schedule 5 (which excludes the 0% band in the Tables in section 55(2) in cases where the relevant rental figure exceeds £600 a year).

(4) Section 839 of the Taxes Act 1988 (connected persons) has effect for the purposes of this paragraph."

(15) In section 80, after subsection (4) there shall be inserted—

" (4A)Where the transaction ("the relevant transaction") is the grant or assignment of a lease, no claim may be made under subsection (4)—

(a) in respect of the repayment (in whole or part) of any loan or deposit that is treated by paragraph 18A of Schedule 17A as being consideration given for the relevant transaction, or

(b) in respect of the refund of any of the consideration given for the relevant transaction, in a case where the refund—

(i) is made under arrangements that were made in connection with the relevant transaction, and

(ii) is contingent on the determination or assignment of the lease or on the grant of a chargeable interest out of the lease."

(16) Subject to paragraph (20) of this Resolution, paragraphs (4) to (8) of this Resolution shall have effect where the effective date of the relevant transaction (within the meaning of paragraph 3 or 4A of Schedule 7 to the Finance Act 2003) is after 16th March 2005.

(17) Subject to paragraph (20) of this Resolution, paragraph (10) of this Resolution shall have effect where the effective date of the transaction transferring the chargeable interest to the partnership is after 16th March 2005.

(18) Subject to paragraph (20) of this Resolution, paragraphs (11) and (12) of this Resolution shall have effect where the effective date of the land transaction consisting of the grant of the lease is after 16th March 2005.

(19) Subject to paragraph (20) of this Resolution, the amendments made by the other provisions of this Resolution shall have effect in relation to any transaction of which the effective date is after 16th March 2005.

(20) The amendments made by this Resolution shall not have effect—

(a) in relation to any transaction which is effected in pursuance of a contract entered into and substantially performed on or before 16th March 2005, or

(b) subject to paragraph (21) of this Resolution, in relation to any other transaction which is effected in pursuance of a contract entered into on or before that date.

(21) The exclusion by paragraph (20)(b) of this Resolution of transactions effected in pursuance of contracts entered into on or before 16th March 2005 shall not apply—

(a) if there is any variation of the contract or assignment of rights under the contract after that date,

(b) if the transaction is effected in consequence of the exercise after that date of any option, right of pre-emption or similar right, or

(c) if after that date there is an assignment, subsale or other transaction (relating to the whole or part of the subject-matter of the contract) as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance to him.

(22) In this Resolution "effective date" and "substantially performed" have the same meaning as in Part 4 of the Finance Act 2003.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

47. Stamp Duty Land Tax and Stamp Duty (Thresholds)

Resolved,

That—

(1) In subsection (2) of section 55 of the Finance Act 2003, in Table A, for "£60,000" in both places there shall be substituted "£120,000".

(2) In paragraph 2(3) of Schedule 5 to that Act, in Table A, for "£60,000" in both places there shall be substituted "£120,000".

(3) In Schedule 13 to the Finance Act 1999, in paragraph 4, for "£60,000" in both places there shall be substituted "£120,000".

(4) Paragraphs (1) and (2) of this Resolution shall apply in relation to any transaction of which the effective date (within the meaning of Part 4 of the Finance Act 2003) is after 16th March 2005.

(5) Paragraph (3) of this Resolution shall apply in relation to instruments executed after 16th March 2005.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

48. Stamp Duty Land Tax and Stamp Duty (Removal of Disadvantaged Areas Relief)

Resolved,

That—

(1) Schedule 6 to the Finance Act 2003 shall be amended in accordance with paragraphs (2) to (7) of this Resolution.

(2) In paragraph 3, after "if" there shall be inserted "(a)" and at the end there shall be inserted ", and

(b) the land is wholly or partly residential property".

(3) Paragraph 4 shall be omitted.

(4) In paragraph 6—

(a) for the first sentence of sub-paragraph (1) there shall be substituted—

"This paragraph applies, where the land is partly non-residential property and partly residential property, in relation to the consideration attributable to land that is residential property.";

(b) in the second sentence of that sub-paragraph "land that is non-residential property or" shall be omitted;

(c) sub-paragraphs (2) and (3) shall be omitted.

(5) In paragraph 7(1) after "if" there shall be inserted "(a)" and at the end of that sub-paragraph there shall be inserted ", and

(b) the land situated in a disadvantaged area is wholly or partly residential property".

(6) Paragraph 8 shall be omitted.

(7) In paragraph 10—

(a) for the first sentence of sub-paragraph (1) there shall be substituted—

"This paragraph applies, where the land situated in a disadvantaged area is partly non-residential property and partly residential property, in relation to the consideration attributable to land that is residential property.";

(b) in the second sentence of that sub-paragraph "land that is non-residential property or" shall be omitted;

(c) sub-paragraphs (2) and (3) shall be omitted.

(8) The Stamp Duty (Disadvantaged Areas) (Application of Exemptions) Regulations 2003 shall be amended in accordance with paragraphs (9) and (10) of this Resolution.

(9) After regulation 2 there shall be inserted—

" 2A Disapplication of exemptions conferred by section 92 or by Schedule 30 where all of land is non-residential property

An exemption conferred by section 92 or by Schedule 30 shall not apply where none of the land in question is residential property.".

(10) In regulation 5, after paragraph (3) there shall be inserted—

" (3A) An exemption conferred by section 92 or by Schedule 30 shall not apply in relation to any duty chargeable in respect of relevant consideration, or the rate or average rate of rent, attributed to the land in question to the extent that it is not residential property.".

(11) Subject to paragraph (12) of this Resolution, paragraphs (1) to (7) of this Resolution shall apply in relation to any transaction of which the effective date is after 16th March 2005.

(12) Those paragraphs shall not apply—

(a) in relation to any transaction that is effected in pursuance of a contract entered into and substantially performed on or before 16th March 2005, or

(b) (subject to paragraph (13) of this Resolution) in relation to any other transaction that is effected in pursuance of a contract entered into on or before that date.

(13) The exclusion by paragraph (12)(b) of this Resolution of transactions effected in pursuance of contracts entered into on or before 16th March 2005 shall not apply—

(a) if there is any variation of the contract or assignment of rights under the contract after that date,

(b) if the transaction is effected in consequence of the exercise after that date of any option, right of pre-emption or similar right, or

(c) if after that date there is an assignment, subsale or other transaction (relating to the whole or part of the subject-matter of the contract) as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance to him.

(14) In this Resolution "effective date" and "substantially performed" have the same meaning as in Part 4 of the Finance Act 2003.

(15) Subject to paragraph (16) of this Resolution, paragraphs (8) to (10) of this Resolution shall apply in relation to instruments executed after 16th March 2005.

(16) Those paragraphs shall not apply in relation to an instrument giving effect to a contract entered into on or before 16th March 2005, unless—

(a) the instrument is made in consequence of the exercise after that date of any option, right of pre-emption or similar right, or

(b) the instrument transfers the property in question to, or vests it in, a person other than the purchaser under the contract, because of an assignment (or, in Scotland, assignation) or further contract made after that date.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

49. Stamp Duty and Stamp Duty Reserve Tax (Intermediaries)

Resolved,

That provision may be made repealing section 117 of the Finance Act 2002.

50. Inheritance Tax (Rate Bands for Next Three Years)

Resolved,

That provision may be made for successive substitutions of the Table in Schedule 1 to the Inheritance Tax Act 1984.

51. Rate of Landfill Tax

Resolved,

That—

(1) In section 42 of the Finance Act 1996, for the amount specified in subsection (1)(a), and the corresponding amount specified in subsection (2), there shall be substituted "£18".

(2) This Resolution shall have effect in relation to taxable disposals made, or treated as made, on or after 1st April 2005.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

52. Pension Schemes etc

Resolved,

That provision may be made in relation to pension schemes and similar schemes under which benefits are provided to or in respect of employees or former employees.

53. Pension Protection Fund etc

Resolved,

That provision may be made in relation to the Pension Protection Fund, the Fraud Compensation Fund and the Board of the Pension Protection Fund.

54. SEs (Stamp Duty and Stamp Duty Reserve Tax)

Resolved,

That provision may be made about stamp duty and stamp duty reserve tax in relation to securities issued or raised by an SE which has its registered office in the United Kingdom.

55. SEs (Residence)

Resolved,

That provision may be made about residence for tax purposes, and changes of residence, of SEs.

56. Civil Partnerships etc

Resolved,

That provision may be made, in the case of any tax or duty, for the purpose of securing that—

(a) the formation of a civil partnership (within the meaning of the Civil Partnership Act 2004) is treated in the same way as (or in a similar way to) the marriage of a person,

(b) persons who are, have been, or may in future be, civil partners of each other (within the meaning of that Act) ("civil partners") are treated in the same way as (or in a similar way to) persons who are, have been, or may in future be, married to each other,

(c) persons who are not civil partners of each other but who are living together as if they were are treated in the same way as (or in a similar way to) persons who are not married to each other but who are living together as husband and wife,

(d) persons who are not civil partners of each other are treated in the same way as (or in a similar way to) persons who are not married to each other, and

(e) a person who is not a civil partner of any other person (within the meaning of that Act) is treated in the same way as (or in a similar way to) a person who is not married,

and for the purpose of removing any inequality of treatment of persons based on gender or, in the case of a parent, marital status.

57. Reorganisation of Water and Sewerage Services in Northern Ireland

Resolved,

That provision may be made in relation to—

(a) any transfer from a Northern Ireland department to one or more transferees of property, rights and liabilities connected with the provision of water or sewerage services; and

(b) certain property, rights and liabilities of any transferee.

58. Relief from Tax (Incidental and Consequential Charges)

Resolved,

That it is expedient to authorise any incidental or consequential charges to any duty or tax (including charges having retrospective effect) that may arise from provisions designed in general to afford relief from taxation.

PROCEDURE (LORRY ROAD-USER CHARGE)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision enabling expenditure and other administrative preparation for the lorry road-user charge (including any fuel credit payable in respect of the fuelling of chargeable lorries).

PROCEDURE (EU MUTUAL ASSISTANCE)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision for implementing provisions of Council Directive 77/799/EEC as amended (in particular by Council Directive 2004/56/EC).

PROCEDURE (FUTURE TAXATION)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

(a) provision for corporation tax to be charged for the financial year 2006;

(b) provision in relation to the taxation of social security pension lump sums;

(c) provision amending section 25 of the Finance Act 1990;

(d) provision in relation to authorised unit trust schemes and open-ended investment companies;

(e) provision for substituting the Table in Schedule 1 to the Inheritance Tax Act 1984 in relation to chargeable transfers made on or after 6th April 2006 or made on or after 6th April 2007;

(f) provision in relation to pension schemes and similar schemes under which benefits are provided to or in respect of employees or former employees.

FINANCE (MONEY)

Queen's recommendation having been signified—

Resolved,

That, for the purposes of any Act of the present Session relating to finance, it is expedient to authorise—

(a) any increase in sums payable under any other enactment attributable to the reimbursement of expenditure in connection with the administration of stamp duty land tax;

(b) the payment out of money provided by Parliament of sums required by a Minister of the Crown or government department for expenditure in connection with preparations for the lorry road-user charge (including the fuel credit payable in respect of the fuelling of chargeable lorries).

Bill ordered to be brought in upon the foregoing resolutions: And that the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Secretary Prescott, Mr. Secretary Darling, Mr. Secretary Reid, Ms , Secretary Hewitt, Secretary Alan Johnson,

Secretary Ruth Kelly, Mr. Paul Boateng, Mr. Stephen Timms, John Healey and Dawn Primarolo do prepare and bring it in.

Finance Bill

Dawn Primarolo accordingly presented a Bill to grant certain duties, to alter other duties, and to amend the law relating to the national debt and the public revenue, and to make further provision in connection with finance: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed [Bill 92].

DELEGATED LEGISLATION

Mr. Speaker: I propose to put together the Questions on the following three motions.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

Care of Cathedrals (Amendment) Measure

That the Care of Cathedrals (Amendment) Measure, passed by the General Synod of the Church of England, be presented to Her Majesty for Her Royal Assent in the form in which the said Measure was laid before Parliament.

Church of England (Miscellaneous Provisions) Measure

That the Church of England (Miscellaneous Provisions) Measure, passed by the General Synod of the Church of England, be presented to Her Majesty for Her Royal Assent in the form in which the said Measure was laid before Parliament.

Stipends (Cessation of Special Payments) Measure

That the Stipends (Cessation of Special Payments) Measure, passed by the General Synod of the Church of England, be presented to Her Majesty for Her Royal Assent in the form in which the said Measure was laid before Parliament.—*[Sir Stuart Bell.]*

Question agreed to.

Mr. Speaker: I propose to put together the Questions on motions nine to 27.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

Immigration and Asylum

That the draft Immigration and Asylum (Provision of Accommodation to Failed Asylum-Seekers) Regulations 2005, which were laid before this House on 7th February, be approved.

Immigration

That the draft Immigration (Leave to Enter and Remain) (Amendment) Order 2005, which was laid before this House on 21st February, be approved.

That the draft Community Legal Service (Asylum and Immigration Appeals) Regulations 2005, which were laid before this House on 23rd February, be approved.

Access to Justice

That the Revised Funding Code prepared by the Legal Services Commission, a copy of which was laid before this House on 9th March, be approved.

Child Trust Funds

That the draft Child Trust Funds (Appeals) Regulations 2005, which were laid before this House on 9th February, be approved.

Child Trust Funds (Northern Ireland)

That the draft Child Trust Funds (Appeals) (Northern Ireland) Regulations 2005, which were laid before this House on 9th February, be approved.

Social Security

That the draft Social Security Commissioners (Procedure) (Child Trust Funds) Regulations 2005, which were laid before this House on 9th February, be approved.

That the draft Employment Zones (Allocation to Contractors) Pilot Regulations 2005, which were laid before this House on 22nd February, be approved.

Financial Services and Markets

That the draft Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) (Amendment) Order 2005, which was laid before this House on 10th February, be approved.

That the draft Open-Ended Investment Companies (Amendment) Regulations 2005, which were laid before this House on 10th February, be approved.

Government Resources and Accounts

That the draft Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2005, which was laid before this House on 31st January, be approved.

Northern Ireland

That the draft Special Educational Needs and Disability (Northern Ireland) Order 2005, which was laid before this House on 9th February, be approved.

Criminal Law

That the draft Criminal Procedure and Investigations Act 1996 (Code of Practice) Order 2005, which was laid before this House on 21st February, be approved.

Rating and Valuation

That the draft Non-Domestic Rating (Chargeable Amounts) (England) (Amendment) Regulations 2005, which were laid before this House on 23rd February, be approved.

Investigatory Powers

That the draft Regulation of Investigatory Powers (Communications Data) (Amendment) Order 2005, which was laid before this House on 16th December, be approved.

That the draft Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2005, which was laid before this House on 16th December, be approved.

Water Industry

That the draft Water Fluoridation (Consultation) (England) Regulations 2005, which were laid before this House on 22nd February, be approved.

That the draft Water Supply (Fluoridation Indemnities) (England) Regulations 2005, which were laid before this House on 22nd February, be approved.

CONTRACTING OUT

That the draft Contracting Out (Functions in Relation to Cultural Objects) Order 2005, which was laid before this House on 24th February, be approved.—*[Vernon Coaker.]*

Question agreed to.

REGULATORY REFORM

Motion made, and Question put forthwith, pursuant to Standing Order No. 18(1) (Consideration of draft regulatory reform orders),

NATIONAL HEALTH SERVICE

That the draft Regulatory Reform (National Health Service Charitable and Non-Charitable Trust Accounts and Audit) Order 2005, which was laid before this House on 9th February, be approved.—*[Vernon Coaker.]*

Question agreed to.

PETITIONS

Dell Primary School

7.19 pm

Mr. Ben Chapman (Wirral, South) (Lab): I wish to present a petition delivered to me by residents in Wirral, South and Birkenhead. It contains about 1,000 signatures and concerns the possible closure of the Dell primary school, situated in the neighbouring constituency of my right hon. Friend the Member for Birkenhead (Mr. Field). It is a school that many of my constituents' children attend. It is one of the best schools in the district, with growing numbers of pupils, disabled access to more than 90 per cent. of the school premises, a successful nurturing class and excellent investment in facilities, including a state-of-the-art computer suite. My constituents are very concerned about the possible closure of the Dell school.

The petition states:

To the House of Commons.

The Petition of residents of Wirral South, Birkenhead and others.

Declares that the Petitioners are against the Local Education Authority's plan to consider the closure of The Dell Primary School.

The Petitioners therefore request that the House of Commons urge the Government to use its influence to persuade Wirral Education Authority to consider most carefully, the views of the said Petitioners.

And the Petitioners remain, etc.

To lie upon the Table.

Hospital Provision (North Buckinghamshire)

7.20 pm

Mr. John Bercow (Buckingham) (Con): I wish to present a petition on behalf of 1,088 residents of north Buckinghamshire and others. The petitioners are led by Mr. Edward Grimsdale, the secretary of the Buckingham health campaign steering group, and by Councillor Robin Stuchbury, the chairman of the group, by Councillor John Barnett of Buckingham, Dr. Paul Thomas of Gawcott, Buckingham, Councillor Hugh Carey of Turweston, North Buckinghamshire and Petula Boddy of Buckingham. The petition states:

To the House of Commons.

The Petition of residents of North Buckinghamshire and others.

Declares that the Petitioners have serious reservations about the plans for the reorganisation of hospital and other health provisions in North Buckinghamshire, and that the consultation process was inadequate. The Petitioners further declare that the proposed plans are unacceptable.

The Petitioners therefore request that the House of Commons urge the Government to review the proposed plans and make changes to address public concerns.

And the Petitioners remain her Majesty's loyal and humble servants.

To lie upon the Table.

Child Pornography

7.21 pm

Dr. Nick Palmer (Broxtowe) (Lab): The petition that I am presenting was produced by three mothers in the town of Kimberley and signed by 850 residents in and around my constituency. They and I believe that downloading child pornography from the internet is effectively to commission it and should be punished accordingly. The petition states:

Wherefore your Petitioners pray that your honourable House shall see to a change in the law to include the following:

1. Mandatory Prison sentences, a minimum of 5 years, for all offences relating to Child Pornography.

2. Sex Offences Registration for life for everyone who is found guilty of any related offence.

3. Life-long supervision upon release from prison.

And your Petitioners, as in duty bound, will ever pray, &c.

To lie upon the Table.

Saneline Funding

Motion made, and Question proposed, That this House do now adjourn.—*[Vernon Coaker.]*

7.22 pm

Sir Nicholas Winterton (Macclesfield) (Con): Mr. Speaker, I am grateful for the opportunity to raise a matter of great concern. I say that both as a constituency Member of Parliament and because of its wider implications for all those affected by mental health problems. I refer to the possible closure of the helpline, Saneline, run by the mental health charity, SANE.

Saneline is the United Kingdom's largest specialist mental health helpline and the only one of its scale and scope in the mental health field. Sadly, it is under threat because of the failure of the Department of Health to pay moneys due in the current financial year, the second year of a two-year contract with SANE to provide the Saneline service, and also because of the Department's decision not to renew dedicated funding for the helpline from April 2005.

The failure of the Department to make payment on the contract, 11 months into it and with no explanation given, caused SANE to draw heavily on its reserves, which inflicted cumulative damage while it struggled to fulfil the contract with no certainty of payment. In addition, the Department announced on 21 December that no further funds would be available for Saneline. As a result, SANE announced the closure of the Saneline call centres in Macclesfield and Bristol—I acknowledge that the hon. Member for Bristol, North-West (Dr. Naysmith) is in his place—from 31 March, with the loss of 13 staff and 125 highly trained volunteers.

The London helproom remains under threat. As the Minister of State will be aware, I have previously drawn attention to the situation in early-day motion 533, and aired the matter alongside Saneline's founder—the irrepressible Mrs. Marjorie Wallace, whom I have known well for many years and for whom I personally have a great deal of respect—on ITV Granada's "Sunday Supplement" programme on 23 January this year.

Saneline was the first national mental health helpline and the only such helpline operating from noon to 2 am every day of the year. Set up in London in 1992, it later opened helprooms in Macclesfield and Bristol to respond to rising demand for the service. I was proud to be present at the opening of the Macclesfield helproom in January 1996. Last year, Saneline received more than 425,000 calls, double the number in the previous year, and, interestingly, it received 12,000 calls last week. Saneline offers emotional support, crisis care and detailed information to anyone experiencing mental health problems, families, carers and friends, health professionals and other front-line workers such as the police, and ordinary members of the public. It is genuinely open to everyone.

Saneline has the biggest mental health database in the UK, with constantly updated information on treatments, therapies and mental health law, and more than 18,000 entries on local and national services. It carries out social and psychological research, drawing on the experiences of Saneline callers, publishing papers and influencing policy and debate. It also runs a caller care service unique in its scale, which provides support to callers at times of crisis or further need and operates during office hours and at evenings, nights and weekends. Some 30 per cent of the callers to whom Saneline responds are referred by health services and other organisations, and, interestingly, one in 10 of those being treated by mental health services have Saneline written into their care plan.

Some 170,000 people attend accident and emergency departments each year because they have self-harmed. Saneline can help to prevent some of that by enabling those who fear they might harm themselves to ring before they do so. This not only saves pain and distress to the individual, but saves the Government the costs of the visits that would otherwise be made to accident and emergency departments.

One of the most shocking statistics is that while 97 per cent. of those calling Saneline with a diagnosis of psychosis, and 86 per cent. of those with depression or anxiety, are given medication, only 4 per cent. of those with schizophrenia and 7 per cent. of those with depression receive any form of talking therapy. Callers who ring Saneline say that what they need most is counselling and someone to listen in a non-judgmental and supportive way at times of crisis and loneliness. The wait for counselling on the NHS can be as long as 18 months and the lack of talking therapies is a serious lacuna in the mental health services. It can be extremely difficult for people with mental health problems to find anyone to talk to, and impossible for their families. Without Saneline, the cries for help would go unheeded.

Saneline provides a vital lifeline for families and carers. Only two weeks ago a mother said in a letter to SANE's chief executive, Marjorie Wallace:

> "I should like to say something about Saneline and how important it has been to me . . . My son always refused to accept support or medication from any of the mental health teams . . . It was Saneline that kept me sane in the most frightening time of my life. The local area has a mental health emergency out of hours number but it nearly always took them up to four hours to ring back, because they were so busy."

In my view, the reason that Saneline has been so effective over the years is the intensive training of its volunteers and the rigorous way in which service quality is maintained. The volunteer training programme, which has encouraged many individuals to go into the mental health services, is endorsed by the Royal College of Psychiatrists and accredited to NVQ level 3. Its reputation is such that the London helproom is currently inundated with requests from people wanting to become volunteers. In this, the year of the volunteer, it seems extraordinary that 125 highly trained volunteers are being lost as a result of the closures of the Saneline offices in Macclesfield and Bristol. I do not know whether the hon. Member for Bristol, North-West wishes to intervene at this point.

Dr. Doug Naysmith (Bristol, North-West) (Lab/Co-op): I shall intervene on the Minister.

Sir Nicholas Winterton: I am grateful to the hon. Gentleman for making that clear.

Last weekend, the Home Secretary asked his advisers on drugs policy to review his predecessor's reclassification of cannabis in light of research linking its use to mental health problems. SANE has been at the forefront of a campaign to alert the authorities and young people, especially those who are vulnerable to mental illness, to the dangers of taking cannabis and other street drugs.

A high proportion of people serving custodial sentences have a mental health illness and many have abused street drugs. In 2004, there were 95 self-inflicted deaths in prisons in England and Wales, and in the five-month period from April to August 2004, there were 7,680 incidents of self-harm. It is ironic that from next month Saneline has been chosen by the Prison Service as its accredited mental health helpline for prisoners throughout the country.

SANE has contributed in no small way to helping the Government to provide the safe, sound and supportive mental health service that they promised. Its representatives have taken part in various reference groups and taskforces, and are currently working as advisers to the Department of Health's anti-stigma initiative and the national social inclusion programme. I am sure that the House will agree that SANE and its chief executive, Marjorie Wallace, have a highly respected and independent voice in the media, giving more than 400 interviews a year and being quoted extensively in the press.

Throughout its 18 years of campaigning and awareness raising, the organisation has been highly influential, as was recognised in the tribute paid to it by the Prime Minister's wife, when she hosted a Downing street reception for the charity. She said:

"SANE has been a radical force for change and a key influence on mental health being made one of the government's three health priorities . . . These are formidable achievements, the result—in the rare accolade of a leader in *The Times*—of the 'passion' and 'patience' needed to bring about change."

That reflects well on SANE, Saneline and its activities.

SANE's independence of view is respected and valued every bit as much by ordinary people, service users and their families and those who really know the challenges faced by those struggling with mental health and providing support. There are literally thousands of people who are intensely grateful for SANE's common sense, intelligence and compassionate voice. It is extraordinary, therefore, that the Department should have brought about a situation that threatens the whole future of Saneline and has damaged such a valuable and indispensable organisation.

When the Minister replies, I call on her to say why the Department defaulted on its contract with SANE to provide the Saneline service. The Minister's answers to the written questions that I have asked on this matter have given no explanation as to the reason for the withholding of funds for an agreed level of service. Furthermore, as the service was precisely costed, it could not have escaped the attention of departmental officials that the withholding of funds would throw the charity into a financial crisis and cripple its fundraising. Not only was it illegal to delay payment under the Late Payment of Commercial Debt (Interest) Act 1998, but it broke the spirit and terms of the compact on relations between Government and the voluntary and community sector in key respects, including the failure to make payments promptly, the lack of transparency and open dialogue—I have seen documents where instructions were given not to talk about the contract—and the failure to ensure that organisations that are funded centrally do not capsize as a result of breakdown in the partnership and failure to discuss ongoing viability.

It is reported in *The Times* today that the Department agreed the contract with SANE to provide the Saneline service for a payment of £2 million over two years on the understanding that the charity would become self-sufficient. I am told that that is totally untrue. In a further statement reported in the same article in *The Times*, the Department said that SANE had failed to bid for funds in the usual way for the coming financial year. That, again, is completely untrue. SANE submitted a bid for funding from the section 64 scheme in 2004 which was rejected.

A response from the Department to the National Council for Voluntary Organisations about breaches of the compact in relation to its dealings with SANE stated that the

"Department have had open and transparent discussions with SANE on this matter and agreed a resolution at the end of last year".

Contrary to that statement, no resolution was agreed at the meeting between the Department and SANE on 21 December last year to which, by the way, a legal adviser to the Department had been invited without notice to SANE.

Again, I have seen correspondence between SANE's lawyer and the Department's legal adviser and between SANE's chairman and the Department's director of social care. Far from revealing an agreed resolution, it showed profound shock and disagreement from the charity's point of view and that fundamental matters remain unresolved.

I would be interested to know when interest and compensation will be paid to the charity in respect of the failure to pay moneys due until 11 months into the current financial year. I trust that the Minister is aware that because SANE was unable to sign off audited accounts—a requirement of all major trusts and donors—due to the Department's failure to pay moneys due and was unable to explain the reason for the growing deficit, the charity was unable to submit bids for funds or to explain the growing deficit.

In addition, the erosion of its energies and the impact of those months of uncertainty have inevitably affected the charity's relationship with its donors and thereby its future. As a result of the events of the past year, SANE has had to withdraw from the mental health helplines partnership. That is not just because the organisation cannot benefit from the funds available to the partnership, but because it can no longer afford to give the substantial amount of time needed to its work when it is struggling for survival.

There is a much more fundamental issue. If Saneline ceases to exist as a result of the actions of the Department of Health, the partnership's vision, as I understand it, of a seamless helpline throughout the country will be extremely difficult to realise. Saneline is the only helpline available to provide a specialist mental health service in all parts of the country, out of normal

[Sir Nicholas Winterton]

service hours. Contrary to what is stated in *The Times*, to which I have alluded, the Department's spokesman gives a totally misleading impression in saying that the calls handled by Saneline amount to only 1 per cent. of annual mental health-related calls. I understand that the Department is not able to make that assessment because the figures for the various helplines are not comparable and have not been made available to the mental health helplines partnership. Other helplines that answer calls from those with mental health problems do not provide the coverage of Saneline, nor do they cover all parts of the country or all conditions, as Saneline does. Instead, they respond to specialist conditions and cover only limited areas.

I suggest, therefore, that only Saneline can provide the seamless helpline cover that is sought nationally, and that if the threat to it puts it out of business the Government will not be able to provide such cover. Moreover, without core funds being available, other mental health helplines would not be able to make good the shortfall. It is known that some are under threat and over-subscribed, and the likelihood of their being able to provide 24-hour seamless cover is remote. As with SANE, some organisations are believed to be considering their future in the face of funding difficulties. One organisation is appealing for funds for its helpline and, therefore, putting itself in competition for the same diminishing pot of funds as Saneline.

The mental health helplines partnership was set up, as the Minister knows, just over four years ago. Despite intensive efforts during that time, the 60-plus organisations forming its membership are only just establishing the machinery for deciding on the Government investment available. I understand that, as of last week, no funds had been allocated to any helplines.

I must conclude, therefore, that apart from some groups with a specialist emphasis, which may survive, on the current evidence of difficulty and the way in which the investment for the partnership is structured, a seamless service at the current standards and levels of coverage provided by Saneline does not seem a viable policy. I am in no doubt that, without Saneline, it is a vision that cannot be realised.

Unless a rescue package can be put together, I am told—and I emphasise this to the Minister—that SANE will have to make further drastic closures. The country may lose one of the most valuable sources of help and research, and one of the most eloquent champions of those people whose needs the Government have said are one their three health priorities.

I pay tribute again to the dedication of Marjorie Wallace and her team at SANE, and to the staff at the Saneline helpline centres—not least the one in my constituency, led by Nick Pyle. Saneline provides an invaluable service to people experiencing mental illness, and to their families. With the whole service now at stake, will the Minister confirm that the Government will consider a rescue package, as they have for the missing persons helpline?

I hope that the Minister can answer my questions on this very important matter.

7.40 pm

The Minister of State, Department of Health (Ms Rosie Winterton): First, I congratulate the hon. Member for Macclesfield (Sir Nicholas Winterton) on securing this debate, which gives us the opportunity to consider an issue of interest to his constituents and all those interested in mental health services, especially mental health helplines.

I join the hon. Gentleman in praising the work of the staff and volunteers of Saneline, which has provided an excellent service to its callers over the past 12 years. He set out very lucidly the help that mental health helplines provide. Research by the charity Rethink has found that mental health helplines make a significant contribution to the support that service users and carers need. That is why they are so highly valued.

Until four years ago, mental health helplines operated independently and competitively, often in isolation. Sometimes services were duplicated, and adequate governance was not always in place to protect service users and carers. Training for helpline workers was inadequate, there was not enough capacity available, and callers were not able to access a helpline 24 hours a day, seven days a week. That is why, in June 2001, my Department took a strategic decision to bring together as many of the mental health helplines as possible, under the mental health helplines partnership.

The partnership has more than 60 members, including Rethink, Mind, Turning Point, Samaritans, Mental Health Matters, No Panic, the National Phobics Society and others. Until this week, as the hon. Member for Macclesfield said, Saneline was a member of the partnership, and was on its national steering group. The aim of the partnership is to ensure that calls from people with mental health problems can be answered 24 hours a day, seven days a week, 365 days per year. The partnership also ensures that services provided are of high quality and supported by proper governance arrangements.

The partnership's development was supported by a grant from the Department of £5 million over three years, which was divided into three areas of use. The first aim was to establish a telecom infrastructure, so that a 24/7 service could be achieved by enabling callers to switch from one service to another. In that way, they can get help 24 hours a day.

Secondly, money is available to commission the provision of shared services such as training, education, marketing, financial management and business plan development. Thirdly, approximately 20 per cent. of the grant has been put aside for mental health helplines in immediate financial crisis which, with temporary help, could overcome some of their difficulties and continue to provide a service. To date, 12 bids have been received for that money, and they are currently being considered by the partnership.

The hon. Member for Macclesfield asked some specific questions about Saneline. The service answers about 50,000 calls a year. It is not the largest mental health helpline; for example, Rethink answers 100,000 calls per year. However, since its inception, Saneline has received £3.6 million from the Department of Health, £1.6 million of which was through section 64 and other grants. More recently, a decision was taken to award Saneline additional funding, at a time when it

was under particular financial pressure. The understanding was that by 31 March 2005 Saneline would have become self-sufficient and would benefit from the funding that we have invested in the telephones partnership. Between 2003 and 2005, Saneline received £2 million.

No other charitable mental health helpline has received core funding for its business, and other organisations have expressed concern about that. They feel that the appropriate funding mechanism is through the partnership. The hon. Gentleman raised some allegations about delays in payments this year. There are some matters of dispute on the submission of invoices and bank details, but I can assure him that my Department is trying to resolve some of those disputes. I cannot go into further detail at this stage, but I undertake to keep him informed about the outcome of those discussions.

Dr. Naysmith: I thank my hon. Friend for giving way and I also thank the hon. Member for Macclesfield (Sir Nicholas Winterton) for allowing me to take part in the debate and for outlining so well the invaluable service provided by Saneline.

The office of the Bristol section of Saneline is in the same building as mine, so I know its work well—the good service it provides at all times of the evening. That efficient service is run by one manager, one administrator, six co-ordinators and 61 active trained volunteers. There are also about 15 applicants waiting for the chance to be trained. That is a valuable resource and it would be a disgrace if it was wasted, so I appeal to my hon. Friend the Minister to try to find a way to maintain the service that those people deliver so well.

Ms Winterton: I know how strongly my hon. Friend feels about that service, especially about the work put in by volunteers in his constituency. We have discussed it on a previous occasion. He is right.

Saneline currently has three call centres, in Macclesfield, Bristol and London. It operates a call plan, which allows it to open only two centres for most of the time; sometimes only one centre is open, but they all operate from 12 noon to 2 am each day. The proposed closure of two call centres will no doubt result in a surplus of skilled staff and volunteers. I entirely agree that it is important that we do not lose such valuable skills and expertise.

The independent chair of the telephones partnership has written to me and to the chief executive of Saneline to offer the charity support in managing any staff issues, such as the use of skilled Saneline volunteers through other members of the partnership. He has also offered any support the partnership can provide to assist Saneline to redesign its services to help to minimise the impact on callers of its decision to close the two call centres. The chair has also spoken to my officials, who will offer the partnership assistance should Saneline accept that offer of help and support.

We have the full support of partnership members in our decision regarding the future funding of Saneline. We will continue to support Saneline through the partnership and through the opportunity to bid for the funding available in the same way as all the other helpline service providers.

Ministers and officials have met Saneline consistently over a number of years and have made significant efforts to support it to become self-sufficient and self-funding, as other such providers are. No one helpline can or should be expected to provide all things to everyone. It is not what the colleagues in the partnership tell us, and it is not what people who use such services tell us.

I have acknowledged the good work that Saneline has undertaken over the years, but I hope that hon. Members will accept that it is one of many helpline services, and it would be wrong and inappropriate of the Department to single out Saneline in the manner that is perhaps being suggested.

Sir Nicholas Winterton: Will the Minister give me an assurance that she will be prepared to meet me and her hon. Friend the Member for Bristol, North-West (Dr. Naysmith), perhaps with a representative of Saneline, to discuss how a package can be put together to save what is a very valuable organisation with huge experience and knowledge?

Ms Winterton: Of course, I am always prepared to meet hon. Members. I should like to await the outcome of Saneline's response to the partnership's offer, but I will be more than happy to meet hon. Members.

What we are trying to achieve with the support of mental health charities, their staff and dedicated volunteers is to bring mental health helplines into the 21st century as a credible and important part of the delivery of health care support. I am aware of the concerns raised by the hon. Gentleman and my hon. Friend the Member for Bristol, North-West (Dr. Naysmith), but I hope that the hon. Gentleman will be able to support the strategy that the Government have outlined, bringing Saneline within the ambit of the telephones helpline partnership, in line with all the other organisations that provide similar services.

Question put and agreed to.

Adjourned accordingly at eight minutes to Eight o'clock.

House of Commons

Wednesday 23 March 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

REPORT OF THE SPOLIATION ADVISORY PANEL

Resolved,

That an Humble Address be presented to Her Majesty, That she will be graciously pleased to give directions that there will be laid before this House a Return of the Report of the Spoliation Advisory Panel in respect of a 12th Century manuscript now in the possession of the British Library.—*[Vernon Coaker.]*

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Police Service

1. **Mr. Jeffrey M. Donaldson** (Lagan Valley) (DUP): If he will abolish the 50:50 recruitment policy for the Police Service of Northern Ireland. [222756]

4. **Mrs. Iris Robinson** (Strangford) (DUP): If he will make a statement on 50:50 recruiting to the Police Service of Northern Ireland. [222760]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Ian Pearson): In 1998, when the Patten Commission was conducting its investigation, only 8.3 per cent. of regular officers were from the Roman Catholic community. As of 1 March, that figure stands at 17.18 per cent., with 1,733 recruits having been selected for appointment on a 50:50 basis. Our goal is to increase Catholic representation to 30 per cent. by 2010–11, the date that Patten envisaged was adequate in achieving that aim. I am pleased to say that we are very much on target to achieve that goal.

Mr. Donaldson: The Minister should be aware, however, that the 50:50 recruitment policy is discriminatory. Some 80 per cent. of applicants from the Roman Catholic community are successful; only 25 per cent. of applicants from the Protestant community are successful. The people I represent want more police officers on the streets. It matters not to them whether those officers are Protestant or Roman Catholic or of some other faith. What matters is that we recruit the best police officers to do the job—to tackle crime, terrorism, paramilitarism and all the other evils that confront our society. I welcome the increase in Roman Catholic recruitment to the PSNI, but is it not time for the Government to scrap this discrimination against the Protestant community?

Mr. Pearson: I acknowledge that 50:50 recruitment is discriminatory. Indeed, Parliament acknowledged that when it passed the measure. It is an exceptional means of addressing an exceptional problem, and the Government strongly believe that these temporary provisions are justified to rectify an acute historical imbalance in the composition of the police force in Northern Ireland.

Mrs. Robinson: Is the Minister aware of the massive amount of taxpayers' money being used in the recruitment process? Leaving aside the appalling discrimination that young Protestant candidates face—they see less qualified Roman Catholics gaining posts in the service, for which they are refused—does he agree that those highly-qualified Protestants should automatically go into a central pool without having to go through the whole costly recruitment process?

Mr. Pearson: First, costs are closely monitored by the Policing Board and by the Government. Let us be clear about the scale of what we are discussing: since 2001, there have been 44,000 applications from Catholics and Protestants to join the police force in Northern Ireland, so the PSNI is clearly a highly popular place to work. Our figures on discrimination against the Protestant community by the policy show that, to date, 440 people have been discriminated against. That is unfortunate for those concerned, but we have to address the acute problem of a historical imbalance in the police service in Northern Ireland. That is what we are doing through this policy.

Mr. Robert Walter (North Dorset) (Con): The 50:50 policy is about restoring trust and understanding between the two communities in Northern Ireland. Three years ago, the two Governments signed the international agreement on policing co-operation, allowing for exchanges and secondment. Will the Minister please tell me, three years on, how many members of the Garda Siochana have served in Northern Ireland and how many Northern Ireland policemen have served in the Republic?

Mr. Pearson: I can tell the hon. Gentleman—I am not sure whether he is aware of this—that only last month the Garda Commissioner and the Chief Constable signed protocols on cross-border secondments. It is absolutely true that it has taken some time to get to this stage, but there is a commitment, north and south, to ensure that we have those secondments in place in the future.

Andrew Mackinlay (Thurrock) (Lab): I am doing the parliamentary police scheme with the PSNI. Can the Minister explain to the House how the existing policy, which in broad-brush terms one supports, helps to advance candidates who are part of the Chinese community of Belfast or of the growing number of Asian communities, which are not primarily of the Christian faith? How are they advanced by being in the

non-Catholic 50 per cent? I just do not understand how that is consistent with our obligations to promote in their interest. Explain and discuss.

Mr. Pearson: Perhaps I had better not discuss it, Mr. Speaker, as I do not think that you would allow that. May I congratulate my hon. Friend on undertaking his work with the PSNI? I am sure that he will find it an extremely interesting experience. The Police Service of Northern Ireland is actively aware and adopting policies to ensure recruitment from ethnic minority communities. With regard to gender, the Policing Board has published a gender action plan, and currently, 36 per cent. of new applicants to the PSNI are women.

Lembit Öpik (Montgomeryshire) (LD): But the Minister has not answered the question. As the hon. Member for Thurrock (Andrew Mackinlay) has rightly pointed out, currently, the 50:50 arrangement operates on a Catholic, non-Catholic basis, and severely disadvantages ethnic minorities, as they are largely recruited from the non-Catholic 50 per cent. Does not the Minister accept that the PSNI needs more officers from ethnic minority backgrounds, especially given the increase in race crime? What will he do to ensure that those from ethnic minority backgrounds in Northern Ireland are not necessarily discriminated against by the system that he has introduced to try to broaden the cross-section of the Police Service of Northern Ireland?

Mr. Pearson: First, the House has debated the 50:50 policy, Parliament supports it, and my hon. Friend the Member for Thurrock (Andrew Mackinlay) supports it in broad-brush terms, as he said. We must ensure that the Police Service of Northern Ireland has proper procedures and processes in place to encourage applicants from ethnic minorities. I believe that it has done so, and is taking action in that area. The 50:50 policy is important overall, but I agree with the hon. Member for Montgomeryshire (Lembit Öpik) when he says that he wants a police service that reflects the broad community in Northern Ireland and that it is not just a question of Protestant and Catholic. His concerns are being addressed.

Helen Jackson (Sheffield, Hillsborough) (Lab): May I take the opportunity to welcome the increased numbers of individuals from the nationalist communities who are seeking to join the Police Service of Northern Ireland? May I suggest to the Minister that the courageous and brave approach of some women in those republican communities might help to boost the number of Catholics joining the PSNI and help to achieve normality in that area?

Mr. Pearson: I agree with my hon. Friend's comments. The statements made by the McCartney family have been truly courageous and extraordinary and are very important for Northern Ireland politics. We are on target to meet what Patten envisaged in terms of having 30 per cent. representation from the Catholic community in the Police Service of Northern Ireland. That is important as a Government policy. I am also pleased that we are seeing so many applicants from both the Protestant and Catholic communities who want to join the Police Service of Northern Ireland, and I am sure that that will continue in future recruitment competitions.

Devolved Government

2. **Mr. Andrew Hunter** (Basingstoke) (DUP): What measures he proposes to take to assist the restoration of devolved government in Northern Ireland. [222757]

3. **Mr. Laurence Robertson** (Tewkesbury) (Con): If he will make a statement on the prospects of the Northern Ireland Assembly reconvening. [222758]

The Secretary of State for Northern Ireland (Mr. Paul Murphy): The Government's ultimate goal remains the restoration of an inclusive power-sharing Executive in Northern Ireland. However, recent events have undermined the trust and confidence necessary to achieve that objective. While criminal activity continues to hamper the progress made towards devolved government, we are continuing to explore ways of moving the process forward.

Mr. Hunter: Does the Secretary of State accept that inclusivity is no longer on the agenda, that the provisional republican movement remains the criminal and terrorist organisation that it always has been and that it should be marginalised? It is now time to move forward and restore devolved government in the Province with the minimum further delay, involving all parties, nationalist and Unionist, which are genuinely and exclusively committed to the principles and practice of democracy.

Mr. Murphy: The hon. Gentleman is right that the prospect of an Executive as envisaged by the Good Friday agreement, which involves all parties including Sinn Fein, is unrealistic at the moment because the issue of criminal activity must be resolved. Until that issue is resolved, we will be unable to have such an Executive. In the meantime, however, if he is suggesting a voluntary coalition including nationalists and Unionists, he of course understands that the Executive must encompass both communities. He will therefore have to persuade my hon. Friends in the Social Democratic and Labour party to join such a coalition.

Parties have made other suggestions, including the SDLP's suggestion of a restored Assembly with civic administrators running the Departments. The Prime Minister and I have made it absolutely clear that we are willing to consider those suggestions as temporary measures, although, as I have said, we still need to resolve the issue of criminality on the part of the IRA. That is the obstruction to the process at the moment.

Mr. Robertson: The Secretary of State says that that is the obstruction at the moment, but it has been the obstruction ever since this arrangement was made. The McCartney sisters' bravery has highlighted the problem, but the IRA has never stopped being active. It has murdered people and maimed people. Is it not time to recognise members of the IRA for what they are? They are not constitutional politicians; they are murderers.

Mr. Murphy: The hon. Gentleman is right to mention the campaigning work of the McCartney family over the past few weeks, which I thought was particularly significant last week in the United States. He is right to say that activity has been ongoing since the signing of the Belfast agreement, and that we have now reached a point at which we can no longer tolerate the IRA's criminal activities and the presence of Sinn Fein on the Executive. A crucial decision must now be made by the IRA: I entirely agree with that.

Mr. Eddie McGrady (South Down) (SDLP): The Secretary of State has often spoken here about the need to restore trust as a prelude to political progress. Does he accept that there has been a gross betrayal of trust by the Government in their failure to implement the Cory report in respect of the Finucane case? The same Lord Cory in whom the Government must have had 100 per cent. confidence, or they would not have appointed him, says of the Inquiries Bill:

"It seems to me that the proposed new Act would make a meaningful inquiry impossible . . . I cannot contemplate any self-respecting . . . judge accepting an appointment to an inquiry constituted under the new proposed act."

Does that not constitute a betrayal of the pledge made at Weston Park and subsequently that the Cory report would be fully endorsed by the Government?

Mr. Murphy: I do not think so. My hon. Friend should bear in mind what has happened over the past few weeks, and what will happen in the weeks to come. Three of the four inquiries promised at Weston Park, those relating to Nelson, Wright and Hamill, will soon be up and running. As for the Finucane inquiry, Lord Justice Cory himself said in his report that he could envisage circumstances in which some of that material could be dealt with only in private. As my hon. Friend knows, the Inquiries Bill will provide an opportunity for material of national-security significance to be considered in private by a genuinely independent inquiry, whose members will be able to call witnesses and call for evidence in a way that the Tribunals of Inquiry (Evidence) Act 1921 also allows.

I do not think for a second that we are not following the Cory recommendation. I hope that there will be an inquiry that will be independent, will have full powers, and will eventually get to the truth of the matter.

Dr. Nick Palmer (Broxtowe) (Lab): I hope that the Secretary of State will not accept the proposal from the hon. Member for Basingstoke (Mr. Hunter) that we should move away from inclusivity. We have been here before, and every attempt to address the Northern Ireland issue by excluding people with unpleasantly extreme views has not dealt with the problem. Does the Secretary of State agree with that?

Mr. Murphy: What I cannot do, and what no Government can do, is make people form a Government together. At the end of the day, an Executive can only be up and running if the necessary trust and confidence exist. When the Executive was there, we had that necessary trust, but it has now broken down. There is no trust and confidence because of this issue.

I agree with my hon. Friend that our aim must be an inclusive Executive, because that is what people voted for in the Good Friday agreement and the referendum that followed. It is important to understand, however, that we are considering other ways of addressing the democratic deficit in Northern Ireland.

Mr. David Trimble (Upper Bann) (UUP): May I draw the attention of the Secretary of State to the comments of Dermot Ahern, the Irish Foreign Minister, who described Sinn Fein's proposals for a united Ireland as a red herring and the proposals of a snake oil salesman? May I also refer him to the comments of the Irish Justice Minister, Michael McDowell, that the provisional movement was a threat to the democratic institutions of the Republic of Ireland? Would not it be a good idea for the Government to adopt the same candour, to display the same leadership and, instead of adopting the purely passive role outlined by the Secretary of State now with regard to alternative ways forward, to bring forward proposals to, for example, amend the Northern Ireland Act 1998 by the removal of the d'Hondt formula so as to free up the opportunity for the parties in Northern Ireland to find a way forward?

Mr. Murphy: I do not think that there is any difference between what the Irish Government are saying and what we are saying with regard to Northern Ireland. Both are saying clearly that we cannot have an Executive as envisaged by the agreement until we resolve the issue of criminal activity by the IRA. We are absolutely at one on that. The right hon. Gentleman says that we ought to have plans drawn up and that we might have to propose legislation to address the democratic deficit and arrive at an alternative system, and I am more than happy to do that. But, as he knows, we can have as many plans and laws as possible in this House, but unless parties agree to work with each other and to have an Executive that includes nationalists and Unionists, that is impossible. However, as I have said, I am more than happy to look at all the alternatives and am currently doing so.

Mr. David Lidington (Aylesbury) (Con): I welcome the Secretary of State's comments last week that he was not going to take part in any future negotiations or political discussions with Sinn Fein unless criminal activity by the IRA was finally addressed. Was he speaking for the whole of the Government in making that statement or—as is widely believed in Northern Ireland—are there people from the Prime Minister's office who, even in the last few weeks, have been engaging in precisely such discussions and negotiations with representatives of the Republican movement?

Mr. Murphy: I have said more than once that talks—whether classified as discussions or negotiations—are not stopping, but that there is only one item on the agenda; how to address criminality by the IRA. Until we do that, there can be no further discussion or negotiations on taking any matters further.

Mr. Lidington: Since making the message clear on crime was supposed to be the purpose of the Prime Minister's Chequers meeting with Sinn Fein, I cannot say that the Secretary of State's remarks on further discussions are encouraging. Surely there is a responsibility not only on Republicans—he and I are agreed on that—but on the Government to accept that direct rule is with us for some time, that there is a

profound democratic deficit in the operation of direct rule and that it is time for Ministers to come forward with options as to how that democratic deficit can be addressed and direct rule made more accountable to the people of Northern Ireland.

Mr. Murphy: I do not disagree with the hon. Gentleman and in my reply to the right hon. Member for Upper Bann (Mr. Trimble), I indicated that we were looking at different options for addressing the democratic deficit. But different parties have different views as to what the options should be. The key is to ensure that we can get agreement with the parties to get something up and running. People in Northern Ireland still see the main objective as ensuring that we stop the sort of activities that resulted in the murder of Robert McCartney and the robbery of the Northern bank.

Smoking Ban

5. **Lady Hermon** (North Down) (UUP): What recent discussions he has had with the chief medical officer in relation to the introduction of a smoking ban in enclosed public spaces in Northern Ireland. [222761]

The Parliamentary Under-Secretary of State for Northern Ireland (Angela Smith): There have been no recent discussions with the chief medical officer on this subject as, on 21 December 2004, I launched the Department of Health social services and public safety regional strategy, entitled "A Healthier Future: A Twenty Year Vision for Health and Well Being in Northern Ireland". This includes a consultation on the three options for strengthening existing controls, including a ban on tobacco use in enclosed public places and workplaces. I will discuss the outcome of this consultation with the chief medical officer.

Lady Hermon: I am most grateful to the Minister for that reply, although I am disappointed with it. Can she explain precisely why the Northern Ireland Office has shilly-shallied for so long over the introduction of a smoking ban in enclosed public spaces in Northern Ireland?

Angela Smith: As a Minister who has been criticised for not consulting on another issue, I think it entirely appropriate that we should consult the people of Northern Ireland on this one. That is not to say that nothing has been done in the meantime. Some £5.5 million has been spent on public information and on the tobacco action plan. I would offer one word of caution, however. If a smoking ban goes ahead, that does not mean the end of the issue. The tobacco action plan must progress to ensure that smoking is reduced wherever people happen to be smoking.

Kevin Brennan (Cardiff, West) (Lab): At the recent British-Irish inter-parliamentary body meeting in Bundoran, County Donegal, some of us conducted informal research into this issue in Brennan's bar. Its proprietors said that the ban was working very well in the Republic—they are close to the Northern Ireland border—and was welcomed by customers. Could we not introduce the same thing in Northern Ireland?

Angela Smith: I am grateful to my hon. Friend for his diligence in undertaking such research in that bar. The consultation period ends on 25 March, and I will then be able further to consult my officials on the way forward.

Security Situation

6. **Ann Winterton** (Congleton) (Con): What recent assessment he has made of the security situation in Northern Ireland. [222762]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Ian Pearson): The overall security situation is relatively quiet. Last year saw the lowest number of murders since 1969. The number of paramilitary-style attacks has fallen, but paramilitary organisations on both sides continue to engage in attacks on, and intimidation of, their own communities.

Ann Winterton: But does the Minister agree that there can be no lasting peace and security in the Province until Sinn Fein-IRA decommission not just some but all their weapons, and such decommissioning is verified? Will he give a commitment to the House that Sinn Fein-IRA will not be admitted to the democratic process or to the Administration of Northern Ireland until all their weapons have been handed over?

Mr. Pearson: The hon. Lady will have heard what my right hon. Friend the Secretary of State had to say on Sinn Fein and the IRA. She is right to highlight the importance of decommissioning, but it is not just about that; it is about giving up paramilitary activity and giving up criminality. We need to see an end to all these if we are going to make progress.

Mr. Roy Beggs (East Antrim) (UUP): Given last week's warning from the security services to British businesses about the possibility of terror attacks from Republican sources, and given the menacing threat from Martin McGuinness to the McCartney family, is it reasonable for law-abiding citizens to assume that the IRA's ceasefire has broken down and that its criminality continues? What are the Government going to do about it?

Mr. Pearson: The Chief Constable's assessment is still that the Provisional IRA is on ceasefire. There is, however—and has been for some time—a threat from dissident republicans both in Northern Ireland and, potentially, across the water. That is one reason why the decisions to which the hon. Gentleman refers were taken last week. The important thing to stress is that this Government will not take any risks with the safety of the public of Great Britain and Northern Ireland, and we will implement whatever measures are necessary to ensure that we protect our citizens.

Mr. Gregory Campbell (East Londonderry) (DUP): Will the Minister accept that there is an increasing security threat against former members of the security forces in Northern Ireland? Indeed, the police have

visited a number of my constituents within the past 10 days to indicate that the Provisional IRA is carrying out threat assessments on them, as ex-members of the security forces. Will the Minister consult the Chief Constable to ensure that the police take action against the Provisional IRA?

Mr. Pearson: I meet the Chief Constable on a regular basis and we discuss a wide range of security matters. I am certainly aware of the potentially increased threat to some members of the security forces. There is a system of threat assessment and we talk to the police about these problems. I am convinced that robust procedures are in place, and they will continue.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [223387] **Mr. Parmjit Singh Gill** (Leicester, South) (LD): If he will list his official engagements for Wednesday 23 March.

The Deputy Prime Minister (Mr. John Prescott) *rose—*

Hon. Members: Hear, hear!

The Deputy Prime Minister: How kind.

I have been asked to reply. As the House knows, my right hon. Friend the Prime Minister is attending the European Council—and I am certainly grateful for the good wishes that he has sent me for today.

Mr. Gill: Given the anxiety and concern expressed in Leicester by Muslim leaders, including the distinguished Ibrahim Natalia, president of the Masjid Umar mosque in my constituency, does the Deputy Prime Minister believe that the Minister for Crime Reduction, Policing and Community Safety was right to express the view that Muslims should expect to be targeted by the police when they exercise powers under the new terrorism legislation? Will he take this opportunity to dissociate himself from that Minister's ill-judged comments?

The Deputy Prime Minister: That is an unfair representation of what the Minister said, and I do not believe that it is helpful for the hon. Gentleman to make such remarks—and this may well be the last occasion on which he is able to make them.

Laura Moffatt (Crawley) (Lab): Will my right hon. Friend pay tribute to the Crawley branch of the Burma Star Association, which, in the words of its chairman, Jim Ritchie, is going to "pack it in gracefully"? It has served the people of Crawley for many years, and its members offer help, advice and support for each other. It is based in a local authority that has the good sense to ensure that older people have free travel. Will my right hon. Friend pay tribute to the association for its work over many years?

The Deputy Prime Minister: The whole House will want to send its best wishes to members of the Burma Star Association—[HON. MEMBERS: "Hear, hear."]—whether they are based in my hon. Friend's constituency or elsewhere, and thank them for the contribution that they make. I was fortunate enough to meet a number of its members on the 11 November poppy day ceremonies. They were very impressive as they talked about the difficulties from which they had suffered. It is right to provide these elderly people with council house assistance, council tax concessions, the pensioners' free bus pass and other benefits. We have recognised their contribution, but sadly, it will be greatly affected by the Opposition's policy of £35 billion cuts—*[Interruption.]*

Mr. Michael Ancram (Devizes) (Con): I do not know why the Deputy Prime Minister keeps parroting the failed Labour election campaign—it is just about the only thing in the Labour party for which he is not responsible. Why did the Chancellor forget to mention in his Budget statement the fact that the £200 council tax rebate for pensioners applies for one year only?

The Deputy Prime Minister: For the simple reason that we are reviewing the council tax—*[Interruption.]* The House should take into account the difficulties created for council tax by the poll tax, which was brought in by the previous Administration. That is why the present council tax is inadequate to deal with local government financing. The Government were right to set up the Lyons review to establish a fairer way of dealing with local tax problems than the income tax solution offered by the Liberal Democrats or the subsidies given by the Tory Administration.

Mr. Ancram: The Red Book makes it absolutely clear that there is no provision for a further rebate after the first year. The Chancellor did not mention the fact that the £200 is for only one year, because with this Government, the give-aways come before the election and the takeaways come after. The proposal contrasts with our pledge of a year-on-year discount of up to £500 for millions of pensioners. It is quite clear that under this Government, typical council tax is heading for £2,000 a year. Does the Deputy Prime Minister agree that on 5 May, all pensioners should vote Conservative?

The Deputy Prime Minister: Not if they read the small print, which makes it clear that under a future Tory Administration—if the Opposition were ever to get into power, which I doubt—many pensioners would not get the benefits on offer. In some cases, pensioners under 65 would not be entitled to them, and there are other qualifications. Under the Government's proposals, between 2 million and 3 million pensioners will benefit. Moreover, the Tory proposals mean that the wealthier you are, the more you get: if you are poorer, you get less.

Dr. Ashok Kumar (Middlesbrough, South and Cleveland, East) (Lab): Recently, I had a meeting with the mayor of Middlesbrough, Ray Mallon, who is a great friend of mine. He said that the support given by this Labour Government means that Middlesbrough is moving forward. That contrasts with what happened when the Opposition were in power. He also said that overall, crime in Middlesbrough had fallen by 20 per cent.

under this Government. That is a great achievement, and is thanks to his leadership. Will my right hon. Friend join me in congratulating Ray Mallon on his great achievement for Middlesbrough? I invite him to come to Middlesbrough and see for himself.

The Deputy Prime Minister: Mr. Mallon, like every individual in every constituency, will have benefited from the increase in police numbers under this Government, and the introduction of community police. To be fair to him, he has congratulated the Government on giving him the support that he needed. So successful has he been that the leader of the Opposition went up to Middlesbrough to try to bathe in the glory of Labour's policies.

Sir Menzies Campbell (North-East Fife) (LD): In light of the fact that there has been no substantive progress on human rights, what is the Government's justification for supporting the lifting of the EU arms embargo on China?

The Deputy Prime Minister: The right hon. and learned Gentleman knows that that embargo is being discussed by EU Ministers at the meeting currently under way. The proposal has caused concern in America, and to some extent in Europe too. I think that good sense will prevail, and that agreement will be reached on lifting the embargo. No decision has yet been made on what remains a matter for discussion—and I remind the House that it was this Government who brought in the advances on human rights.

Sir Menzies Campbell: In the Government's human rights report of 2004, the Foreign Office expressed serious concern about basic human rights in China, quoting extensive use of the death penalty, torture and the detention of political dissidents. Given the nature of the regime, why should we lift the arms embargo, which was imposed after Tiananmen square?

The Deputy Prime Minister: The right hon. and learned Gentleman makes some very reasonable points, which are currently being discussed by European Foreign Ministers. We have to make a judgment, and strike an appropriate balance. There is no doubt that both Europe and America want better relations with China, and one of the conditions is that we talk about human rights as well as trade. China is emerging more and more into the world. Good progress is being made towards peaceful coexistence, and that contrasts with the tensions that exist when there is no dialogue with such countries.

Mr. John Hume (Foyle) (SDLP): The enormous revolution in technology and telecommunications means that we are living in a smaller world today, and that we are in a better position to shape it. We are also in a better position to relieve the enormous poverty in those countries known as third-world countries. The Prime Minister will shortly take over the chair of the G8 nations, so will he take that opportunity to prioritise helping those countries? In particular, will he give substantial and regular support to international organisations such as Trócaire, whose staff are experts at dealing with terrible poverty? Every day, 24,000 people die because of poverty in those countries. Does the Deputy Prime Minister agree that helping them should be a priority for countries like ours?

The Deputy Prime Minister: I very much agree with what my hon. Friend has said. We have been at the forefront of debt relief, helping to achieve the reduction of poverty in these countries, and the Commission for Africa is very much to the credit of this Government. I am proud to belong to a Government who have been making the running in these issues, and that compares and contrasts very much with the Tory Administration. We have doubled foreign aid; they halved it.

Q2. [223388] **Andrew Selous** (South-West Bedfordshire) (Con): Leading Labour councillors were among the 17,000 local people in my constituency who signed a petition to the Commons asking for radical changes to the Office of the Deputy Prime Minister's plans to double the number of houses in South Bedfordshire. Will the Deputy Prime Minister come to South Bedfordshire to hear local people's concerns, given that his Department's plans will change the nature of South Bedfordshire for ever?

The Deputy Prime Minister: I have no doubt that even in South Bedfordshire there is a desire for housing, and that we are not building sufficient of it . Our challenge is to ensure that more houses are built. The real concern that I hear expressed by people is that we will be using up more green space, but the reality is that our policies have increased house building on brownfield sites from the previous Administration's 57 per cent. to 67 per cent. We have also increased the density in these areas, so that we are now going to build 200,000 more houses in the growth areas on less land than was envisaged in 1979. We are saving a land space equivalent to Oxford, which I think is a good move. We have houses, we use land more efficiently, and we use brownfield sites; that sounds to me like a good commonsense policy.

John Robertson (Glasgow, Anniesland) (Lab): Is my right hon. Friend aware of the despicable conduct of the high street banks HSBC, the Royal Bank of Scotland and Alliance and Leicester, and the ATM companies Hanco and Cardpoint, in charging pensioners and people on benefit, as well as those in rural areas, for the use of ATMs? What will the Government do to ensure that those people, who have the least money, are looked after?

The Deputy Prime Minister: The problem mentioned by my hon. Friend is causing considerable concern, whether that is registered in the press, in discussion in the Government or by Members of the House. Many think that it is rather unfair that some of the charges are so high, and are creating difficulties. I believe that discussions are going on about that, and I hope that they can produce a better solution.

Mr. Michael Ancram (Devizes) (Con): After eight years of Labour Government, can the Deputy Prime Minister tell me by how much violent crime has risen?

The Deputy Prime Minister: It is true that violent crime has increased—[HON. MEMBERS: "Oh!"] As has been said time and again from this Dispatch Box, the

new recording system has meant that there is more recording of violent crime, but the crime survey statistics show that overall crime has fallen. That is very important, and it has happened because we have been able to provide more police officers and give the support and resources that would not be there under the Opposition's present policies of a £35 billion cut.

Mr. Ancram: The figures that the Deputy Prime Minister is using exclude drug dealing, murder, business fraud, sexual offences, shoplifting and crimes against children. He reminds me of the mayor of Washington, who said that Washington would be one of the safest cities in the world if the statistics excluded murders. Let me tell the Deputy Prime Minister the reality: violent crime is up by 83 per cent. That is more rapes, more murders and more woundings. That is what real people are worried about.

Let me ask the Deputy Prime Minister another question. After eight years of Labour Government, how many school children play truant?

The Deputy Prime Minister: It is hard to jump from crime to truancy, but presumably that is the kind of jump that a Tory Administration would want to make. The right hon. and learned Gentleman still has to face the fact that under this Government crime has been reduced by 30 per cent., whereas it doubled under the previous Administration. That is the fact, and the reason why we have been able to do that is that we have provided more resources and more police, which has had the effect of cutting the incidence of crime.

With regard to truancy in schools, we have improved investment in the education system. Our standards have increased, and we are dealing with truancy, although not as effectively as we hoped that we could.

Mr. Ancram: Again, the right hon. Gentleman did not answer the question. Let me tell him the reality. The figure is more than 1 million a year. The Government promised to cut truancy by one third; instead, it has increased by one third.

Let me ask the Deputy Prime Minister another question. After eight years of Labour Government, how many asylum seekers whose claims and appeals were rejected have managed to stay in the country?

The Deputy Prime Minister: Again, the number of applications from asylum seekers has fallen considerably, unlike when the Leader of the Opposition was Home Secretary. We are dealing with a difficult problem that we inherited from the last Conservative Administration and we are making progress. I only wish that the right hon. and learned Gentleman would take into account the improvements under Labour: 2,200 more nurses and 381 more doctors and teachers. That is an improvement.

To be fair to the right hon. and learned Gentleman, he gave us some credit when he gave us this quote:

"Quite honestly I go to Germany now, and they say to me I wish we had your unemployment."

Employment has increased by 180,000 since he made that statement. Are you thinking what we're thinking?

Mr. Ancram: We always know that the right hon. Gentleman is blustering when he answers a different question from the one that was asked. The reality is that a quarter of a million failed asylum seekers have managed to stay in this country under this Government. What the Deputy Prime Minister demonstrated perfectly today is that this Government are completely out of touch with reality. Does he not understand that when it comes to crime, when it comes to truancy and when it comes to asylum, people feel totally let down by this Government, and can hardly wait for 5 May to send them packing?

The Deputy Prime Minister: The right hon. and learned Gentleman says that we will be judged on crime. It has fallen by 30 per cent., but doubled under the Tories. Asylum applications have fallen, but were considerably higher under Labour—*[Laughter.]* To put the record right for the penny scribblers in the Gallery, I mean that when the Leader of the Opposition was Home Secretary, asylum applications were far higher. We inherited a difficult problem, but the number of applications is much lower now.

Will the right hon. Gentleman give credit to our policies? If people are to judge on 5 May—the election will be on 5 May, will it not? *[Interruption.]* The right hon. and learned Gentleman seems to have forgotten that it is the county council elections that will be on 5 May, when Labour and the Tories will be judged. He should talk to the shadow Chancellor, who conducted a survey on the success of the Labour Government—"Oliver's Survey Results". On the national health service he asked his constituents:

"How would you describe your recent experience of the National Health Service?"

The response was as follows: 31 per cent. said excellent, 42 per cent. said good, and 73 per cent. said the health service was a good service under a Labour Government. On reducing crime, good old Oliver's survey asked his constituents what they thought of

"CCTV as a crime fighting tool?"

Ninety-two per cent. said it was good. Let us have a record of what the people think, not what the right hon. and learned Gentleman thinks.

Q3. [223389] **Kevin Brennan** (Cardiff, West) (Lab): Runaway inflation, crumbling public services, record interest rates, negative equity, mass unemployment—is my right hon. Friend thinking what I'm thinking?

The Deputy Prime Minister: I am, and I am prepared to say that to the electorate. We said that we would get unemployment down, and we have created the highest level of employment in this country. We have put more resources into the public services. I am proud of that record—and that is what I am thinking. I only hope that that is what the shadow Chancellor is thinking when he praises our employment record.

Mr. Ian Taylor (Esher and Walton) (Con): It is just over three years since the tragic abduction and murder of Milly Dowler in my constituency. Does the Deputy Prime Minister share my admiration for Milly's mother, Sally Dowler, and the work that she is now doing to try to help young children protect themselves against such

awful events? Will he also give credit to Surrey police, whose persistence in pursuing that as yet unsolved crime has been praised by Milly's parents and the rest of the community? Does he accept, however, that Surrey police is, per capita, the least well funded of all the police forces under this Government? Given the extra pressures on Surrey police, not only from the Milly Dowler affair but from other events, that funding is very unfair, and all the people of Surrey are extremely concerned about it.

The Deputy Prime Minister: The whole House will agree with the hon. Gentleman's comments about the death of Milly. Our thoughts go to the parents at this moment and to the police, who have a very difficult job in such circumstances—as do all police forces—and we wish them well in dealing with those difficult matters. In fairness, it is true to say that the resources that we have given to the police authorities have increased considerably. I note what the chief constable is saying in Surrey, and one or two others are saying similar things. We are looking at that, but without a doubt the resources that we have given are considerable, whether for the numbers of police officers or for the support units. *[Interruption.]* There is always an argument about the resources, but under this Government it is about increased resources, not reduced resources.

Q4. [223390] **Tony Cunningham** (Workington) (Lab): I have some fantastic Sure Start programmes in my constituency and some of the finest primary schools to be found anywhere. Every secondary school in my constituency has specialist school status, and we also have a brand-new further education college. However, we do not have a university. What progress is being made to realise the long-held dream of a university in west Cumbria?

The Deputy Prime Minister: I welcome the remarks made by my hon. Friend and I agree with them. As he knows, total Government expenditure on higher education will have increased from £5.8 billion to £9.5 billion by 2007–08—I will not make the obvious point that he will not see that money if cuts of £35 billion are made. The important point that my hon. Friend makes is that university education should be available as much in rural areas as in urban areas. I recognised that when I was in Cornwall and the south-west, and helped to provide the resources for Cornwall university. The argument is similar to the one for my hon. Friend's constituency in west Cumbria, and to show our priorities, I am delighted to announce that my Office and the Department for Education and Skills will provided £21 million extra support for the excellent combined universities in the Cornwall project to enable it to expand. It is the same argument for the rural areas, and I hope that that shows the importance of it.

Mr. Alex Salmond (Banff and Buchan) (SNP): Given this Administration's expertise on weapons of mass destruction, can the Deputy Prime Minister confirm that if they are re-elected it would be the Government's intention in the next Parliament to take a decision on the replacement of the Trident missile system, at an estimated cost of £20,000 million?

The Deputy Prime Minister: There are clearly ongoing discussions about the replacement of weapons systems, as the hon. Gentleman knows. No decisions have been made, and no doubt there will be debates at the appropriate time on those very issues.

Q5. [223391] **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): Is my right hon. Friend aware that the regeneration schemes in my constituency are having a beneficial impact on the quality of life of hardworking families? In Middleton in particular, the youth improvement programme—the YIP scheme—has reduced levels of crime on the Langley estate. In Heywood, the new health connections building will be completed in 2007. That is a partnership between the new deal for communities and the local health set-up. Can my right hon. Friend confirm that he will continue with those programmes for the lifetime of the next Parliament?

The Deputy Prime Minister: I certainly can give my hon. Friend that assurance about Heywood health connections and the health centres, and something similar is occurring in all our constituencies at the moment. That is a reflection on the massive capital programme that we have in health, as well as education. I can also tell him that, as he well knows, our pathfinder programme has been successful in his constituency.

Today, I have announced that another £60 million-odd will go into the pathfinder programmes in the other areas that I have announced before. To that extent, we think that those capital programmes are important; they are making a difference in jobs and the quality of life. I am bound to say, though, that certainly if we get the £35 billion in cuts from the Tories—*[Interruption.]* The Opposition may complain, but in their James report, they advocate a £1 billion cut in the housing programme. In fact, a Conservative spokesman has said that all the proposed housing in the Thames gateway would be cancelled. They have no concern for housing programmes. They constantly tell us that they do not want those houses—but they should tell that to the people who do, and who want that quality of life.

Q6. [223392] **Mrs. Cheryl Gillan** (Chesham and Amersham) (Con): With the underfunding of our health services in Buckinghamshire —[HON. MEMBERS: "Oh!"] Our funding is 18 per cent. less than the average. With the values of our pensions eroded, Travellers camped illegally, violent crime up and the Deputy Prime Minister's own plans to concrete over the south-east, which of the 66 tax rises imposed by the Government represents good value for money for my constituents? Can he name one?

The Deputy Prime Minister: The hon. Lady's judgment on this is as good as it was on the minimum wage. She said that it would cost an awful lot of jobs, we introduced it, and at the same time created an extra 1 million to 2 million jobs. Her judgment is wrong. I am looking at the figures for her area. If we are doing so badly and not putting in the money, why has she got 2,500 more nurses and 283 more doctors? Why is it that the number of people waiting more than nine months for operations has fallen from 146 to zero? Why are there 420 more teachers, 381 more teaching assistants, 4,160 police officers in the Thames valley—a record number—and 48 community support officers? Why is

unemployment down by 74 per cent. and youth unemployment down by 11 per cent? That sounds like a policy that is successful, not failing.

Q7. [223393] **Mr. Mark Todd** (South Derbyshire) (Lab): Manufacturing jobs in South Derbyshire are booming. As the Deputy Prime Minister will know from having visited Toyota, it is recruiting additional staff this year. FIUK has just decided to locate there to manufacture body parts for cars. JCB has set up an engine plant in South Derbyshire. That is a credit to the stability of the national economy, the hard work of Labour councils and the ability of the local work force. However, one thing that we could do with, to add to that suite, is a further strengthening of the transport infrastructure. Will my right hon. Friend commit himself to supporting the new road to Rolls-Royce's Sinfin site, as that would help to develop that area?

The Deputy Prime Minister: I recognise a lot of what my hon. Friend says, because I have visited the plant on a number of occasions. It is a very successful plant, but what impressed me most about it was the fact that many miners who had been thrown out of work by the previous Administration's programmes were now working in the car industry, and were proud to do so. In fact, unemployment has fallen yet again in that area. That is yet another example of why the right hon. and learned Member for Devizes (Mr. Ancram) could go to Germany and say:

"Quite honestly I go to Germany now, and they say to me I wish we had your unemployment."

That is under this Labour Government: record employment, more people back to work and, curiously enough, more people paying tax, to the benefit of the community, instead of having to borrow to keep them on the dole. That is the difference in the policies.

Q8. [223394] **Nick Harvey** (North Devon) (LD): Is the Deputy Prime Minister aware that South West Water's customers have the lowest incomes in the country, but pay by far the highest water bills, which are rising another 13 per cent. next month? Does he recall that a previous Labour Government legislated to equalise water changes nationally? Given that the Conservatives repealed that excellent Act, what will this Labour Government do now to address that mounting problem?

The Deputy Prime Minister: I agree with what the hon. Gentleman says about the difference between our approach and that of the Conservatives. The privatisation of water has made the situation more difficult, and there are real problems in the south-west. One cannot consider the south-west's problems, and its population and tourism, without understanding the real difficulties with investment in the water industry. His proposal makes some sense, but it would cost a lot of money. Is his proposal another part of the sums that do not add up in the Liberals' policy?

Ms Dari Taylor (Stockton, South) (Lab): Cleveland police in Stockton have established a project with licensees, known as the tranquillity project. Under the project, licensees pay a small amount to Cleveland police for extra policing and a direct telephone line. In the two months for which it has been operational, crimes of violence have been reduced by some 20 per cent. and the night-time economy has flourished. Would my right hon. Friend say that that is a model that other towns could easily follow?

The Deputy Prime Minister: Yes, I certainly could say that it is a model that we could follow. I might also say that we are now at 12.30 pm, and entering the tranquillity period—I hope.

Hon. Members: More!

Council Tax Capping

12.31 pm

The Minister for Local and Regional Government (Mr. Nick Raynsford): With permission, Mr. Speaker, I would like to make a statement on council tax in 2005–06 and the action that the Government propose to take in response to those local authorities that have set excessive budgets.

Figures released today confirm that the average council tax increase in England in 2005–06 will be 4.1 per cent. That is the lowest council tax increase in more than a decade, and the second lowest ever. The reason why council tax increases have come down markedly compared with previous years is twofold. First, the Government have provided another good settlement for local authorities, which was approved by the House on 2 February. For the third year in succession, all authorities will receive a grant increase in line with or above inflation in 2005–06, and many will receive substantially more. The average formula grant increase from Government is 5.6 per cent. Adding in specific grants to authorities takes the increase up to 6.3 per cent. We have increased funding for local government by 33 per cent. in real terms since 1997, which is in stark contrast to a 7 per cent. reduction in the four years up to 1997.

Secondly, the Government's judicious use of their capping powers has shown how seriously we view the need to protect council tax payers against excessive increases. In 2004–05, when we made it clear that we were prepared to use our reserve capping powers for the first time, the average increase in council tax dropped from 12.9 per cent. to 5.9 per cent. The 2005–06 increase has come down even further, to 4.1 per cent.

Given our substantial investment in local government and the scope for efficiency gains, we gave a clear message to all authorities about council tax in 2005–06. We said that we expected to see an average increase of less than 5 per cent. I set that out in a letter to all local authority leaders on 9 December. At the same time, I informed them that we were once again prepared to use our capping powers to deal with excessive increases. I later wrote to the individual authorities which, despite our warnings, were reported as proposing high increases. We informed them that the 2004–05 capping principles should not be considered a benchmark for 2005–06, thus making it quite clear that we were prepared to take even tougher capping action than we did in 2004–05.

I am pleased to say that the vast majority of authorities have responded positively to the Government's strong message on council tax. That is borne out by the fact that we now have the lowest increase in more than a decade. I congratulate all those authorities. I know that most authorities are taking seriously the need to minimise demands on their council tax payers. However, there remain a small number of authorities that have set excessive budget and council tax increases, which is why I am again this year making a statement to the House about the action that we propose to take against authorities whose budget requirements are excessive.

I should like to remind hon. Members of the provisions of the capping legislation. In order to determine whether budgets are excessive, we must consider a comparison of the authority's budget requirement for 2005–06 with that of the previous year. The legislation also allows us to determine other principles such as increases in council tax. In 2004–05, we determined a range of budget and council tax principles for different categories of authority. This was in recognition of specific factors affecting those types of authority that year. I detailed the principles when I reported to the House on 29 April last year.

For 2005–06, we made it clear that we were prepared to take tougher capping action than last time, and that the principles used in 2004–05 should not be taken as a benchmark. Our view is that authorities' 2005–06 budget requirements are excessive if they show an increase of more than 6 per cent. over their 2004–05 budget, and if their council tax has increased by more than 5.5 per cent. over the same period. These principles have been applied to all authorities.

According to the principles that I have described, nine authorities have set excessive budgets for 2005–06. They are Aylesbury Vale, Daventry, Hambleton, Huntingdonshire, Mid Bedfordshire, North Dorset, Runnymede, Sedgemoor and South Cambridgeshire. We are writing to these authorities today informing them of our decision to designate them with a view to capping them in year and notifying them of the maximum budget that we propose to set for each of them.

The authorities now have 21 days in which to respond. We will carefully consider the information that we have required them to send us, along with any other representations they make, before we take final decisions. We can then either make an order to be approved by Parliament designating them at the level of the proposed maximum budget or another level, or we can withdraw the designation and nominate them instead.

Hon. Members will recall that in 2004–05, we took capping action against 14 authorities. Six were designating for capping in year, and a further eight were nominated and set notional budgets for the purpose of future capping comparisons. I am pleased to say that none of the authorities against which we took capping action in 2004–05 has set an excessive budget in 2005–06. This, and the fact that the average council tax increase in 2005–06 is the lowest in a decade, shows that although we have used it only reluctantly, capping has been effective in restraining council tax increases.

We would, of course, have preferred not to use our capping powers. We would not have had to take action if all local authorities had heeded our clear message about increases in 2005–06. However, we also have a duty to protect council tax payers from excessive increases, and we will continue to do so. The actions that we are taking represent a measured response.

If anyone thought that the Government's capping action in 2004–05 was a one-off, they will surely now think again. The message that we are giving is loud and clear. High council tax increases are a thing of the past. The public will not tolerate excessive council tax increases either now or in years to come—and neither will the Government.

Mr. Eric Pickles (Brentwood and Ongar) (Con): I am most grateful to the right hon. Gentleman for giving me

early sight of the statement. He has always been prompt in providing these things, and he has been customarily courteous.

The statement comes exactly one month earlier than normal—a period that occupiers of the right hon. Gentleman's office usually have for quiet reflection on which authorities to use their powers on. This is perhaps the clearest indication that the House might be too preoccupied in late April to attend to a capping statement.

I am sure that the statement would have benefited from more reflection by the right hon. Gentleman, but it speaks volumes about the Government's treatment of council tax. For eight years, they have wrung their hands and done nothing. They have watched council tax go through the roof and increase by more than 70 per cent., and they have seen a typical household bill exceed £100 a month. But now, 43 days before a general election, he has decided to do something and line up a few councils to face the guillotine, to demonstrate the firm hand of Government.

This is not the firm hand of Government—it is the slaughter of the innocents. This is a gesture to the country that the Government have noticed its pain—pain caused by this Government. We do not need to take Opposition Members' word for it: let us listen to the Audit Commission, which says that the increase in council tax is due to national pay awards, unfunded obligations and changes in grant funding. Above all, it is because the Government's favourite stealth tax is the council tax. Those authorities have one thing in common: all charge a council tax that is well below that paid by the Prime Minister's, the Deputy Prime Minister's or the Minister's own constituents.

Let us look briefly at one or two of those councils. Daventry had a council tax increase of £13.12. That figure remains £40 less than the neighbouring borough of Corby, which is run by Labour, and 10 per cent. of the increase came as a result of the withdrawal of the Government's housing subsidy. Let us look at Runnymede, which has the lowest council tax in Surrey; it is well below the Government's assumed, notional council tax figure, so the council is charging less than the Government think it should charge. The same applies to Aylesbury.

Let us look at Huntingdonshire; its large council tax increase still results in a small council tax by comparison with neighbouring authorities. Huntingdonshire has the cheapest council tax of all district boroughs in Cambridgeshire. Let us look at South Cambridgeshire, which has a council tax of £140. Last year, it set a zero increase and its council tax lagged significantly behind others. The new level of £140 makes South Cambridgeshire one of the cheapest districts in the county. The same applies to Hambleton, which has the lowest council tax in North Yorkshire. North Dorset's council tax is the cheapest in Dorset. What about the curious case of Sedgemoor? According to figures produced by that council, it is charging £107, not £119. If that is the case, those figures are well outside the capping criteria. I hope the Minister will look again at Sedgemoor, given his Department's tendency to get things wrong.

Will the cost of billing be greater than the saving in each of those authorities? Why is it acceptable for high-costing Labour authorities to continue to squeeze pensioners and hard-working families when these councils are being capped? How many of these councils are spending below the Government's notional council tax? How many are spending below the average notional council tax? Is the right hon. Gentleman going to advise local government to follow the herd instinct and avoid low increases because otherwise it will be penalised in future years? He is penalising an authority that had a zero increase last year. If capping is to be based on only 6 per cent. of budget and 5.5 per cent. of tax, will he tell me how this is different from crude and universal capping, because it looks like crude and universal capping to me? How many of these authorities received grants above the average grant that he cited?

Frankly, this show trial of a statement fools nobody. It is petty, vindictive and pointless. It does not penalise those who have caused these massive increases in council tax—the Government—but in 43 days' time, the electorate will get an opportunity to judge and to penalise. In 43 days' time, bring it on.

Mr. Raynsford: As the hon. Gentleman appears to know that there is to be an election in 43 days' time—*[Interruption.]* He will know that none of the counties are subject to my statement. I put it to him that there is a straightforward contradiction between what he said at the beginning of his speech and what he said throughout most of the rest of it. He attacked high council tax early in his speech, yet he spent the rest of it trying to excuse authorities that made high council tax increases. That is to display complete inconsistency.

To turn to the hon. Gentleman's specific questions, there is no fixed or prescribed timetable, but most people in local government think it right that there should be certainty rather than a prolonged period of uncertainty. If he is right in his presumption about what might be happening in 43 days' time, I think most people in local government would like to know in advance, rather than having uncertainty hanging over them for a long period. Although I can understand that the authorities that will be subject to the capping regime that we have announced today may not welcome it, the general view in local government will be to welcome clarity on the issue.

The hon. Gentleman referred to the process as the slaughter of the innocents. That is a misuse of language. The overwhelming majority of local authorities kept their council tax down. They knew the Government's expectation. Only a small handful of authorities have not kept the tax down. All the authorities in today's announcement proposed council tax increases of more than 9 per cent., and one of them proposed an increase of 100 per cent. He cannot on the one hand attack high council tax increases, as he did, and then, on the other, try to exonerate or excuse authorities that increase their council tax by such amounts.

On the hon. Gentleman's questions about specific authorities, he will know, as I made clear in my statement, that there is a 21-day period when we will listen carefully to any representations that any of those authorities want to make. We shall welcome representations as well as information from the authorities and we shall take that into account when we make our final decision.

Finally, I make it clear to the hon. Gentleman that all the authorities subject to the capping regime I have announced today received an increase in grant at least

[Mr. Raynsford]

equal to and in many cases substantially above the rate of inflation. That did not happen when his party was in government. The Conservatives were only too pleased to cap authorities that had often received cuts in their grant from the Government. That is not the case with the Labour Government.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Minister for his statement. He will know that the Liberal Democrats want to scrap council tax, not cap it. Will he explain what has changed his mind since his days in opposition, when he was so vehemently against capping? Will he also explain how capping relates to his 10-year vision of local government announced again today? How does it relate to his proposals on new localism, the so-called freedoms and flexibilities?

Capping is a sign of the Government's failure on council tax, not their success. If the Chancellor's one-year-only council tax rebate was really so good, the Government would not be capping councils today. Will the Minister tell us whether capping will be retained if Labour is re-elected and introduces its policy on council tax revaluation? Does he agree with the Conservative spokesman, the hon. Member for Meriden (Mrs. Spelman)? In the House this month she said that a property tax must take into account changes in property values, thereby reconfirming that the Conservatives share Labour's position on council tax revaluation?

On council tax rises this year, can the Minister confirm his Department's figures, which show that the lowest council tax rises this year were in Liberal Democrat-run councils? Can he also confirm that if we take a five-year average of council tax rises, by council and by political control, Liberal Democrat-run councils have constantly delivered the lowest rises? So I agree with him that it is a bit rich for Conservative-run councils to be bleating, when it is increasingly clear that Tory-run authorities cost people more. Does he think that is why the Conservatives are having to offer their rebate?

Does the Minister agree that some of the councils being capped today, such as Tory-led North Dorset, and Hambleton, and Sedgmoor, have a poor reputation in their areas for inefficiency and the waste of council tax payers' money? Does he know that North Dorset council even budgeted for re-billing this year because it knew that its council tax rise was so high it was likely to be capped? Is not that the height of irresponsibility?

The truth about council tax is that it is the most unfair tax in Britain. As the independent Audit Commission said, the council tax system is fundamentally flawed. The Minister knows that our policy will save the average household £450 a year. He knows that scrapping council tax would avoid the threat of revaluation. Surely, rather than one-off bribes and annual capping statements, it is time the Government dealt with the underlying problem and scrapped council tax altogether.

Mr. Raynsford: The hon. Gentleman says that he believes it right to replace council tax with a local income tax. People who have looked carefully at the Liberal Democrat proposals for a local income tax have concluded that they contain fundamental flaws. The Select Committee on Office of the Deputy Prime Minister, which looked at this matter very carefully, said in its clear and unanimous report that the case for a local income tax was "not remotely persuasive".

I have to say to the hon. Gentleman, for whom I have a great deal of respect, that when he gives rather more attention to the detail and the impact of his proposals, he will realise the gross unfairness of what his party is proposing. He will also realise that hasty changes in local government finance—such as the poll tax—usually lead to disaster, and I would advise him to think further before pushing ahead with a proposal that is, as the Select Committee said, "not remotely persuasive".

The hon. Gentleman asked why we had changed our view on capping. We were reluctant to cap, for reasons that he will well understand and that were spelled out in our discussions on the future of local government. However, we could not ignore a situation in which many local authorities were imposing wholly unreasonable council tax increases. Those increases averaged 12.9 per cent. two years ago. It is because this Government have shown that they are determined to cap only those authorities that have acted unreasonably—we have acted in a sensitive way, not in the blanket way that Conservatives did—that we have seen a dramatic reduction in the levels of council tax. I would have thought that all Members would welcome the average 4.1 per cent. increase this year, compared with the 12.9 per cent. of two years ago.

The hon. Gentleman mentioned Liberal Democrat council tax levels, and I am pleased that there has been a significant reduction in them this year. Last year, the Liberal Democrats held the unenviable record of imposing the largest council tax increases, and I am glad that they have heeded the warnings and acted responsibly. I hope that, in future years, Conservative councils will do the same.

Andrew Bennett (Denton and Reddish) (Lab): I congratulate my right hon. Friend on getting such low settlements for council tax right across the country—that is really good news—but will he accept that the capping mechanism is generally pretty crude and inefficient? Does he agree that, when we know the outcome of the Lyons review on council tax this time next year, we should reform council tax to create a far fairer system? We should not then need, year in and year out, to use crude mechanisms such as capping or incur the problems associated with gearing, which discredit the system so much.

Mr. Raynsford: I am grateful to my hon. Friend for his kind words about the success in getting the level of council tax down. I do not think that that would have been possible without judicious use of our reserve capping power, but I accept that our objective is to look further at the whole field of local government finance, and when we receive the report from Sir Michael Lyons, we will do that. We will certainly want to introduce proposals, following receipt of the Lyons inquiry recommendations on the future of local government finance, to ensure that high council tax increases become a thing of the past. No one wants to see high increases; we want to see value for money, and I am only sorry that

we have had to take capping action because a handful of authorities this year have not heeded the warnings and have set unreasonably high budgets.

Alistair Burt (North-East Bedfordshire) (Con): This afternoon, I am seeing a delegation from multiple sclerosis centres. They are lobbying against a 45 per cent. Government-imposed increase in the charges for inspection. However, the Government are stepping in to cap Mid Bedfordshire district council for a rise of 13.3 per cent., which equates to £1 a month from the 10th lowest-charging district authority in the country. Does the Minister not see how ridiculous and pathetic his use of power is, particularly when it is set against the £100 million bill that it still outstanding against the people of Bedfordshire as a result of the Government's incompetence in settling the Yarl's Wood dispute, which they caused? This is an authoritarian measure introduced by a bullying Government who have completely lost their sense of proportion. How do you sleep at night?

Mr. Raynsford: The hon. Gentleman sometimes goes a little bit over the top. If he looks at the background, he will understand that Mid Bedfordshire district council has, in previous years, maintained relatively low levels of council tax increase. I am sorry that this year—exceptionally, and despite all the warnings, which were absolutely clear cut—it chose not to do so. That was not, however, because it did not receive a decent grant increase from the Government: it got an increase of 5.2 per cent. Many authorities that got lower grant increases have managed to keep their council tax levels down. He would serve his constituents better by reflecting on the unfair impact of large council tax increases from his council, and by urging the council to be more careful in its budgeting in future.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): I congratulate my right hon. Friend on the service that he has done to local democracy with this statement. What these authorities have in common is that they are district authorities that propose low increases in the years in which they are up for re-election, and then ram it all on when there is a county council election and they are not faced with any accountability to the electorate. Is it not about time that this ruse was rumbled, and that proper levels of council tax were set year on year, so as to avoid these steep increases in certain years?

Mr. Raynsford: I am afraid that there is a tendency for some local authorities to impose very varied increases in council tax, depending on whether they are facing the electorate. I believe, however, that the electorate are increasingly conscious of these devices, and that they will punish authorities that act in that way. However, we cannot stand aside, in a year in which there are no elections for those authorities, and allow them to impose unreasonable council tax increases. That is one of the factors that is relevant to capping. Our criteria were set out very clearly, they apply to all authorities, and all authorities were aware of them. It is only those authorities that failed to heed the criteria that have put themselves into a position of being subject to capping today.

Mr. Robert Walter (North Dorset) (Con): North Dorset district council has a council tax level of £79.50 for a band D taxpayer. The average for all districts across the country is £140. North Dorset's neighbouring local authority of Weymouth and Portland, in the Labour-held South Dorset constituency, has a council tax of £210. North Dorset is a well run authority, but it has to cope with the new burdens that have been imposed on it by central Government. However, it will still have the lowest council tax of any local authority in Dorset, even after the increase. We heard the sideswipe from the hon. Member for Kingston and Surbiton (Mr. Davey) earlier, but the Liberal Democrats on the council actually wanted a council tax increase of 19 per cent.

Mr. Raynsford: The increase that North Dorset has proposed is, at 23 per cent., one of the highest this year. It is also out of line with what the council has proposed in previous years. Again, this increase is not being proposed because the council did not receive a good grant settlement: North Dorset received a 4 per cent. increase in grant from the Government, which was better than the average for district councils. If most district councils are able to budget prudently and avoid large council tax increases, I do not see why that should be impossible for North Dorset. As I have said, however, local authorities are free to make any case that they wish to make over the next 21 days, and I shall listen carefully to their representations before we reach our final decision.

Dr. Alan Whitehead (Southampton, Test) (Lab): May I add my congratulations to my right hon. Friend on his efforts to ensure that the vast majority of local authorities introduced moderate and reasonable council tax rises this year? Does he agree that part of his success is due to the availability of formula funding from his Department, which is enabling good settlements to be produced this year and, potentially, in the future? Has he reflected on the consequences for council tax rises, had that formula funding availability been frozen, perhaps for this year and next? Does he agree that it would have been very difficult, even for well run local authorities, to introduce moderate council tax settlements if that had happened?

Mr. Raynsford: My hon. Friend is an expert in these matters, and he has done his homework. He has rightly identified the appalling consequences that would flow from the freeze in local government grants that would follow from the policies of the Conservative party. It is of course blatant hypocrisy for the Conservatives to criticise the Government—who have increased grants to local authorities by 33 per cent. in real terms over the past eight years—when their own policies would lead to putting very serious pressure on local authorities, which would force them to impose large council tax increases. That is a measure of just how confused the Conservatives are.

Sir Teddy Taylor (Rochford and Southend, East) (Con): Southend council, which has one of the lowest rates in the country, has avoided capping only by imposing pretty savage spending cuts, so is the Minister willing to have another look at the scandalous situation that has been created by the Government alleging that the population in Southend has fallen by 18,000, or

[Sir Teddy Taylor]

18 per cent., on the basis of the census returns, although every other piece of evidence shows an increase, including, for example, the number of people on GP lists? Will he have a look at something that is unfair and obviously incorrect?

Mr. Raynsford: We have had representations from a number of authorities on census matters. These, of course, are ultimately decisions for the Office for National Statistics, rather than the Office of the Deputy Prime Minister, but I am more than happy to pass on to the ONS concerns expressed about the validity of the census data. I give an undertaking to do that in respect of Southend. I hope the hon. Gentleman is pleased that Southend council, which was threatening large council tax increases, has moderated those increases. I am very pleased that it has. Consequently, it is not subject to today's capping announcement.

Mr. David Lidington (Aylesbury) (Con): Can the Minister confirm that council tax in Aylesbury Vale is below the level assumed by the Government when they calculate their grant support to local authorities? Can he therefore explain the logic of seeking to cap a local authority at a level below that which the Government think is right for it to provide decent public services?

Mr. Raynsford: It is three years since we made it absolutely clear that the formula that we use to distribute grant to local authorities makes no assumptions whatever about appropriate spending. That has been made crystal clear to authorities all over the country, and most of them understand it. I hope that the hon. Gentleman will relay that to his authority, if it is still labouring under the illusion that there is some notional level of spending that the Government expect. There is not.

We give good grant settlements to all authorities, including Aylesbury Vale, and we expect all authorities to budget prudently and keep their council tax demand as low as possible. The criteria for capping relate not to the level of council tax but to the increase in budget and the increase in council tax this year. That is a statutory obligation. However, as with the other authorities, I make it quite clear that if Aylesbury Vale wants to make representations on my announcement today, I will of course consider them very carefully indeed during the next 21 days.

Miss Anne McIntosh (Vale of York) (Con): Does the Minister accept that Hambleton has one of the lowest council taxes and, as my hon. Friend the Member for Brentwood and Ongar (Mr. Pickles) said, the lowest in North Yorkshire, which represents prudent spending and value for money? It is also why my husband and I choose to live there. Will the Minister admit that Hambleton finds itself in this position because of fiddled funding from the Government's grants? Why has his Department seen fit to transfer to urban or non-rural councils resources that would otherwise have been budgeted for Hambleton district council?

Mr. Raynsford: I am afraid that the hon. Lady has not done her figures very carefully. If she had, she would see that Hambleton district council has received good grant settlements over all recent years: a 4.4 per cent. increase in 2002–3; 3.3 per cent. in 2003–04; 4 per cent. in 2004–05; and 3.4 per cent. in 2005–06. Those are all increases above inflation, but this council has consistently increased council tax by large amounts—12 per cent. in 2002–03; 10.7 per cent. in 2003–04; 9.7 per cent. in 2004–05; and 17.6 per cent. this year, against a shire district average of 4.5 per cent. She should be explaining to her constituents why her council sees the need to increase its council tax by several times the shire district average. I am afraid that her case is not convincing.

Mr. John Bercow (Buckingham) (Con): In light of the indefensible non-answer to my hon. Friend the Member for Aylesbury (Mr. Lidington), why does not the Minister simply now acknowledge to the House what in his more reasonable moments he knows to be true—namely, that Aylesbury Vale district council is a moderate, prudent and responsible authority that simply seeks to sustain a decent network of services to local people in the face of a hostile Government, and that his decision to cap it while sparing all sorts of high-taxing Labour authorities that provide rotten services at rip-off prices will convince no one and represents merely a grotesque abuse of power on his part?

Mr. Raynsford: The hon. Gentleman cannot have been listening very carefully, because I gave a detailed response to the question asked by the hon. Member for Aylesbury (Mr. Lidington) about the basis on which capping decisions are made. The principles are established.

Looking again at the figures, I have to say to the hon. Gentleman that we see once again an authority that has had good grant increases from this Government over recent years: 6.4 per cent. in 2001–02; 4.5 per cent. in 2002–03; 12.5 per cent. in 2003–04; 3.8 per cent. in 2004–05; and 3.1 per cent. in 2005–06. All those increases are above inflation, yet the authority has felt a need to increase its council tax by double the shire district average. He should be talking to his authority about why it is so out of line with other shire districts. However, as I have said, we will listen to any representations that his council wishes to make.

Personal Statement

1.6 pm

Mr. Jonathan Sayeed (Mid-Bedfordshire) (Con): Mr. Speaker, I wish to make a personal statement, the content of which has been agreed with you.

On 8 February, the third report of the Committee on Standards and Privileges was debated. I apologised to the House for the mistakes I made, but suggested that there were a few errors in the Committee's conclusions. At the request of the Clerk to the Committee, I amplified and evidenced my remarks.

The Committee has rejected that evidence and has invited me to make a fuller apology by way of a personal statement. I therefore offer my unreserved apology in respect of my conduct and accept the findings of the Committee in respect of this and my improper use of Commons stationery.

I also accept and unreservedly apologise for inadvertent but incorrect additional costs allowance claims. However it occurred, the responsibility is mine, and it has become apparent that I claimed for some items that I should not have, and did not claim for some items that were permissible. I will repay any discrepancy.

For all these mistakes, I apologise to you, Mr. Speaker, and to the House.

BILL PRESENTED

Criminal Justice Act 1988 (Amendment)

Keith Vaz presented a Bill to amend the Criminal Justice Act 1988 to establish a right of appeal in relation to the amount of compensation payable under section 133 of that Act and to make provision about the procedure for the assessment of such amounts: And the same was read the First time; and ordered to be read a Second time on Friday 8 April, and to be printed. [Bill 96].

Immigration Control (Balanced Migration)

1.7 pm

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I beg to move,

That leave be given to bring in a Bill to enable annual limits to be set on immigration; and for connected purposes.

Since this Government came to power, net immigration has trebled. Over the last six years, it has averaged 157,000 a year—equivalent to two constituencies needing to be housed every year, mostly in southern England. The Government's own projections show that net immigration to this country will add more than 5 million people to the population by 2031.

A year ago, I started looking into the Government's housing targets, which are a major issue in my constituency. I had no intention of getting involved in the immigration issue, until I discovered that the Deputy Prime Minister's housing targets are driven by the Home Secretary's immigration policy.

The Government have tried to give the impression that the main reason, apart from smaller households, for building millions of extra houses is movement from the rest of the UK to the south of England. In fact, this accounts for less than a tenth of the population growth in southern England. The most important factor is net immigration from abroad, largely to London, which results in a roughly equivalent number of Londoners of all races moving out to the home counties.

The Government have finally admitted that net immigration will account for one third of all the additional households in the decades to come. One third is a significant figure, because, as the Deputy Prime Minister said earlier today, two thirds of his housing targets can be met on brownfield land, but one third—the same as the proportion of extra households resulting from net immigration—will have to be built on greenfield sites.

Such matters are of legitimate public concern, but I hope that we can all agree that most immigrants are decent, hard-working, law-abiding people who want to make a positive contribution to this country, just as British ethnic minorities already do. Indeed, as Conservatives, the Opposition particularly admire the enterprise and family values that they often exemplify. Therefore, why do we want to set a limit on the numbers of people coming into this country?

I believe that some immigration enriches a country economically and culturally. Beyond a certain point, however, the benefits do not increase with numbers, whereas the costs do—notably, the pressures on housing and land. That is why it is essential to set a limit on the number of people coming to live and work here, as my Bill will make possible.

Immigration is to the economy what oil is to one's car. It is a lubricant, not a fuel. Lack of oil damages one's car. Stopping all immigration would damage the economy, but beyond a certain point, adding more does not make it go better. Unfortunately, the Government have been under the illusion that immigration is the fuel of economic growth and have put their foot on the accelerator.

[Mr. Peter Lilley]

The policy of the previous Conservative Government, spelled out by my right hon. and learned Friend the Leader of the Opposition when he was Home Secretary, was

"To restrict severely the numbers coming to live permanently or to work in the United Kingdom".

Like most people, I assumed that that remained the objective of this Government, too. I therefore thought that the large rise in immigration was simply because they had tried to control immigration but failed. In fact, my researches revealed that the Government have been trying to encourage immigration and have succeeded.

I spell out the evidence for that in my pamphlet, which I published yesterday, and it is threefold. First, an official Home Office document admits that

"the government wants to encourage lawful migration into the country . . . sustaining and perhaps increasing current levels"—

current levels that are already an all-time record. Secondly, the Government have written a letter to businesses—I have a copy with me—urging employers to bring in even low-skilled workers from outside Europe. Thirdly, they have relaxed the immigration rules in more than a dozen ways. As a result, the number entering on work permits, for example, has trebled and now dwarfs the number of asylum seekers granted refuge each year.

The Government claim that mass immigration on that scale is economically essential. In fact, most economic experts disagree. The Government's favourite think-tank, the left-of-centre Institute for Public Policy Research, published a whole book on the subject, which concluded:

"There is not a compelling long-term case for increased immigration purely in terms of economic benefits".

In the pamphlet that I published yesterday, I examine the arguments that the Government use to justify unlimited immigration. All of them have two things in common. If they were valid, they would indeed mean that we should encourage immigration without limit. They are not valid. They are based largely on economic sleight of hand.

First, the Prime Minister confuses growth in the size of the economy with growth in our standard of living. More workers make the economy bigger, but that does not make the average worker any better off. It might make the rich richer by giving them cheap nannies and builders, but it makes the less well-off poorer by holding down the pay of resident nurses, teachers, catering workers and so on. That might be the reason that the Government's policy of unlimited immigration goes down well among the glitterati but is less popular with former Labour voters.

Secondly, the Prime Minister says that we have half a million vacancies, so we need immigration to fill them. Since he started saying that, we have imported half a million workers, yet we still have half a million vacancies. The reason for that is that immigration does not reduce job vacancies, because migrants not only produce goods and services but consume them, which requires yet more workers to produce good and services, so we end up chasing our tail.

Thirdly, the Prime Minister claims that we need foreign workers to pay for our pensions in the decades ahead. But immigrants grow old, too. They will become pensioners precisely when the demographic problem is most acute. A United Nations study showed that to maintain the current ratio between working age and retired people in Britain would require more than a million immigrants a year. The Government's pensions tsar, Adair Turner, remarked,

"You only have to look at these figures to realise that this scale of immigration is undesirable and impossible. Fortunately it is also unnecessary".

There are types of immigration that are genuinely economically beneficial. In particular, international companies setting up new operations here often need to transfer staff with company-specific skills that they simply could not hire locally at any price. Those people might work here for a few years before typically returning home. Therefore, that does not result in a permanent increase in our population. Even if an annual limit were set such that there was a rough balance between those coming to work here and those returning or moving abroad, the flows in both directions would be measured in hundreds of thousands of people.

We need to set an annual limit that allows that and other beneficial flows as well as accommodating our humanitarian obligations, and which brings a much better balance to our immigration policy. We can do so. We should do so. Above all, a clear limit would bring the transparency and openness that are essential if we are to rebuild public confidence in all communities about our immigration policy, after years of doing one thing while saying another. I urge the House to support my Bill.

1.16 pm

Mr. Kevin McNamara (Hull, North) (Lab): It had not been my intention to oppose the Bill, but having heard what the right hon. Gentleman had to say, there are too many questions that he has not answered, whether in relation to his pamphlet or the various sources on which he has called to support his arguments.

First, in relation to setting an annual limit, the right hon. Gentleman has not defined in any way what the criteria should be in deciding on that limit. Nor has he said how, within that limit, we will judge between those who might be here temporarily or for whom we are satisfying requirements under the refugee conventions and in relation to other humanitarian matters. He has also suggested that, if we bring in more migrants, that will be self-defeating. It is a strange sort of policy whereby we can only bring in people who have enormous skills, without considering the other broader skills that are seen as necessary in our society.

We need a proper migration policy. The right hon. Gentleman is suggesting one that is not capable of sensible implementation, and that does not have strict criteria set down by which we can judge the proper course of action. On that basis, I oppose the Bill.

Question put, pursuant to Standing Order No. 23 (Motions for leave to bring in Bills and nomination of Select Committees at commencement of public business), and agreed to.

Bill ordered to be brought in by Mr. Peter Lilley, Sir Sydney Chapman, Mr. John Horam, Miss Julie Kirkbride, Mr. Edward Leigh, Dame Marion Roe, Mrs. Gillian Shephard, Sir Michael Spicer and Mr. Andrew Turner.

IMMIGRATION CONTROL (BALANCED MIGRATION)

Mr. Peter Lilley accordingly presented a Bill to enable annual limits to be set on immigration; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 13 May, and to be printed [Bill 98].

Orders of the Day

Disability Discrimination Bill *[Lords]*

[Relevant document: The Report of the Joint Committee on the Draft Disability Discrimination Bill, HC 352-I of Session 2003–04, and the Government's response thereto, Cm 6276.]

Order for Second Reading read.

1.19 pm

Mr. Paul Goodman (Wycombe) (Con): On a point of order, Mr. Deputy Speaker.. Members who examine today's Order Paper will see the following sentence under the programme motion:

"Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 14th April 2005."

The whole House will have heard the Deputy Prime Minister confirm today, at Prime Minister's Question Time, that the general election would take place on 5 May. As the Prime Minister has confirmed that, it would surely be impossible for the Standing Committee proceedings to finish on that date, because the House would have dissolved by then. Given your experience, Mr. Deputy Speaker, can you offer us guidance on what to do next?

Mr. Deputy Speaker (Sir Michael Lord): As far as I am aware, the date of the general election has not yet been officially announced. The motion is in order, and must be dealt with in the normal way.

1.20 pm

The Secretary of State for Work and Pensions (Alan Johnson): I beg to move, That the Bill be now read a Second time.

The Bill completes the most far-reaching programme of disability rights legislation that any European country has ever seen. It fulfils our manifesto commitment to deliver enforceable and comprehensive civil rights for disabled people and represents a major landmark on the road to a world in which disabled people can be empowered to live independently, fully recognised and, indeed, respected as equal members of society.

The Bill extends the definition of disability to provide protection against discrimination for at least another 175,000 people. It covers more people diagnosed with the progressive conditions HIV, multiple sclerosis and cancer and removes the requirement that mental illnesses be "clinically well recognised." It closes gaps in the pre-existing legislation relating to, for example, the inclusion of local councillors, private clubs and transport services, and it extends the coverage of the Disability Discrimination Act 1995 to almost all activities of the public sector, placing a duty on public authorities to promote equality of opportunity for disabled people, mainstreaming disability equality into the core business of the public sector as a whole and helping to eliminate the institutional disadvantage that many disabled people still face. Well over 40,000 public bodies will be covered by those duties in some way.

For the first time, disabled people can be confident that their needs will be to the fore rather than being considered as an afterthought. For example, if a health

[Alan Johnson]

trust is reorganising its services or a local authority is thinking of pedestrianising a town centre, it will need to think first about the way in which disabled people are likely to be affected.

I want to do two things. First, I want to set this Bill and some of its specific measures in the wider context of our previous legislation and the delivery of our longer-term goal of equality and independence for disabled people, as set out in the Prime Minister's recent strategy unit report.

Mr. Goodman: In the light of the speculation about the general election date, can the Secretary of State guarantee that the Bill will receive full Committee and Report stages?

Alan Johnson: I cannot guarantee anything that goes through the usual channels, but I am confident that it will. Given good will in all parts of the House, I see no reason for it not to be on the statute book by the time a general election is called, even if that happens earlier than some people expected.

The second thing that I want to do is explain the Government's position on a number of specific issues in the Bill, which I hope will inform the debate and ensure the Bill's quick passage through the House.

We have come a long way since the Chronically Sick and Disabled Persons Act 1970. That is when Alf Morris, the first ever Minister for Disabled People, laid the foundations for disability rights legislation in the UK. When we came to office in 1997, despite 14 previous attempts to produce legislation, only the most blatant forms of direct discrimination against disabled people had been outlawed and there was no protection at all for disabled employees of small firms or for disabled pupils and students. The 1995 Act lounged on the statute book, falling far short of its potential and with no champion to help people enforce their rights or give employers advice and guidance on how to meet their obligations.

Mr. Tim Boswell (Daventry) (Con): The Secretary of State is normally a most reasonable person. To set the record straight, will he acknowledge that the 1995 Act was described by the *Equal Opportunities Review* as

"the most important . . . legislation in a generation"?

Alan Johnson: I will acknowledge that. It was. The trouble was that there was no effective system to ensure its enforcement. Moreover—I think the hon. Gentleman will accept this, because he too is a fair and reasonable person—it did not go as far as the disability lobby wanted it to, or as far as Members throughout the House pursuing private Members' Bills wanted to take disability discrimination legislation. We have now created the champion that the 1995 Act needed, first through the work of the Disability Rights Task Force and then with the hugely successful Disability Rights Commission.

Angela Eagle (Wallasey) (Lab): I wholeheartedly welcome the Bill, and wish it to be sped on its way whenever the general election may occur. Did my right hon. Friend notice an under-reported part of the Budget, which gives 2 million disabled people free travel? Can he say how that welcome development might work in practice?

Alan Johnson: I agree that it was under-reported. Most of the focus was on free off-peak bus travel for people over 60 from April 2006. The statement, of course, included all disabled people. It is indeed a welcome development and another development that improves the whole position by empowering disabled people.

Tom Levitt (High Peak) (Lab): My right hon. Friend mentioned the 1995 Act. One of the disappointing features of that Act was the length of the lead-in times. Had it not been for this Government's actions, part III—passed 10 years ago—would still not be operation. We introduced "Access to Goods and Services" last year.

Alan Johnson: I think that it was on 1 October 2004 that that final part of the Act was passed. It was a red-letter day for all those interested in disability issues.

We are working to ensure that the DRC's championing of disability remains at the core of the new commission for equality and human rights. We have also set about implementing the most profound extension of disability civil rights that the country has ever seen. In transport, buildings, education and access to goods and services, our legislative programme has strengthened, widened and deepened the original Disability Discrimination Act.

In 1997, there were no rights of access for disabled people to public transport. We introduced accessibility regulations for rail vehicles in 1998, and for buses and coaches in 2000. From 1 March 2001, licensed taxi drivers have had a duty to carry guide dogs free of charge, and that duty was extended to all licensed private hire vehicle operators and drivers from 1 March last year. Accessibility regulations for taxis are also on the way.

The Bill protects disabled passengers against discrimination for the first time, ending the anomaly of transport not counting as a service under the DDA. It also allows us to set an end date of 2020 for all rail vehicles to be subject to the accessibility regulations providing access for all disabled people. Replacing the vehicle stock to meet the legislation places a cost burden on the rail industry and it is important to strike the right balance between those costs and the need for accessibility.

Tim Loughton (East Worthing and Shoreham) (Con): Quite long lead-in times are given to rail companies. Are not most rail franchises let on a 10 or 15-year basis? The Secretary of State is allowing more than enough time for a replacement company to bid for a franchise, which should put it in a much better position to ensure that all its rolling stock is disability-compliant from day one.

Alan Johnson: The hon. Gentleman's point has been raised in debate and by the Scrutiny Committee, but I was just coming to the way in which we see the balance working. It is not so much an issue of the franchises, but of the costs of replacing trains that have not yet reached the end of their proper working lives.

We moved from our original proposal to introduce the deadline of 2025 to place 2020 in the Bill, and combined with moves to strengthen the monitoring and scrutiny of exemptions, we believe that we have got the balance right; and we welcome the recent endorsement of the approach by the DRC. This does not mean that everything stands still until 2020; indeed, by the end of 2017 and the beginning of 2018, around 1,500 trains will have been made fully accessible.

As with transport, we cannot tackle the legacy of buildings overnight, but we are making good progress. Improved building regulations have already made provision for more buildings to be accessible and usable by disabled people. The Bill goes further, in imposing a duty on landlords to make reasonable adjustments for disabled tenants and prospective tenants, short of physical changes to premises. Where the lease gives tenants a right to carry out alterations to residential premises with a landlord's consent, the landlord will not be able to withhold such consent unreasonably for alterations needed by a disabled person living in the premises. We have also agreed to review the position on changes to common parts of residential premises. Work on the review is already under way and we expect recommendations by the end of the year.

In education, the Special Educational Needs and Disability Act 2001 is leading to innovative solutions. For example, at a school in Birmingham, a pupil who is registered blind accesses the whole curriculum with the help of a specially adapted keyboard. The world of learning has been opened for him. What is more, there is no extra work involved for the teacher apart from keeping the service provider abreast of teaching plans.

With access to goods and services covered since October last year, as my hon. Friend the Member for High Peak (Tom Levitt) mentioned, service providers such as shops, restaurants and leisure centres have had to take reasonable steps to tackle physical features that make access impossible or unreasonably difficult for disabled people.

Last October also saw protection against discrimination extended to an additional 600,000 disabled workers, and 7 million jobs and 1 million employers were brought within the scope of the employment provisions of the DDA for the first time.

Creating employment opportunity is a crucial part of supporting disabled people to fulfil their potential in society as a whole. But in addition to opening up job opportunities for disabled people, we believe that they need to have the skills and personal tailored support to fulfil their employment aspirations. Since 1997, through our investment in Jobcentre Plus and the new deal, we have begun to transform the welfare state from the passive one-size-fits-all inheritance to an active service that tailors help to the individual and enables people to acquire the skills and confidence to move from welfare to work.

The new deal for disabled people has seen nearly 55,000 job entries since its launch in 2001, but our other new deal initiatives—for lone parents and young people for instance—have also been effective. Altogether, nearly 200,000 disabled people have been helped into work through our total package of new deal programmes, while the numbers claiming incapacity benefit fell by 22,000 in the year to November 2004.

We are seeing remarkably encouraging early results from our pathways to work pilots, with the latest statistics showing that the number of recorded job entries for people with a health condition or disability has almost doubled compared with the same period last year.

Our proposed reform of incapacity benefit builds on our investment in pathways to work, the new deal and Jobcentre Plus, seeking to enable the 1 million disabled people on benefits who want to work to fulfil their aspirations.

Mr. David Drew (Stroud) (Lab/Co-op): I agree with what my right hon. Friend says, and he is very positive. But does he agree that there are particular problems for those who have mental health difficulties, inasmuch as we need to provide additional support? There is always a fear that things will go wrong for them and that they will be thrown back on to incapacity benefit. If we are to get people with mental health problems back into work, we will need to provide additional support.

Alan Johnson: I agree completely. I said last week that we will be publishing a Green Paper in the summer and I set out the four basic issues we would be looking at in terms of the input from everyone involved; the fourth was how we dealt with mental health problems. We have great experience already, from the 10 per cent. of the country that is covered by pathways to work, as to how we can deal with such fluctuating conditions, but I agree with my hon. Friend that it is one of the crucial issues that we need to solve in talking the project forward.

Tom Levitt: My right hon. Friend is aware that I represent one of the pathways to work pilot areas where the Jobcentre Plus team has been very successful in getting people off incapacity benefit and back into work. I was at one of my local hospitals last week to talk to members of staff involved in the partnership work with Jobcentre Plus. It is clear that, across the board, there is a high level of job satisfaction and fulfilment for members of staff working with people on incapacity benefit through pathways to work. That is what they came into the job for, and I pass their thanks to him for the opportunity to do what they are there to do.

Alan Johnson: I thank my hon. Friend, whose constituency I visited to see for myself the success of pathways to work. He referred earlier to a hidden part of the Budget. Another part of the Budget was the extension of the linking rules to 104 weeks, which will be crucial in helping people—particularly those with fluctuating mental health conditions—to take that all-important first step into work.

David Taylor (North-West Leicestershire) (Lab/Co-op): Further to the point made by my hon. Friend the Member for Stroud (Mr. Drew) on mental ill health, will the Secretary of State confirm the Government's attitude to Lord Skelmersdale's amendment, which I believe is now clause 18? An earlier amendment tabled by Lord Carter was resisted and failed, whereas Lord Skelmersdale's amendment was pressed to a Division and incorporated in the Bill, apparently against the Government's wishes. Is there any intent to amend that at any stage?

Alan Johnson: There will indeed be an attempt to amend it, and I will explain exactly why later.

[Alan Johnson]

Improving the support for obtaining and retaining employment was a cornerstone of the Prime Minister's strategy unit report earlier this year. This set out an ambitious 20-year strategy to improve the life chances of disabled people by promoting independent living supported by individualised service delivery. But such a strategy can be successful only if it is built on the foundation of the enforceable and comprehensive civil rights that this Bill makes possible.

I should like to set out the Government's position on three important elements of the Bill which I think will help to inform this afternoon's debate—namely, the definition of depression, the exclusion of some cancers and the effect on schools. A basic principle of the DDA is that it protects people who have, or are likely to have, long-term effects connected with their impairment.

Businesses, especially 1 million small firms, are still getting to grips with last October's duties, so it would be inappropriate to make fundamental changes to this long-term definition of disability. In any event, a special provision for only some people with short-term conditions would be confusing and potentially unfair to people with other impairments. The DDA already enables people with recurring or fluctuating conditions—including depression—to meet the long-term definition of disability if there is a continuing underlying impairment. So we will seek to overturn the amendment made in the other place, but this is not the end of the road. The pre-legislative scrutiny Committee asked the DRC to look at ways of progressing the "social model" of disability discrimination. We believe that this review is the right place to consider whether and how to cover short-term conditions, and we look forward to working with the DRC on this.

Mr. Goodman: I am grateful to the Secretary of State for giving way again. Will he acknowledge that the Joint Committee also wanted the cover for depression to be extended—albeit, it is true, not exactly along the lines of Lord Skelmersdale's amendment?

Alan Johnson: I accept that. Of course, as the hon. Gentleman knows—he was a member of the pre-legislative scrutiny Committee—we have provided such an extension, but we have not gone to the lengths that some in the other place wanted. However, it is reasonable to use this review and the work being undertaken by the DRC to resolve some of the underlying problems raised in the other place.

I turn to the second issue, which is cancers. The DDA already covers many people with cancer, and the Bill, by covering cancers from diagnosis, extends protection to an additional 145,000 people. In line with the original disability rights task force recommendation, it protects people with potentially long-term asymptomatic conditions who are likely to face stigma, not those with readily treatable, short-term conditions who are not to our knowledge experiencing any discrimination.

We have however undertaken not to use regulation-making powers to exclude any readily treatable cancers from automatic coverage until we have reviewed the actual evidence of discrimination with the DRC, Macmillan Cancer Relief and others. We have also ensured that the regulations will receive the highest level of parliamentary scrutiny—affirmative procedure—so that Parliament can hold the Government to account. The DRC has stated that

"this provides a sound way forward and there is no further amendment to the Bill required in this area."

We welcome the DRC's support for our approach.

Finally and crucially, I want to mention these measures' effect on schools. The general duty on the public sector to promote equality for disabled people is laid out clearly in the Bill. But the Bill also gives regulation-making powers to the Secretary of State that allow the placing of specific duties on prescribed bodies, in order to help those bodies to understand how the duty applies to their situation, and in order to require them to demonstrate that they have given strategic thought to the needs of disabled people.

These are crucial provisions for addressing the thoughtlessness and institutional discrimination that have held back disabled people for too long. The general duty will apply across the public sector, and I want to ensure that key public bodies are subject to the specific duties, in order to help them to implement the general duty effectively when regulations are set out in the summer.

Schools have an especially significant bearing on the life chances of disabled people, and they play a crucial role in combating prejudice and equipping disabled children with the qualifications and skills that they need to participate fully in society and to realise their true potential. There is still far too large a gap between the academic results of disabled people and those of their non-disabled peers. In 2003, 24 per cent. of disabled people aged 16 to 24 had no qualifications whatsoever, compared with 13 per cent. of non-disabled people of the same age. But it is important to ensure that any extra requirements that we place on schools are proportionate. We have learned lessons from the experience of the duty to promote race equality, and this Bill will give rise to a far less bureaucratic regime.

So we are clear that any regulations must apply sufficiently flexibly to schools. They must avoid requiring schools to produce unnecessary paperwork, instead allowing them to fulfil any duty by using existing mechanisms—such as their annual report—to demonstrate that they are thinking about how they serve disabled people. We will need to tailor regulations to achieve this, and to listen carefully to the schools themselves. But I am also clear that schools cannot simply be exempt from these duties. Failing to find a way to include schools would not just mean that we had failed to deliver full civil rights; it would fundamentally weaken our longer-term ability to achieve the step change in public attitudes that is so crucial to delivering our longer-term vision of a society of equal rights and opportunities for all.

Mr. Boswell: I am grateful to the Secretary of State for giving way again. He and I share a common interest in schools, as former education Ministers. I am pleased that he has confirmed that this duty will apply, and that he is trying to think of lateral ways to discharge it without excessive cost. Have he or his colleagues in the

Department for Education and Skills assessed the likely unit cost to schools of any such regime, in order to ensure that it is bearable?

Alan Johnson: We have not taken our discussions that far, but the "single conversation" taking place in education is the natural place to deal with such matters. However, I can inform the House that schools in England and Wales will be listed as bodies with specific duties to promote disability equality.

I believe that, in years to come, the mistreatment of disabled people that was typical of the last century—and which is still too often the case today—will be seen as the affront to humanity that it is.

Tom Levitt: Before my right hon. Friend sits down, I want to put on the record—on behalf, I hope, of several Members currently in the Chamber—that it was a privilege to serve on the scrutiny Committee not just because we produced some 70 very sensible amendments, but because the Government, in the light of events in another place, accepted more than 80 per cent. of them. That illustrates the great common sense shown by the Government—a common sense reflected only in that of the scrutiny Committee.

Alan Johnson: I thank my hon. Friend for his involvement in that Committee, which was extremely successful. Just to be absolutely accurate, there were 75 recommendations, 61 of which—81 per cent.—have been accepted.

As my predecessor, my right hon. Friend the Member for Oxford, East (Mr. Smith), said, this is the great emancipation issue of our time. Today in this Chamber, Members have an opportunity to strike a lasting blow against disability discrimination. We are past the point of party politics. We have a Bill that has been heavily scrutinised and amended in the light of helpful and intelligent contributions from all parts of the House. I would like to pay tribute to the Minister with responsibility for disabled people, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), for all her tremendous work in leading our cause, and to pay tribute to all Members of this House and of the other place who have championed disability rights and helped us to scrutinise the Bill properly.

As I said, we responded positively to 61 recommendations of the pre-legislative scrutiny Committee, making concessions in the other place on issues such as cancers, rail vehicles and improvements to rented property. Today, we have committed ourselves to regulations that will ensure that schools promote disability equality. Disabled people want this Bill and our society needs this Bill, so we have a duty to put it on the statute book. I commend it to the House.

1.48 pm

Mr. Paul Goodman (Wycombe) (Con): We welcome this Disability Discrimination Bill, which builds upon the Disability Discrimination Act 1995 that we introduced when in government. The Bill has been widely welcomed by disabled people and disability organisations, and we want to see it on the statute book. The Disability Rights Commission has applauded the work done by Conservatives in the other place in

"getting this key disability rights legislation into such good shape. They have given it thorough scrutiny resulting in many positive gains for disabled people and are joining us in pressing for speedy enactment."

However, although the Bill was quite a good one when it was first considered in another place—and although it is, as the DRC says, a much improved Bill after that consideration—it comes very late in this Parliament. Because it comes so late, the House now looks as though it will have little opportunity, if any, to improve it further, though I note what the Secretary of State said. Many disabled people fear that the Bill may somehow be lost in the wash-up as the coming general election approaches, and not reach the statute book at all.

I want to explain how that regrettable situation has come about. The Bill was first presaged as long ago as March 2001—four years ago—in "Towards Inclusion", the Government's final response to "From Exclusion to Inclusion", a report by the Disability Rights Task Force. In their response, the Government proposed, for example, that

"HIV should count as a disability from diagnosis and that people with cancer should count as disabled from when the cancer is diagnosed as being likely to require substantial treatment."

That proposal is duly encapsulated in clause 18 and it is but one example of the link between the Government's response four years ago and the present Bill. The Government's response then went to consultation.

In its election manifesto some two months later, Labour said:

"We are now committed to extending basic rights and opportunities, as indicated in our response to the Disability Rights Taskforce."

The manifesto confirmed the Government's intention to bring a Bill before Parliament. Two and half years later in October 2003, the Government declared that a Bill on disability discrimination would complete its parliamentary passage before the next election—the coming election—and that a draft Bill would go before a Joint Committee of both Houses.

At that point, many disabled people and disability organisations began to express heightened anxiety because they believed that the Joint Committee report and the Government response to it could push back the introduction of a Bill to the very late stages of this Parliament, and that scrutiny would therefore be telescoped and truncated. Those anxieties have been justified, because it looks as though that is exactly what will happen. We consider the Bill today on Second Reading. In other words, it has taken four years from the Government response to the taskforce report to the introduction of the Bill in the elected Chamber.

Irrespective of what the Deputy Prime Minister said earlier today, a general election is expected on 5 May, so the House expects to be dissolved no later than 11 April. Furthermore, the Easter break lies between now and that date. The House is therefore unlikely—I put it no higher than that—to have a full Committee stage, if any, or a full Report stage, if any, in which further to improve the Bill by taking into account the suggestions for improvement that disability organisations have made.

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): Does the hon. Gentleman accept that the Disability Rights Commission also said in its briefing that the Bill requires no further amendment?

Mr. Goodman: I am aware of that. An interesting question to ask, however, is why it said that—though neither the Minister nor I can answer it.

Alan Johnson: It is obvious.

Mr. Goodman: It is important to ask whether the Disability Rights Commission would have said that were we not having a general election on 5 May and if more time were available for further consideration.

Mr. Boswell: My hon. Friend will know that I have a high regard for the Disability Rights Commission and its work. However great the wisdom of the DRC, would it not be even better to tap the wisdom of hon. Members and ascertain their thoughts on amendments? When we are dealing in particular with uncontentious legislation, is it not a bad way to do business for the Government to hold a pistol to Members' heads and say, "Either give way and concede without further discussion, or the whole measure will be taken away with no prospect of return for many years"?

Mr. Goodman: It is important that Members here and in the other place and disabled people and their organisations are able to make their views plain. Like other hon. Members, I have had conversations about the Bill with disabled people and disability organisations, but I can recall none saying that the Bill, though good, is incapable of further improvement.

Tom Levitt: Given the universal acclaim for the Bill, to whatever degree of perfection, will the hon. Gentleman give the House an assurance that his party will, through the usual channels, move heaven and earth to co-operate if it proves necessary to accelerate the Bill's passage through the House?

Mr. Goodman: I hear that representation and the hon. Gentleman will have heard me say earlier that we want to see the Bill on the statute book. When I asked the Secretary of State earlier whether he could guarantee the Bill a full Committee and Report stage, and guarantee its passage on to the statute book, he said that he was not a business manager, so he could not. Neither am I, so we are in the same position in that regard.

Tom Levitt: One of the reasons why the Secretary of State cannot give that guarantee is that we do not know what the usual channels on the Opposition side will do.

Mr. Goodman: I am not sure whether the Secretary of State knows the full views of the usual channels on the Government side, so the argument goes both ways. The key point for the hon. Gentleman to note is that if the Bill had been introduced earlier, we would not need these exchanges across the Floor of the House and we could get on with consideration of the Bill.

Alan Johnson: Is the hon. Gentleman arguing that we should not have subjected the Bill to the pre-legislative scrutiny Committee? I am interested in having that question answered, because that is the main reason why the Bill has come before the House so late. Does he believe that we were wrong?

Mr. Goodman: There are two answers to that—

Maria Eagle: Yes and no.

Mr. Goodman: The Secretary of State will recall that when the pre-legislative scrutiny Committee was established, many disability organisations said that they would have preferred the Bill to come before Parliament straight away. Speaking as a member of the Joint Committee, I agree that that Committee did good work. If the Secretary of State looked further into the proceedings of the Bill, he would find that, after the Joint Committee had reported and the Government had responded to it, the Government could have moved faster to introduce the Bill in the House of Lords. The introduction of the Bill was held up, if I recall correctly, by our old friend the Hunting Bill. Many of my hon. Friends do not believe that that Bill was at all necessary. I hope that I have dealt with that procedural point.

Maria Eagle: The Government accepted a number of the recommendations in the scrutiny Committee report and incorporated them in the Bill. Furthermore, the Bill was already much improved before coming before this House as a result of the Joint Committee's work. How the hon. Gentleman can argue that all that process adds up simply to delay is completely beyond me.

Mr. Goodman: As the Minister knows, the Bill before us here today is late. It remains the case that, after receiving the scrutiny Committee report and the Government's response to it, the Government could have introduced the Bill more quickly in the other place. Had they done so, the Bill would have arrived more quickly here. In that case, we could have had full Committee and Report stages, which we are now most unlikely to have. The blame lies fairly and squarely with the Government.

The likely lack of time for improvement and amendment means that many disabled people will greet this all but unamendable Bill—that is what it looks to be, in practice—with mixed feelings: with gladness, naturally, because it is a good Bill, but with a measure of regret for missed opportunities, because it is not as good as it could have been. Throughout this Parliament, we have consistently called for the Bill to be presented and considered as soon as possible. Had it been presented and considered earlier, as I said a few moments ago, it would have been amendable and improvable in this place.

Miss Anne Begg (Aberdeen, South) (Lab) *rose—*

Mr. Goodman: I shall give way in a moment.

The blame for this singular lack of urgency lies fairly and squarely with the Government's business managers. They, lest we forget, timetabled the only debate on disability in Government time in this Parliament on the worst possible day of this Parliament: Euro-election day, the day on which most Members from all parties

were most likely to be absent. The business managers plainly had other more pressing priorities, such as finding time for the Hunting Bill.

We must presume that the legislation that reaches the statute book will look almost indistinguishable from the Bill before us today. The Bill is, indeed, as the DRC has indicated, very much improved as a result of cross-party and Back-Bench pressure on the Government in the other place. I want to pay tribute to the peers of whatever political party who, for example, forced no fewer than 13 concessions from the Government on Report and defeated the Government in a crucial vote on depression. That vote extended the Bill's protection to people with depression, and is now enshrined in clause 18. I shall return to that matter later, in light of what the Secretary of State said. In the meantime, I pay tribute to my noble Friend Lord Skelmersdale, who moved that amendment, for his work on the Bill, and to my noble Friend Lord Higgins. As the DRC states in its briefing on the Bill:

"As the result of tough cross-party scrutiny in the Lords, and effective engagement with disabled people and their organisations, the Bill has been strengthened to deliver major gains for disabled people in access to housing, access to rail transport, in relation to public bodies' responsibility to tackle hate crime and promote positive attitudes towards disabled people and in relation to participation in public life."

A moment ago, I said that I would give way to the hon. Member for Aberdeen, South (Miss Begg). I do so now.

Miss Begg: For some 12 minutes, I have been listening to the hon. Gentleman complain about the lack of time for scrutiny of the Bill. I have been waiting for him to get on with explaining what the Bill lacks. I hope that he will stop wasting time complaining about the lack of time.

Mr. Deputy Speaker: Order. It would be a very good idea to get on with the content of the Bill. We have dealt sufficiently with the time element.

Mr. Goodman: I am very grateful, Mr. Deputy Speaker. I was about to say that some of the gains in the Bill—and the hon. Member for Aberdeen, South supported the provision in respect of depression, at least in principle, during the Joint Committee proceedings—were originally suggested in the Joint Committee report. For example, the report proposed that disabled people in rented accommodation should have effective rights not to have requests for access improvements to their homes unreasonably refused by landlords. That proposal was originally suggested in recommendation 56 of the Joint Committee's report and is now enshrined in clause 16.

Another example concerns the imposition of clear duties on the public sector to promote positive attitudes towards disabled people, to tackle all forms of harassment and bullying, and to promote participation in public life. That was originally suggested in recommendation 14, and is now enshrined in clause 3. In the other place, the Government also moved towards the Joint Committee's position on cancer. Originally, the Government directly rejected 17 of the 75 recommendations from the Joint Committee, and eight indirectly. However, I note from the Secretary of State's figures that we got there in the end. All members of the Joint Committee, and others, will therefore welcome those gains.

As I said, the Bill builds on the Disability Discrimination Act 1995, which was introduced by the previous Conservative Government. The Equal Opportunities Commission described that as

"the most important legislation in a generation",

and said that it was

"the most radical of our discrimination laws".

The Secretary of State gave us a tour d'horizon of the Bill. I want to concentrate on five areas—depression, cancer, hate crimes, transport and schools. I shall begin with depression.

I referred earlier to the amendment tabled by my noble Friend Lord Skelmersdale to extend the protection given by the Bill to people with depression. The Government opposed the amendment but, as we have heard, it was nevertheless carried in the other place and is now enshrined in clause 18.

The Joint Committee recommended that people experiencing separate periods of depression totalling six months over a two-year period should be considered to meet the long-term requirement set out in the 1995 Act. Lord Skelmersdale's amendment, which was supported by Mind, was a variant on that theme. According to the National Institute for Clinical Excellence, depression is usually a time-limited disorder lasting up to six months. Clause 18(3) stipulates that people will have protection if they undergo episodes of depression and if one such episode in the previous five years lasted at least six months.

We agree with the Disability Charities Consortium—the coalition consisting of Leonard Cheshire, Mencap, Radar, the Royal National Institute of the Blind, the Royal National Institute for Deaf People, and Scope—that clause 18(3) is modest and reasonable. We want it to stay in the Bill, so we were obviously disappointed by what the Secretary of State said in his opening remarks. Given that there has been no confirmation in this debate yet that the Bill will receive full Committee and Report stages, I am curious to know how the Government propose to remove the provision from the Bill. No doubt, we shall discover that in due course.

Mr. Boswell: I cannot answer the conundrum that my hon. Friend has just put to the House, but does he agree that the amendment was an honest attempt to introduce the concept of linking rules into qualification under the disability discrimination legislation, in the same way that similar rules apply to benefit claims made by people who suffer recurrent periods of illness or disability? Does he also agree that it would be sensible to consider applying those linking rules to the circumstances covered by this Bill?

Mr. Goodman: My hon. Friend is correct. I believe that Lord Skelmersdale was trying to introduce that linking principle. The other place agreed with him and voted for the amendment in the face of Government opposition.

David Taylor: I listened carefully to what my right hon. Friend the Secretary of State said in response to my

[David Taylor]

earlier intervention, but employers frequently discriminate against people diagnosed with depression. In one case study, 200 CVs were sent out to personnel managers. They were identical, apart from the fact that 100 of the people involved had been diagnosed with diabetes, and the other 100 with depression. It was no great surprise to discover that the people with diagnosed diabetes were far more likely to get interviews and make further progress down the chain. Does the hon. Gentleman agree that this is a fine Bill, and that it has been introduced by an excellent Secretary of State? I hope that it will not be weakened. If clause 18 is deleted, I hope that it will be replaced with something equivalent.

Mr. Goodman: I agree with the hon. Gentleman, and I was very interested in the information that he offered the House. It is true that people with depression face such discrimination, and that is why the other place voted as it did. It is also why the Joint Committee wanted to extend cover for people with depression—and other members of the Joint Committee are present in the Chamber today to vouch for that.

The Bill extends protection for people with HIV, multiple sclerosis and cancer to the point of diagnosis, and that is welcome. However, clause 18 also contains regulations that may prescribe circumstances in which that protection will not apply to certain cancers. Late last year, the Government issued a consultation document listing some of the cancers to which protection might not apply. They included in situ skin cancers that do not affect the full skin thickness and can be treated easily and simply. That seemed to the DRC, and to our colleagues in another place, to miss the vital point that stigma and discrimination can follow from the point of diagnosis, regardless of the severity of the cancer and the degree of medical treatment necessary.

The Government have undertaken, as a result of pressure in another place, not to make any regulations until a consultation and review of the proposals has been carried out with the DRC and cancer charities. That is to be welcomed. A Government amendment was also passed ensuring that any such regulations will be made under the affirmative, rather than negative, resolution procedure. I hope that the Under-Secretary of State for Work and Pensions will report later, when she replies to this debate, on the timetable for that consultation and review.

I turn next to hate crimes.

Miss Begg: Before the hon. Gentleman moves on to discuss hate crimes, I want to tease out what he is asking the Government for in respect of cancer. Is he talking about a cancer that is not debilitating but affects the sufferer only in the sense that others perceive an ugly mark—a strawberry mark or some other deformity that attracts attention? Is not the effect of the latter condition worse than some of the other cancers to which he has referred? If so, should not it be covered by the Bill too?

Mr. Goodman: I was asking simply for a timetable in relation to a concession that the Government have already made in another place. It is true that disabled people can be discriminated against regardless of the severity of the illness affecting them. As the hon. Lady would concede, they can be discriminated against simply because they have the condition in question, so it is right that such questions be raised.

As I said, I want next to move to hate crimes. Clause 3 extends the duties of public authorities. Amendments made in the Lords strengthened the duties to promote positive attitudes towards disabled people, to tackle all forms of harassment and bullying, and to promote participation in public life. That is welcome. The Disability Rights Commission reports that hate crimes affect one in five disabled people, and Mencap reports that hate crimes affect nine out of 10 people with learning disabilities. When does the Minister anticipate that the Home Office will implement section 146 of the Criminal Justice Act 2003, which provides for an increase in sentences for crimes aggravated by hostility based on a person's disability or sexual orientation?

On transport, the Joint Committee recommended an end date on rail accessibility of 2017, together with a limited exemption system that would expire in 2005. Amendments accepted by the Government in the Lords, after much debate, set an end date of 2020 in the Bill. I pay tribute to my noble Friend Lord Higgins, who helped get an end date in the Bill by originally pressing the Government for 2017.

An amendment to remove the power to make exemptions after 1 January 2020 was narrowly defeated in the Lords. The Disability Charities Consortium believes that that sends a strong signal that the Government need to state explicitly that any exemptions granted for the period after 1 January 2020 will have to be proportionate, necessary and for a very limited period only. We agree with the DRC that the 2020 end date must be a firm and definite deadline and that the exemptions procedure set out in clause 6(3) must not be allowed to offer a get-out clause to companies that fail to comply.

That would usually be a matter that we would seek to explore with a Minister in Committee. However, since we are sadly not guaranteed a Committee stage—I am happy to give way to the Minister if she wants to confirm that there will be one—will she assure disabled people that the exemptions will be proportionate and necessary and last for a very limited period only? What guidance can she give them about how long that period is likely to be?

The Government agreed during the passage of the Bill in another place to publish draft regulations to make changes to part 5 of the DDA in relation to transport. Will the Minister look again at public service vehicle accessibility regulations with a view to including a requirement for audio-visual provision on buses? At present, there is no provision in the regulations for such a requirement.

The previous enforcement regime on train-operating companies that operate inaccessible stock illegally was considered too severe. It has been replaced by a light-touch regulatory framework and a new regime of fines described in clause 8, but as yet the Government have given no indication of the scales that will be used to determine fines. Such information must be forthcoming if disabled people are to have confidence in the new framework. Will the Minister tell us how the fines will be calculated and how the Government will ensure that serious breaches will be more seriously punished? Can

repeat fines be applied and, if so, how soon after the initial fine? What systems are in place for when a train company appeals against a fine?

Finally on transport, the aviation and shipping industries will continue to operate under a code of practice on accessibility, unlike the rail and bus industries, which will operate under a legislative framework. The regulation powers set out in clause 5 allow the Government to make both codes statutory, but the draft regulations that were recently considered do not include aviation and shipping. The Government have indicated that they will await the outcome of research into both industries before taking further action. Will the Minister say when the first fruits of that research will be published? The House will aware that that is a sensitive issue, as the DCC has mustered some high-profile examples of discriminatory treatment, such as its claim that Brittany Ferries has a policy of not carrying assistance dogs unless they are confined to the car for the entire journey.

I turn now to disability equality duties for schools. As the Secretary of State said, schools will be subject to the general anti-discrimination and pro-opportunity duties set out in clause 3. The question, which he touched on, is whether specific duties should be laid on schools, which would arguably boost outcomes for disabled children. I have heard it suggested that those duties should be in the Bill, rather than applied by regulation. Some 24 per cent. of disabled young people had no qualifications whatsoever in 2003, compared with an average of 11 per cent. for the same age group in the same year. The DRC argues, inter alia, that the lack of specific duties sends the message to schools that disability equality is not as important as race equality, and that that is inconsistent with and undermines achievement of the recommendations made by the Prime Minister's strategy unit, which are based on effective implementation of disability equality schemes.

The DRC claims that Ministers originally intended schools to have such specific duties. It is certain that Baroness Hollis suggested on Report in another place that the way forward now is to review the existing policy and legislative framework in 18 months. It is suggested that there has been some tension on the issue—heaven forbid—between the Department for Work and Pensions and the Department for Education and Skills, and in particular the implementation review group in the DFES. That group was the only organisation to respond negatively to the consultation by the DWP last year.

None the less, I welcome what the Secretary of State said about the regulations. We would be opposed to imposing unnecessary and unwelcome new duties on heads, teachers and governing bodies, so if any proposed specific duties were opposed by teachers, we would oppose them too. However, as the Secretary of State knows, it is striking that they do not seem to be opposed to such duties. The Special Educational Consortium to the TUC, National Union of Teachers and the National Association of Schoolmasters Union of Women Teachers argues that such duties would actually reduce red tape. In ordinary circumstances—if I may refer to the timetable one more time—we would have hoped to explore the issue by tabling amendments in Committee or on Report, but that course is unlikely to be open to us.

We would also have hoped to table amendments to explore—I put it no more strongly than that—whether the DDA should be amended to enable cases concerning education discrimination in Scotland to be heard by the additional learning support tribunal for Scotland rather than the sheriff court, on the ground that tribunals are the most appropriate place to hear discrimination claims.

The Bill also invites us to look ahead. The Government intend to set up a commission for equality and human rights and to absorb the DRC into that commission by October 2007. By that time, many provisions in the Bill will have been in place, we hope, for nearly a year. The Bill to introduce the commission is apparently due to receive its Second Reading in this House after Easter, so it has not yet passed through one House of Parliament, let alone two, and must consequently be unlikely to reach the statute book. We will want to examine that Bill closely, but we have already made it clear that we are deeply concerned by some of the possibilities opened up by the proposed abolition of the DRC. The commission is the guardian of the present Bill, and people with disabilities have special needs and requirements.

Tom Levitt: I am not sure that the DRC regards the present proposals as its abolition. There has been considerable consultation with all the representative bodies—not just with the three existing strands that have commissions, but with the other strands that will be included in the 2006 regulations—which is why the equalities legislation is being introduced now. Is the hon. Gentleman aware that the DRC has welcomed the consultation on the equalities commission and, as it now stands, is happy to go along with it?

Mr. Goodman: As the hon. Gentleman knows, the DRC expressed anxieties about protecting the role of disability work in the new commission. We wait to see exactly what happens during the passage of the Bill. We want to reserve our position until the issues in that Bill have been fully explored, but we have no opposition to an equalities commission in principle.

The barriers that prevent people with disabilities from participating on equal terms in modern Britain are formidable. There is concern that the distinctive identity mission and work of the DRC could be imperilled, which is why we look forward to discussions on the Bill.

Consideration of Bills is necessarily a dry and dusty business, at least in part; clauses are examined, improvements are suggested and intentions are probed. There is far more to the Bill than the sum of its clauses. It is part of a story of legislation and action to try to ensure equal opportunities and social justice for disabled people. The source of that legislation and action is not Government, but disabled people and the wider community.

Some progress has been made under the Governments of both main parties, although that progress is hard to measure. However, disabled people all too often remain an untapped source of talent and potential and all too frequently find themselves marginalised and excluded. We should remember that a disabled child is still less likely to survive birth than a non-disabled child. As a disabled child grows to be an

BEST COPY AVAILBLE

[Mr. Goodman]

adult, they are less likely than a non-disabled adult to gain qualifications, go to university, get a job, earn as much money, have easy access to transport or enjoy leisure activities. As a disabled adult ages, they are still less likely to enjoy the same income in retirement, access to the benefits system as quickly or live as long as a non-disabled person of the same age.

Equal opportunities have not yet been realised. Perhaps they will always be work in progress, just as anti-discrimination legislation, like the Bill, is always work in progress and always capable of improvement. Although, sadly, the House may not have further opportunities to improve the Bill, it is part of a process of legislation and action to fight discrimination and to deliver better life chances for disabled people. We are grateful to have had the opportunity to play a part in that.

2.21 pm

Miss Anne Begg (Aberdeen, South) (Lab): I am delighted to be involved in the debate on this Bill. A few weeks ago, I met some disabled people at the Labour party Scottish conference and may have given them the false impression that, if there were an early election, the Bill might fall and not reach the statute book. However, I was delighted when I returned to the House the following week and spoke to the Minister for Disabled People, because he assured me that the Government have every intention of ensuring that, whenever the election is called, the Bill will be on the statute book. I apologise to those whom I spoke to that weekend if I gave them a false impression about the Government's intention; it is clear that they intend to put the Bill firmly on the statute book.

I take issue with the hon. Member for Wycombe (Mr. Goodman) about whether our discussion has been truncated. It is worth remembering that, when a Bill is introduced in the House of Commons first, that is generally the first bite of the cherry in amending and scrutinising it. However, this is the third attempt at scrutinising the Bill. The draft Bill was first considered by the scrutiny Committee on which the hon. Gentleman and I served. Many changes were made as a result of that, probably more than would have been achieved during the normal parliamentary procedures in Standing Committees in either place.

Mr. Goodman: Can the hon. Lady confirm that I did not say that consideration of the Bill had been truncated at this stage? I said that it was likely to be truncated after Second Reading. Does she disagree?

Miss Begg: That answers the point I am making that, by the time the Bill goes into Committee in this House, most of the serious work will have been done. Not only were serious amendments made to the draft Bill—the hon. Gentleman will agree that those amendments were welcome—but it has been further amended in the other place. As a result of those amendments, the scrutiny remaining for this House to do is perhaps less than would normally follow Second Reading, Standing Committee and remaining stages in this House followed by those stages in another place. The Bill is at the end of that process and has gone through a lot more scrutiny than many other Bills would have had by this stage. The Government cannot be accused of lack of scrutiny of the Bill. I believe that everyone in this House wants the Bill on the statute book and I hope that it will go speedily through Standing Committee in this House.

The Bill is the final missing piece in a jigsaw of equality legislation. It does not hang together easily because it is slightly bitty and covers different aspects, partly because of its purpose, which is to fill the gaps left by other legislation. Starting with the Disability Discrimination Act 1995, we have seen that legislation works.

Long before I was elected to this place, I was involved with a number of organisations for the disabled. I often met people who argued that to bring about the changes in people's attitudes to disabled people that we have seen in recent years required education and persuasion, not legislation. That argument was often used in this House against private Member's Bills. It was argued that the best way of changing attitudes and the way in which disabled people are perceived in society was not by legislation, certainly not heavy-handed legislation, but by education. However, we know that education and persuasion did not work. The 1995 Act proved that, when there is a framework of legislation, attitudes change more rapidly than with gentle persuasion or pointing out that things are wrong. That is mainly because in this country people want to abide by the law, and legislation can provide the framework or civic context that says that something is wrong. To discriminate against people because of their disability is wrong. To stop someone getting a job because they happen to have a disability is wrong. Without the context of legislation, people are not always sure what is right or wrong. Legislation has been proved to work and I am pleased that the Government are continuing to plug the gaps of the existing legislative framework.

I do not want to go into the details of the Bill, because my right hon. Friend the Secretary of State set out the framework very well in his speech, and I am conscious that other hon. Members want to scrutinise the Bill. I am most pleased about provisions covering, for example, private clubs. The fact that private clubs could discriminate against people with disabilities was always a huge gap in the provision. Guests and members of clubs with more than 25 members will be covered by the Bill.

Mr. Gordon Marsden (Blackpool, South) (Lab): I am grateful to my hon. Friend, not least for highlighting the provision covering private clubs, which will do a great deal. Does she agree that the perniciousness of the previous situation was not just that disabled people went to clubs and were not admitted, but the climate of uncertainty and the feeling that they would not be welcome in such clubs in the first place?

Miss Begg: That is important because we want disabled people to play their full part in an equal society. That includes social life and engagement with other people who may not share a disability. For many disabled people the only clubs they could go to were those for disabled people where they would meet only people who shared some of the same problems. They want to be able to go to mainstream clubs. Just because someone has a disability, it does not mean that they

necessarily share the same hobbies and interests as other people with disabilities. It would be absurd to assume that, but 30 years ago it was often assumed that if someone was severely disabled and in a wheelchair they would like to go along to a club to play draughts, dominoes and other passive pastimes.

When I was teaching, one of my pupils said to me, "I think we should have clubs for disabled people, so that they could go along and play draughts or whatever. That's how we should get disabled people back into society." I asked that young girl if she would like to go to a club to play only draughts and dominoes. She said, "No, I would hate it." I said, "Well, I would hate it too." It took a wee while for the penny to drop that I as a disabled person—perhaps she did not regard me as a disabled person—would hate such a club. The limit of imagination about what disabled people are capable of doing often limits disabled people themselves.

That story illustrates the perception of what disabled people could do on the part of those who are not disabled. However, I am glad to say that attitudes have changed immeasurably in recent years, thanks to this Government and the legislative framework. When the Bill was undergoing pre-legislative scrutiny, I received an email from a climbing club, which was concerned that if it was, as a private club, brought under the remit of the DDA it would have to make its huts—or bothies, as they are called in Scotland—accessible to people in wheelchairs, which would be an unreasonable cost. I pointed out to the club the test of reasonableness. If someone in a wheelchair could not get up the mountain to the hut, there would be no need to ensure wheelchair access. However, less than 5 per cent. of people with disabilities use wheelchairs and what the climbing club could no longer do was to discriminate against someone who was blind or had a limb missing, but who could still get up to a hut to stay the night. We often need to point out that people with disabilities have different disabilities and a raft of different access needs. It is important that private clubs be brought under the DDA, and the Bill will achieve that.

Another important provision in the Bill concerns housing, especially in the rented sector. As the hon. Member for Wycombe pointed out, in the Joint Committee I was concerned about what happens when disabled people cannot get adjustments made to the access to their homes because it is along a communal path, up communal stairs or through some communal ground and the other people who have access object. That concern was based on the experience of one of my constituents, who had bought their own council flat, as had the person who lived upstairs—the properties were four-in-a-block flats. The upstairs neighbours objected to a ramp being installed up to the front door of the downstairs flat because it would have been along the communal path. That seemed grossly unfair. The Bill would not necessarily answer all such problems, but I welcome the fact that the DRC can act as mediator when relationships break down in such circumstances. That was what was missing in my constituent's case. No one had the ability to act as mediator to ensure that the changes could be made. I am glad that housing, especially in the rented sector, will be brought under the DDA by the Bill, because inevitably many disabled people live in the private rented sector and it is important that landlords have the duty not to block the aids and adaptations that may be necessary to allow disabled people to live in their own homes.

I am also glad that councillors will be covered by the DDA under the Bill. As a disabled MP, I am probably already covered under employment legislation, so I cannot be discriminated against, although since I was elected I have not faced such discrimination. It is good, however, that councillors, who are not employees in the normal sense, will be covered.

Perhaps the aspect of the Bill that will make the biggest change in the lives of disabled people is the inclusion of travel and transport. It was a huge gap in the original 1995 Act that transport was not regarded as a service, and it has been a perpetual bugbear for disabled people that transport is so difficult. Disabled people have difficulty getting around in the first place, and then they find that the vehicles that they may use are not adapted for their needs. That is a double whammy and feels like a particular insult.

I noted that the Budget introduced free bus travel at off-peak times for disabled people in England, following Scotland's example. However, there is no point in giving disabled people free bus travel if they cannot get on the buses in the first place. The imperative is to ensure that all new rolling stock is accessible. That will not be the case for coaches, and we need to do more work on that. When disabled people want to travel by bus using their free bus pass, they should have access. There is no point in giving people extra freedoms if the transport providers have not come up to scratch.

I am glad that the other place put into the Bill an end date for accessibility for rail rolling stock. I would have liked it to be earlier, and the Joint Committee recommended 2017 by splitting the difference between what the Government wanted and what the disabled organisations wanted, which was 2015. I was heartened to hear the Secretary of State reiterate that 2020 is an end date, not the date at which change must start. I hope that rail operators will recognise the economic advantages of providing accessible rolling stock. More disabled people will travel more, but so will those who accompany them. I always have somebody else with me, and if I cannot travel, they do not travel either. It is not only the disabled people, but their friends and families who are discriminated against. There is, therefore, an economic case for making all forms of transport accessible as soon as possible. That is crucial and I hope that the rail operators will take heed of it.

The issue of education tribunals was raised by the hon. Member for Wycombe, with regard to what is happening in Scotland. Under the Special Educational Needs and Disability Act 2001, the SEN provisions apply to England and Wales, but the civil rights provisions apply to the whole of Scotland, because education is a devolved function. Although education as a service was brought under the auspices of the DDA, how that was implemented was obviously left to the Scottish Executive.

At the time, when disputes arose over a child's special educational needs, tribunals were to be set up in England and Wales to hear such cases, but the Scottish Parliament had not legislated for the equivalent provisions in Scotland. The only way that any argument over such access could be settled in Scotland was

[Miss Begg]

through the existing legal system—the sheriff courts—as SEN tribunals did not exist in Scotland at that time. Since then, the Scottish Parliament has legislated in respect of SEN. Such tribunals now exist with regard to SEN provision, but access issues must still go to sheriff courts.

In the past day or so, I received an e-mail from the DRC in Scotland to say that, following constructive talks with members of the Scottish Executive, positive moves are taking place to set a time scale in Scotland to ensure that tribunals hear cases that relate to SEN provision, as well as cases where a child has been discriminated against because of a disability and perhaps not allowed to go to a certain school. The time scale has not yet been set, but I hope that the Minister will confirm that the Government are in discussion with the relevant Ministers in the Scottish Executive to ensure that they have the powers to bring both sorts of dispute under the same type of tribunal hearing. I am sure that a solution can be found.

There was some discussion about whether the House would need to pass the necessary legislation or whether that could be done by the Scottish Executive, but I hope that the Minister can assure us she is engaged with Ministers in the Scottish Executive to ensure that they have the powers they require to make that decision themselves. The decision has to lie with them and it is for them to make up their minds, but if any legislative quirk means that the relevant changes must be made by the House, I hope that they will be put in place when the time comes.

Those are some of the things that I welcome in the Bill. There is a lot more in it—it has lots of little bits that fill in the various gaps—but it is worth remembering that the Bill is not the only thing that the Government are doing in relation to disability. Although the Bill will help to ensure that people will not be discriminated against on the grounds of their disability or for many other reasons, it is worth nothing that the Government are taking a great deal of action—for example, on employment—to ensure that disabled people play their full part in society and are not excluded.

It is one thing to ensure that disabled people will not be discriminated against when they go for a job interview; it is another to ensure that they are properly equipped to go to that job interview in the first place and, indeed, that the job exists so that they can apply for it. All the other things that the Department for Work and Pensions is doing with regard to encouraging disabled people into the workplace—whether young disabled people or those who are sitting on incapacity benefit—cannot be divorced from these proposals. That work is crucial to ensure that disabled people can take advantage of the rights that the Bill will give to them. It is one thing to have the rights; it is another thing to be able to use them fully.

I should like to raise another issue that has slipped past: genetic discrimination. I was delighted to hear that the moratorium on insurance companies gaining access to information about someone's genetic make-up in determining the policy that they will award has been extended. That is very important because, at some time in the future, the House may have to pass legislation saying that it is as wrong to discriminate on the grounds of genetics as on those of disability.

I do not want to take up any more of the House's time at the moment, but I want to reiterate what both the Secretary of State for Work and Pensions and the hon. Member for Wycombe have said: it is absolutely crucial the Bill get on to the statute book before the election, because many of the rights that disabled people are still waiting to receive are included in the Bill. It will make a difference to people's lives. It will ensure that those of us who have a disability are not disadvantaged in the lives that we lead, and we will be able to hold our heads up high and go out and do what everyone else is doing.

2.45 pm

Paul Holmes (Chesterfield) (LD): I welcome the Bill, as every hon. Member who has spoken so far in the debate has done, and I expect that every hon. Member still to take part will do so as well.

Since the Disability Discrimination Act 1995 first started to come into effect, steps have been taken to plug the various gaps in that original legislation. The Bill represents another major step in that direction, and no one wants to see it fall at the last hurdle. For example, the Local Government Association recently said:

"The LGA welcomes this bill, which will give greater equality of opportunity to disabled people, extending their civil rights and addressing the barriers that they face, and looks forward to its enactment. The LGA believes this to be an important piece of legislation and is keen to see that adequate parliamentary time is made available for this bill to complete its passage in the current parliamentary session."

The Disability Rights Commission, as we have heard, also strongly commends the Bill and says that it is

"urgently needed to outlaw discrimination in key areas of daily life and break down the institutional barriers which impede the social inclusion of 10 million disabled people across Britain."

The DRC continues:

"It represents a major advance for disabled people . . . It is now imperative that the Bill reaches the statute book in advance of a general election."

Many other organisations have said exactly the same things, but not everyone agrees. I do not know whether the Minister has seen an article in *The Times* today, in which Alice Miles criticises the Bill, the Disability Discrimination Act 1995 and the Government's advertisements in relation to disabled access to work, to shops, restaurants and transport and to life in general. That a supposedly serious journalist in a supposedly serious newspaper can write such crass and patronising nonsense in this day and age simply illustrates why the Bill is needed. *The Times* article implies that there is no problem of access for disabled people to businesses, shops, transport and work because good old British common sense and our sense of fair play mean that everyone helps out the "genuinely disabled" and all is well. Hon. Members should note the use of the phrase "genuinely disabled".

Mr. Gordon Marsden: I very much concur with the sentiments that the hon. Gentleman expresses. Does he agree that one of the problems inherent in such comments is the assumption that the great British public can always see what the disability is?

Paul Holmes: Absolutely. I agree with the hon. Gentleman—and the hon. Member for Aberdeen, South (Miss Begg) has just made the point that most people think about people in wheelchairs when they talk about disability, but that is a small category of the range of different disabilities, and much disability is invisible in that sense.

Mr. Goodman: We must not make too much of this, but the author of that piece wrote:

"The public, it seems, is capable of showing admirable common sense in the application of over-wieldy regulation".

I think that was a reference to the regulation introduced under the 1995 Act. Does the hon. Gentleman agree that the fact that the public are indeed showing admirable common sense shows that the regulation is not over-burdensome in many cases, so the author was defeating her own arguments?

Paul Holmes: Again, I can only agree with the hon. Gentleman's observation. The article assumed that there were no problems with access and that everyone would realise how to overcome any difficulties that occurred. For example, it said specifically that the average adaptation to allow disabled access to premises would cost only £70 to £100. However, many small businesses do not know that. They fear that regulations will mean that they must install much more expensive adaptations and do not realise that relatively simply measures can be implemented. The article was wide of the mark.

There was a clear implication behind the article's reference to the "genuinely disabled". It seemed to be asking how many of the 10 million disabled people figure that it ridiculed might be classified as "genuinely disabled", rather than, presumably, malingerers or non-genuinely disabled.

Miss Begg: I am afraid that I did not read the article, but perhaps the author might class me as one of the "genuinely disabled". Although I would love to think that the general public were always polite and helpful to those of us with disabilities, I know that people who park in disabled bays too close to my car so that I cannot get into it with my wheelchair have not been polite when challenged about their lack of courtesy or forethought.

Paul Holmes: I agree with the hon. Lady. No one in the Chamber can speak with more authority about the issue than her. I drive my mother-in-law to the supermarket in my home town of Chesterfield. She has a blue badge so that we can access disabled parking spaces, but they are often full. After remonstrating with people who park in them for convenience rather than because they need to use them, I know from first hand about the arrogance and rude behaviour that the hon. Lady describes.

Tom Levitt: Does the hon. Gentleman accept that the converse of that situation is that some people do not recognise their own disabilities or claim what is their right, especially by accessing services? I am thinking especially of people with hearing impairments who regard that as a difficulty that they must overcome, rather than something of which other people must now take account under the law when providing goods and services.

Paul Holmes: Absolutely, although we are in danger of going off into the long debate about the social and medical models of disability. The social model indicates that disability is society's problem owing to the obstacles that it puts in people's way, rather than the problem of the people affected.

Several organisations such as the Royal National Institute of the Blind and RADAR have put out responses to the ridiculous and demeaning article. I would be grateful to hear the Minister's response to it because she indicated earlier that she had read it.

Every serious commentator inside and outside the House welcomes the Bill. No one wants it to fail at the last hurdle, which is why it is disappointing that the Bill was introduced late in the Parliament and that it is running up against the buffers of an imminent general election. The progress of the Bill could have been a superb model of how to pass legislation in the 21st century.

The Bill first went before the Joint Committee for pre-legislative scrutiny. The hon. Member for Wycombe (Mr. Goodman) has indicated that he did not think that that was such a good idea, but I disagree completely. I have taken part in pre-legislative scrutiny with the Education and Skills Committee on the School Transport Bill, for example, and I think that it is a welcome innovation that can do much to improve the way in which Parliament works and improves legislation.

The pre-legislative scrutiny of the Bill produced many suggestions about how to improve it and the Government accepted a great majority of them, although by no means every one. That process has led to major improvement to the Bill. However, I have never understood that pre-legislative scrutiny is supposed to replace one of the Houses of Parliament. An earlier speaker almost seemed to suggest that, given that the Bill had received pre-legislative scrutiny and gone through the House of Lords, there was no need for the House of Commons to play its part in the process. That is not the purpose of pre-legislative scrutiny. It was designed to add an additional stage to a Bill's consideration at an early time in its passage when the Government and the Opposition would not be entrenched in political stances and thus more open to accepting good, sensible suggestions. It allows legislation to be considered in a less partisan manner than is the tendency during the formal legislative process.

Miss Begg: I suspect that I am the hon. Member to whom the hon. Gentleman refers. I was not saying that I did not think that the Bill should complete each of its stages in this House, but that less time would be required for its consideration because it had been discussed in the other place and by the Joint Committee. I was not trying to undermine this House, but pointing out that it is at the end of the process, not the beginning, unlike most other Bills.

Paul Holmes: I accept all the points that the hon. Lady makes. The programme motion provides for the Bill to spend two weeks in Committee after the Easter recess, but more or less everyone accepts that that will not happen because of an imminent general election. Perhaps the Bill will get one day in Committee on 5 April, or we may get no time at all and the whole lot will be dealt with in the wash-up. A two-week

[Paul Holmes]

Committee process would have been perfectly adequate for a Bill that has been thoroughly scrutinised and to which many amendments have been made—although there are still some outstanding issues to address—so I agree with the hon. Lady that we do not need an especially long process at this stage. However, we need that legitimate process to be carried out, although that will almost certainly not happen after the recess because of the election.

The Bill's passage could have been a model example of how to pass legislation in the 21st century. It received excellent pre-legislative scrutiny after which many suggestions were accepted, and then went through its full process in the other place. The Lords did a lot of excellent work on the Bill, and I mention especially the work of Lords Addington and Oakeshott. Lord Addington successfully moved an amendment to require an annual report to be made to Parliament to monitor the number of exemptions granted to the rail industry to exempt stock from being accessible to disabled people. That measure will increase the pressure on rail operators to ensure that they not only meet the target by 2020, but hopefully exceed it and make all their stock accessible before that date. We hoped that we could finish the job in the Commons after such excellent work in the other place, but the Bill will probably go into the wash-up instead of being properly considered in Committee.

The Minister has said that the desired end of the process is an Act of Parliament, not a Bill that has been excessively well scrutinised. If the Government had introduced the Bill in 2001 or 2002, that would not have been a problem, because we would have been able to scrutinise it properly, improve it further and then get an Act of Parliament. If the Government had not left such a long gap between the report of the Joint Committee and the Bill's introduction in the Lords, we would not have had a problem and could have gone through the whole process properly. I am not making that point for the first time. On 10 June 2004, I stood in this spot during a debate on disability and made exactly the same point. I said that the responses from the draft scrutiny were being considered and asked whether the Bill would be timetabled to get through Parliament before the next election destroyed it. If the Government had given the Bill higher priority earlier, we would not face such a problem. However, given that I made the point last year and even before that, it is well worn and I shall not take it any further.

We lack an equalities Act. The LGA said in its recent briefing on the Bill that it felt strongly that

> "a Single Equalities Act would provide a clear and common standard of protection against discrimination for all in society."

As we know, there are six strands of discrimination, all of which have different degrees of law and protection extended to them at the moment. The LGA argues:

> "Separate duties to promote equality of opportunity for different groups will add to the administrative burdens on councils",

although that also applies to other bodies. It says that that will increase the number of "plans and strategies" that councils, the Government and other bodies are dealing with and trying to rationalise at present.

The Bill instead goes down the road of placing specific duties on specific bodies to promote equality of opportunity, such as councils and schools. I shall talk about schools later. Lord Lester of course piloted the Equality Bill through the House of Lords, and although many hon. Members supported that private Member's Bill, the Government refused to implement it. We are putting the cart before the horse, in a way, because it is regrettable that we do not have a single equalities Act before moving on to address other matters and the single equality commission.

I seek the Minister's clarification on three specific areas of inclusion or omission in the Bill as it stands. First, I want to mention including cancer from the point of diagnosis as falling within the definition of disability. That was a welcome step forward, but the Government have chosen to exclude what they term minor cancers, because they are quickly and easily treated and will not therefore lead to discrimination. That unnecessarily complicates the Bill, and it will mean that the Government have to produce detailed statutory guidance about what would or would not constitute substantial treatment, for example, in individual cases of specific cancers.

More importantly, apart from complicating the Bill, such provision ignores the fact that stigma is the basis of discrimination, rather than the illness itself. The cancer organisations and disability charities argue that a cancer diagnosis, however minor, can lead to discrimination against an individual regarding employment, travel or life insurance, mortgage applications or income and payment protection on loans or mortgages. All the various bodies to which such people make their applications may discriminate on the ground of cancer. They may not draw the line between serious and minor, in so far as such a line can be drawn.

I welcome the Secretary of State's commitment to make regulations excluding certain cancers only after the Government have reviewed the evidence submitted to them, and to do so through affirmative procedures. I noted that the Disability Rights Commission was prayed in aid as saying that it was satisfied with that approach and that we did not need to go any further. The DRC is an admirable body with which I have done a lot of work and I have great respect for it, but although it says that that is enough, many other bodies do not agree. For example, Macmillan Cancer Relief, Cancer Research UK and CancerBACUP are still very concerned about the issue and would like to see further changes in the Bill to meet their concerns.

Will the Minister confirm that she has received a letter from the chief executives of those three leading and respected cancer charities? Will she confirm that they have appealed to her in their letter and in their detailed submissions to the Department's consultation, which has just ended, to strengthen a Bill that they welcome very much so that everyone with a cancer diagnosis is protected from unjustified discrimination from the moment at which they are diagnosed, in line with the proposals in the Bill for people with multiple sclerosis or an HIV diagnosis, for example? Will she explain to the House how the Government's acknowledgement on 26 November last year in a letter to one of her hon. Friends that stigma is the basis of discrimination can be reconciled with the Bill's proposal to exclude from protection people with certain types of cancer? Is she not

thereby implying that the Government can somehow decide arbitrarily that one type of cancer will incur stigma, while another will not? How can they be so sure of that position?

On the question of substantial treatment, will the Minister comment on Cancer Research UK's view that the prescribed cancers should not be excluded from clause 17, partly on the ground that many of the exempted cancers frequently require substantial treatment eventually? There was a long discussion in the other place about the point at which a superficial skin cancer or melanoma, for example, became serious. At a depth of one sixteenth of a millimetre or slightly more, it would apparently become a serious cancer as opposed to a minor one. Many minor cancers require substantial treatment. Will she respond to Cancer Research UK's questioning of the definition of substantial treatment and comment on its view that the current definition ignores the distress caused to all patients, whether they have a minor or major cancer at the initial point of diagnosis?

Is Cancer Research UK not absolutely right when it says:

"the Government proposals to exclude people with certain types of cancer from protection ... particularly on arbitrary or ill-defined criteria, risks creating a complexity where none is needed"?

Does the Minister accept that it would make a very good Bill even better if she were to do the logical thing and ensure that it avoided complicating the situation in such a way?

Mr. Goodman: I was intrigued by the hon. Gentleman's suggestion that we might have a day in Committee. Does he agree that it would be far better if we spent such a day discussing matters such as cancer and did not spend any of it rolling back the gains on depression that were made in the Lords?

Paul Holmes: I agree that, if we do get a Committee, it should be used for those purposes. A number of amendments were made in another place, and I think that Ministers have so far indicated that they intend to try to reverse only one of them, which deals with depression. That would be a retrograde step. The wide range of disability charities in the disabled charities coalition have made it clear that they would be very unhappy if the amendment on depression were removed. It would be better to look at how we can improve the Bill after the recess rather than look at ways of weakening it.

As a final point on cancer, does the Minister agree that, even at this stage, there is still time to get the Bill right for everyone with cancer, so that all people with cancer and all the cancer disability and research groups can welcome it wholeheartedly and without reservation? After a Parliament in which the Government have rightly given cancer priority, surely getting the Bill right for everyone with cancer would be a testimony to joined-up government and is a golden opportunity for them to reaffirm their commitment to everyone living with cancer.

I was asked to raise the second of my three issues by the Parkinson's Disease Society. It has major concerns about the inclusion in the Bill of just one neurological condition—multiple sclerosis—rather than a clause that covers all progressive and fluctuating neurological conditions. The current Bill specifically included MS from diagnosis as a result of an unexpected and unsuccessful discrimination case that was brought by a man with MS. As a result of the failure of the case, the Government decided that they needed to include MS in the Bill.

Maria Eagle: MS was already included in the Bill; in fact, it was in the original Disability Discrimination Act 1995. The problem that the case threw up was that somebody who everybody thought was obviously disabled was said not to be, because he could not prove that his condition would deteriorate. That is the minor issue that we are trying to put right.

Paul Holmes: I welcome the Minister's comments, but they lead into exactly the point that the Parkinson's Disease Society wishes to make. Exactly the same condition that applies to the MS sufferer who lost a discrimination case when everyone thought that the rules covered it would apply in future to people with Parkinson's disease. Do we have to wait until somebody with Parkinson's disease goes to a tribunal or a court and loses before we look at changing the legislation, or are we adequately covered at this stage if we are naming only one neurological condition, MS, and not others, such as Parkinson's? Does that leave the Bill too open and too weak with regard to Parkinson's? The Minister is shaking her head; I am sure that she will reassure us later.

Miss Begg: I have some sympathy with what the hon. Gentleman is saying. The MS decision was perverse, however, possibly because the condition cannot always be proved by any clinician to be necessarily progressive. That would not be the case with regard to Parkinson's, Huntington's or a number of the other neurological diseases. I cannot imagine any clinician saying that there is not an automatic progression in those conditions, so they would, I hope, already be covered.

Paul Holmes: I hope that the hon. Lady's observations are correct. The Minister was nodding, and I am sure that she will reassure us. The Parkinson's Disease Society was concerned to get the point clarified on the record in this debate precisely because after the early onset of Parkinson's is diagnosed, it can be many years before it starts to affect somebody's life and ability to work and to appear as a debilitating condition. As that long period can elapse in some cases of Parkinson's, people are worried that they might have to go through the same legal procedure as the MS sufferer went through in order to be covered.

Maria Eagle: Perhaps I should clarify now that the current law provides that, on the onset of the first symptom that one normally gets before a disease such as Parkinson's is diagnosed, as long as the condition is going to be progressive and lead to disability, one is covered from that point, even if one is not suffering severe symptoms at that stage.

Paul Holmes: I thank the Minister; I am sure that the Parkinson's Disease Society will be happy to have that clarification on the record.

[Paul Holmes]

My third point concerns schools, which play a major and fundamental role in shaping our society in a couple of ways, the first of which is access for all. Certain categories of children may be excluded from access to a good education because they are poor and qualify for free school meals, are in care—the Department for Education and Skills has expressed concern that children in care do not get a good deal on access to schools—or have special educational needs. Such children need just the same, if not more, access to schools as any other children. Otherwise, they will miss out on educational opportunity, finish their education with inferior qualifications, and have much less chance of going into satisfying and well paid careers and having a good life as adults. Schools are very important in respect of social inclusion and equal access to education.

Secondly, schools are important in a more general way, because of the role that they play in socialising and forming attitudes among our young people, who are our future adults, business men, Members of Parliament, Ministers and so on. If all children are educated together where that is practical—I know that there are difficulties about how far that can go—they become, as children and later as adults, far more tolerant, understanding and accepting of differences, whatever they may be.

I speak as one who was a teacher for 22 years. For 17 of those years, I worked in a school in the constituency of the hon. Member for High Peak (Tom Levitt)—at first it was a boys school, but then it merged with a local girls school to become a mixed comprehensive. In its two different incarnations, that school had a very good reputation for including children with special educational needs and disabilities. In the course of those years teaching in mainstream classes in a mainstream comprehensive, I taught children with fragile X syndrome, cerebral palsy, spina bifida and Down's syndrome, as well as children who were registered as 85 per cent. to 90 per cent. blind. That worked very successfully. Pupils accepted that such children were simply other children and, later, simply other adults. They accepted such conditions automatically because they had been exposed to them and experienced them all the way through. It was not a matter of separating people out into different categories by saying, "You go to a special school; you will never mix with anybody else." That is exactly how it should be. I can see hon. Members nodding.

Ofsted has pointed out that, according to its inspections, up to 50 per cent. of schools are not completely fulfilling their obligations on social inclusion. I would argue, as I frequently have here and in the Select Committee, that one of the reasons for that is the pressure of league tables and testing. The Committee has repeatedly criticised that—for example, in its report on secondary education, which was published last Thursday morning, and in its report on school admissions and diversity of provision in schools, which was published last year. There is widespread concern about the whole area of social inclusion, not only the specific issue of children with disability or special education needs.

Somebody said that the Bill is perfect. I do not think that the DRC would go quite that far, even if it feels that there is nothing else to change at this stage. The Disability Charities Consortium, which includes a very wide range of disability groups, does not agree. It is worried that while a general duty to promote equality of opportunity for disabled children will apply to schools, it appears—this is reflected in what the Secretary of State said in his opening comments—that a specific duty will not be applied to schools even though it will be applied to councils, universities and further education colleges.

Maria Eagle: If the hon. Gentleman had listened to the Secretary of State, he would have heard him say that specific duties will apply to schools.

Paul Holmes: I thank the Minister. That is certainly not the way I heard it, but I will look carefully at the written record tomorrow.

Mr. Goodman: I think that the Minister is right about what the Secretary of State said. The important point is that he said that it would be done by regulation, and some of those who were calling for action were hoping that these measures would be in the Bill. It now looks unlikely that we will get a chance to debate that or to table amendments in Committee that would insert them.

Paul Holmes: I welcome those comments. As I recall, the Secretary of State said that any such measures would be made much less onerous than those relating to race relations, for example.

In relation to Ofsted's observations on schools that do not meet requirements on social inclusion, I draw on my experience in education and the numerous investigations by the Education and Skills Committee into secondary education over the past two years, which have led to critical reports by that Committee, although it is dominated by Government Members. I am concerned that unless the obligation on all schools—not only those that grasp such opportunities wholeheartedly, as many do—is crystal clear, this will not go as far as we want. At a recent meeting, representatives of the Disability Charities Consortium pointed out that the slow progress that many schools are making in implementing their duties under the Special Educational Needs and Disability Act 2001 justifies their concern about what might happen in future.

Many other matters, some of which have already been mentioned, would normally be considered in more detail in Committee, but I doubt that we will able to do that. I absolutely welcome and support what has been achieved by this good and much improved Bill as it has gone through the process from pre-legislative scrutiny onwards, and I regret that we will probably not be able to finish the job properly because of the imminent general election.

3.16 pm

Mr. Gordon Marsden (Blackpool, South) (Lab): I join all Members who have spoken so far, and no doubt those who will speak after me, in wholeheartedly welcoming the Bill.

We all bring our different perspectives to a subject such as this and it is only fair for me to start, if the House will indulge me, by displaying the two main elements of mine. The first is personal, in that, for nearly 30 years,

my mother has battled a very cruel and debilitating disability—osteoporosis. That started with an horrendous accident that she had about two days before my A-levels, which gives an idea of the time span. During that period, she has battled strongly, in a very feisty way, and has probably taught me as much as I learned, before becoming a Member of Parliament, about the practicalities, limitations and challenges of being disabled, particularly with that disability.

Osteoporosis affects around one in two women over the age of 50 and, as people are increasingly aware, one in five men over the age of 50. Sadly, just as haemophilia can have disastrous effects on people as regards the blood, osteoporosis does the same with bones. Despite all that, my mother has managed to battle her disabilities with great perseverance. Over the years, she has managed to travel to the Holy Land and other places by air—the aviation aspects of the Bill are particularly welcome.

I pay tribute to the National Osteoporosis Society, which has battled tirelessly to raise awareness of the condition, and to its local representatives in the Blackpool and Fylde area—Jean Marsh and others—who have lobbied tirelessly.

Of course, my mother would not have been able to do much of what she did without the support and devoted contribution of my late father as her carer. That is an important aspect that we should bear in mind when considering the Bill. Carers are the glue that binds together many disabled people's self-esteem. In many cases, they are the people who help disabled people to maintain their struggle for quality of life. It is right that we should remember the relatives, friends and, indeed, thousands of young people—often teenagers—who act as carers.

The Carers National Association does a great job, as does the carers association in Blackpool. I was delighted to support the Carers (Equal Opportunities) Act 2004, successfully promoted by my hon. Friend the Member for Aberavon (Dr. Francis). The Bill is for carers as well as for disabled people. It will help to encourage and empower many carers and people with disabilities.

A second influence that underpins my commitment in this field has been my experience as Member of Parliament for Blackpool, South. Disabilities are a major issue in seaside and coastal towns, because they have a larger than average number of older people who are more prone to disabilities. Furthermore, a larger than average number of people with health problems and disabilities move to such towns. I might gently point out, in a wholly non-partisan fashion, that that is not always fully recognised in funding formulae.

In Blackpool, 37 per cent. of my constituents have a limiting long-term illness and 11,600 of them receive disability living allowance or attendance allowance, which gives some indication of the issues in my constituency.

Tom Levitt: Although my hon. Friend is correct in saying that there are costs associated with a high number of disabled constituents, and indeed visitors, is not it also the case that some parts of the tourism industry do better than others in attracting the disabled pound and making their services more attractive to disabled people, who have not always been well catered for in the past?

Mr. Marsden: My hon. Friend is right and he provides the hook for the next bit of my speech.

Seaside towns obviously offer leisure and relaxation, but they face the challenge of building on the market to which my hon. Friend referred—for accommodation, shopping and visiting restaurants and clubs—so the way in which they cater for their disabled visitors as well as for their disabled residents is crucial. That is why the recognition of responsibilities that the Bill provides in those aspects is so vital.

I am proud to have been the honorary president of the Disability Services Organisation for Blackpool, Wyre and Fylde, which provides a number of services with only a small number of paid staff and volunteers. Two key services are rideability and shopmobility. As Members will appreciate, millions of people visit Blackpool every year and it is important that disabled people should be able to use the motorised vehicles and other equipment that shopmobility can provide.

In places where there is a high concentration of people with disabilities, there is also a high concentration of champions of people with disabilities, and I want to pay tribute to some of my constituents in that respect. Mr. Chris Williams of Layton fought tirelessly against the anomaly whereby disabled people had to swap a flat-rate concessionary fare for a half-price one when they reached the age of 65. That is why I, like many others, welcomed the Chancellor's announcement about free transport for disabled people in the Budget. I praise Mr. Ray Ball of the Macular Disease Society and all the other members of that society who have fought tirelessly on that issue, and also to get a proper crossing point for a busy road in South Shore in my constituency, near the Princess Alexandra home for the blind. The role of disabled people in terms of work is important, and I pay tribute not only to the Princess Alexandra home, which operates a bed factory in Blackpool, and to its secretary, Mr. Kevin Winkley, but also to my constituent Mr. Martin Penfold, who is a member of the Blackpool trades council and a doughty fighter for the rights of disabled workers.

There are other organisations in my constituency, such as Action on Access, the Disability Services Organisation and the carers association, to which I have already referred, run by Mr. Doug Slimming. About four minutes' walk from my home in Blackpool is the BLESMA—British Limbless Ex-Service Men's Association—home. Many people will know of the good work it does for ex-servicemen and their dependants. In all communities, there are individuals who feel strongly about and fight on disabled issues. They do best when they have the support of crusading local journalists. I pay tribute to my local paper, the Blackpool *Gazette*, and to its feature editor, Jackie Morley, who has done so much to raise awareness and advance change.

Those people need a framework for all that campaigning—what Neil Kinnock memorably described in another context as a platform on which to build. The Bill helps to provide another layer on that platform. I want to touch on some of its detailed

[Mr. Marsden]

provisions. I welcome its widening of the definition of disability to relate to people with HIV infection, multiple sclerosis and cancer. There were important discussions across the Floor about the important questions to be resolved on the definition of cancer, but I ask the House to remember two important things about the extensions the Government have proposed in the Bill.

First, as my hon. Friend the Member for Aberdeen, South (Miss Begg) said, disabilities do not automatically mean wheelchairs, a point that would be echoed by macular disease sufferers in Blackpool. Incidentally, the Bill gives reassurance to small businesses—there are many in my constituency, not least in the leisure and hotel trade—which will be concerned about access and the major adjustments that they may have to make under its provisions. Most Members are familiar with the provisions that reasonable attempts should be made to provide access.

The second important implication of the changes is their meaning for those who may be attempting to claim DLA and other benefits, which can be a mountain for many people to have to climb. I am dealing with the case of a constituent who has throat cancer. He has undergone two severe operations but is still knocked back in his claim for the personal care element of DLA. Although that is very necessary for him, he has found it extremely difficult to claim. The Bill has important implications in that regard.

I welcome what has been said about the extension of responsibilities in relation to transport, especially the fact that exemptions will no longer apply to infrastructure or service features. We have a strong local interest in Blackpool, where the tram network is not easily accessible for disabled people and where our light-rail transit bid submitted to the Department for Transport stresses the need for access for people with disabilities. In Blackpool, we are making progress on the bus front, and I pay tribute to Blackpool transport services and its managing director for what they have done in that respect.

There is much more in the Bill about putting the onus on operators to make reasonable adjustments. That is important, but so, too, is advancing understanding and attitudes. I entirely agree with what my hon. Friend the Member for Aberdeen, South said about that earlier: there is a seamless web between legislation and improving attitudes.

Let us consider, for example, access to taxis for disabled people who use wheelchairs, most of whom need ramps. People with severe osteoporosis certainly have to use them. As my mother would strongly testify, there is nothing more terrifying and stressful than being physically manhandled into a taxi, however well meaning the taxi driver might be. Attitudes among some, although not all, airline carriers also need to be improved and the Bill sets the context for that.

The Bill will also be of assistance in changing hearts and minds, and encouraging commitment. As with reassuring people in hotels and guest houses that they need to make reasonable provision, we need to ensure that people in the transport industry, having made reasonable provision, get the improvements road-tested by disabled people to make sure that they do the job that they are intended to do.

Clause 12 is welcome, in that it brings private clubs with 25 or more members within the scope of the Act. The change in attitude involved here is very important. Not so many years ago, I remember a doughty member of my constituency Labour party who had a disability threatening direct action against a club in my constituency that did not have proper access or toilet facilities. Thankfully, much has now changed in that regard, and those changes will be strengthened even more by the Bill. There are also issues around meetings and activities that take place in historic properties. Again, the Bill has struck the right balance. It does not propose blanket expensive changes, but reasonable attempts to provide access. English Heritage's booklet, "Easy Access to Historic Buildings", deals with this matter well.

I want to pay tribute to the thoughtful and sensible way in which many people in the leisure and tourism industries, particularly those with small guest houses and small businesses, have responded to the proposals. I have seen that among the hoteliers' organisations and business improvement district co-ordinators in my constituency, as well as in the work that is being done nationally through the various task forces operating through the Department for Culture, Media and Sport.

I also want to mention the important extension of the responsibilities and duties of public authorities. The House of Commons briefing note on the Bill talks about clause 3 encouraging participation and positive attitudes, and promoting equality of opportunity. Those are all key elements of the Bill. It is important that public authorities not only assist with needs but provide that assistance as naturally as possible. It should be seen not as a concession but as a right.

I am privileged to have discussed many of these issues with two party members in my constituency, one of whom is the chair of the disability services organisation to which I referred earlier, and who has also been a non-executive member of the health trust. The other, Nick Gradwell, is a past councillor and a disability activist. Incidentally, neither of those people has wheelchair needs—they have sight impairments.

The balanced proposals on residential premises in clause 13 are important to a town such as Blackpool that has a large number of rented properties and houses in multiple occupation. The majority of such properties are well run, but some have absentee landlords who do a very poor job. I remember from my casework some terrible examples, ranging from problems with a constituent's guide dog to a case of a landlord being unwilling to make the necessary adjustments for a tenant's children who had disabilities. The explanatory notes make it clear that what the Bill suggests is very reasonable, namely that

> "a landlord or manager may be obliged . . . to allow a tenant who has mobility difficulties to leave his rubbish in another place if he cannot access the designated place".

Clause 16 deals with recognising people's rights and dignity with good will and good sense, and I am particularly pleased that Baroness Hollis tabled the Third Reading amendments to ensure that disability

adaptations would be included when a lease entitled a tenant to have such improvements with the landlord's consent.

Legislation can do only so much, and there will need to be a proactive attitude on the ground. Local co-operation will be needed to make the Bill work. In Blackpool, we have a good relationship between the local council and the landlords' forum, but it is important that such bodies see themselves not as antagonists but as joint enablers when it comes to implementing these measures.

Clause 15 deals with qualifications and education, and I very much welcome it as a further step towards ensuring that general qualifications bodies do not discriminate against disabled candidates for prescribed qualifications. It will be important, for example, in regard to practical issues such as the provision of ramps for wheelchairs in examination halls. The measure also deals with providing redress to candidates if they are denied those facilities, and I again praise the amendments that were tabled by the Government on Report in the Lords in that regard.

My experience as a part-time Open university tutor over 20 years involved a number of disabled students. I was full of admiration for them and how they overcame their problems, but I must also pay tribute to the Open university for how it assisted them in the process. That example has not always been followed by other more mainstream and traditional universities, but we are getting there.

The inclusion of schools has been mentioned this afternoon, and the Disability Rights Commission has also rightly raised it. I know from my own experience that provision for disabled children in schools can be patchy—not because of lack of willingness or sympathy, but because of lack of awareness, of a framework and, sometimes, of finance. That has been strongly present in higher and further education, but it is beginning to change. I am convinced that the measures in the Bill will assist that process.

In that respect, I again pay tribute to a local person, Professor Alan Hurst of the university of Central Lancashire, who has done much to raise awareness of the issues for disabled students in further and higher education. When we had a conversation on that subject, he made an important point to me. He said, "In all these areas, there is a threefold process. You start by recognising what the problem is. You then apportion an access officer to begin to deal with it. Then you have to move on and ensure that all staff, all teachers and all lecturers gain awareness of the students' needs. It is not just a question of being able to box it off."

Those things have had to take place to combat discrimination on grounds of race, ethnicity or sexual orientation, and we need to bear that in mind when we consider the issues in relation to schools, which is why I welcome wholeheartedly what my right hon. Friend the Secretary of State said this afternoon about duties for schools. I urge him and other Ministers to take carefully on board the points made by the various bodies that have lobbied in this respect when they draw up the regulations under clause 3.

I refer to the parliamentary briefing that the DRC has circulated to Members to pick up two important points. It says it is important that we realise that the

> "efforts of FE and HE providers to widen access for disabled people will be undermined if schools are not subject to ... specific duties".

It continues:

> "Specific duties would boost attempts to recruit and retain more disabled teachers and other school staff."

Those are salient, cogent points. I am sure they will be taken on board when regulations are considered.

My experience in Blackpool is that children with multiple disabilities—often, such children have attention deficit hyperactivity disorder and autism, which can be associated with other disabilities—and their parents in particular need the maximum framework of support. We would not consider it acceptable to tell schools that they had a general duty of care only to their gay, lesbian and ethnic minority students, or that they must not be proactive or take specific steps to improve the self-worth of such students, or maximise their ability to achieve and to be treated equally. That is an important point to bear in mind when we are thinking about the issues for children with disabilities and drawing up the regulations.

I want to end by praising all that the Government have done on disabled issues. The Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), who is the Minister with responsibility for disabled people, and all at the Department for Work and Pensions have worked tirelessly, and they have been assisted by all the disability organisations and the DRC. The Bill is another vivid example of the Government's commitment to the active championing of disabled people's equality rights. It is a tribute to the hard work of MPs of all parties, not least my hon. Friend the Member for Kingswood (Mr. Berry), secretary of the all-party disablement group, who unfortunately is not in the Chamber today.

There has been a sea change in attitudes since the pioneering initiative of Alf Morris in the 1970s. As I speak, an ambitious project is under way in Blackpool, involving Heritage Lottery Fund money, to modernise and spruce up Stanley park, which many Members might know. Central to the bid accepted by the HLF, and to the planning, is better access for and use of the park by people with disabilities. The Blackpool Bears, a disability sports club in Blackpool, is central to the planning process. That is real change and real progress.

I commend the Government on immeasurably strengthening the framework in which those sorts of initiatives can take place by bringing forward this Bill.

3.40 pm

Mr. Tim Boswell (Daventry) (Con): Like others who have contributed to this debate, the hon. Member for Blackpool, South (Mr. Marsden) made some constructive points in relation to education and leisure, and was also right to highlight the importance of carers and the large role of all the voluntary organisations in the field of disability which protect the various interests and people concerned. His remarks were entirely consistent with the general tone of this debate and the deserved welcome that the Bill has received from all

[Mr. Tim Boswell]

quarters of the House. I am no exception to that: I am pleased that the Bill is being discussed today. I would have no problems with its passage into legislation, and would not seek to frustrate it.

My hon. Friend the Member for Wycombe (Mr. Goodman), in a speech of some breadth and complexity, prefaced his remarks with some of the parliamentary history of the scrutiny of this legislation. It is not necessary to revisit all those points, except to say that the House will know that I had Front-Bench responsibilities for these matters for my party before he did, and I had the same experience as he had of trying to persuade the Under-Secretary of State for Work and Pensions, the hon. Member for Liverpool, Garston (Maria Eagle), to get on with it, and of warning her of what might happen if progress was not made. We now have a pistol to our head. It would be mistaken of Ministers, the Disability Rights Commission or whoever, to assume, in the mode of a reactionary Member of the House prior to the Reform Act of 1832, that the British constitution was so perfect that no possible amendment could be considered. Quite a lot remains to be considered in terms of the various interests, including points that have been made today, and that is why I would very much welcome detailed scrutiny of the Bill in Committee, although, sadly, that might not happen.

Perhaps my last contentious point is that what has happened with this Bill has, in a sense, been a paradigm of the marginalisation of disability issues more generally. This Bill comes very much at the end of the queue in relation to consideration by this House, although it is not the only such Bill. In addition, as my hon. Friend the Member for Wycombe reminded the House, the last time that we considered such matters strategically was on European election day. I, the hon. Member for High Peak (Tom Levitt), to whose contribution we look forward, and others—coincidentally, with a strong representation from the east midlands, partly because we all had all-postal ballots—spoke on that day and felt strongly about the issue. If that happens in the House, perhaps it is merely a paradigm of what happens elsewhere.

Having taken an interest in disability matters in the House for some six years, apart from those as a constituency Member, my impression is that there are two parties. There is a minority party, which is represented on both sides of the House, who take an active interest and wish to promote these issues—Members from both sides of the House have said generously that this is an all-party effort, through the disability group and otherwise—and a much larger number of people on whom these matters do not impinge day to day. If it is difficult to create awareness in this place, how much more difficult it is to create it among service providers or users outside. That is part of the role of legislation, to which I will return in a moment.

In closing my remarks on the legislative history, it would be fair to say—from time to time Ministers show generosity, and I note the remarks made by Baroness Hollis in the other place about the Disability Discrimination Act 1995—that this is not an oppositionist issue.

We are not emerging from darkness into light. Social progress in this country, in many contexts, is secured through the progressive activities and influences of different Governments building on each other's experience. If we can claim credit for the 1995 Act, the Minister can equally claim credit for the Disability Rights Commission, for the extension to education in the Special Educational Needs and Disability Act 2001, and indeed for this Bill. There is no need to argue about it; we are on the same side in seeking progressive improvement.

We should also record our gratitude to those who have helped to lay the foundations for these additional changes: the Disability Rights Task Force and the Disability Rights Commission. When the commission was first established, I was, as it were, the Minister's opposite number. I proceeded with a reasonable degree of healthy scepticism, needing to be convinced; and I was convinced—that the commission was doing a good job in a sensitive way, and was an active force for good. I say that unequivocally, because I believe it to be true. Along with the task force and its well known report, it has looked at the operation of the 1995 Act and improved it.

I hope the Minister will not think I am trying to put her down when I say that a parliamentary analogy could be drawn with Ministers' alleged argument in favour of the European constitution. Some of the Bill is a tidying-up exercise to deal with areas that have not been properly covered, but—in a spirit of bipartisanship, or multi-partisanship—I concede that it makes at least two major advances. First, I think we are all pleased to see that real progress has been made in improving transport. The hon. Member for Aberdeen, South (Miss Begg), who spoke interestingly from direct experience of disability, rightly said that mobility was an important component of the empowerment of disabled people and the improvement of their lot. Secondly, clause 3 and other parts of the Bill give public authorities a general duty to promote disability equality and the interests of disabled people.

Those are important issues, but the transport issue is not straightforward. It is fair to say that a private sector provider of goods and services is bound by reasonable adjustments. As disability interests have been able to demonstrate, there are ways of making such adjustments that are affordable and sensible, and I would endorse such an approach. In the case of major public sector provision, however, it can be quite expensive, and objectives may occasionally overlap or clash.

There are only two railway stations in my constituency, both very small. One is Kings Sutton, the other Long Buckby. One is unmanned; the other has someone there in the mornings. They are both very much Victorian stations. The cross-line access at Kings Sutton is soon to be improved, but the problem with both stations is that the platforms are rather short. The problem with altering rolling stock—in the entirely commendable and desirable interests of mobility—is that it tends to require more space. Trains may have to be longer to retain the same capacity. Trains are getting longer in any case, to meet the capacity of stations. Unless and until single-door control is introduced, it will be difficult to achieve a service at those stations. If they are closed for that or another reason, such as the rather

poor access arrangements, the alternative is to go to a railhead in the town, which may not serve the interests of disabled people. I rehearse those as the sorts of difficulty that may be encountered, which is why I understand that Ministers will want some time to get this done. I hope that they are determined to press on and to make sure that it is done.

As regards the general duty, I am reassured by, and take comfort from, the fact that although there were some stern duties under the Race Relations (Amendment) Act 2000, it seems to have worked well. I have never had to deal with an adverse case or report from a constituent, and it is reassuring that it is possible to produce such duties without a backlash, if I might put it that way.

There are some technical differences between disability duties and awareness on the one hand and those related to racism and sexism. To use an analogy, it has always struck me that the difference between racism and disability compliance and awareness is a bit like the difference between digital and analogue. Broadly, either one is a racist or one is not, and there is a clear decision, one way or the other. In relation to disability awareness, the situation is more complex because the questions tend to include whether adjustments were considered, made and reasonable. There is much more feedback in terms of whether the action taken is appropriate.

In relation to gender preference, there is an intermediate position because the Minister, from her experience of employment law, will know that it is possible to be judged to have discriminated indirectly through for example the differential operation of the qualifying period for an employment tribunal, in terms of the length of time one has been at work. These are complex issues and it would be wrong and unnecessary—from the experience of race relations legislation—to seek to run away from giving the duties to public bodies, which I welcome.

I appreciate that the Equality Bill has now been given its Second Reading date and I rather anticipate making a contribution on that Bill as well. It would therefore be inappropriate to make a Second Reading speech on that subject now. I have listened to the exchanges and various interventions on the DRC's attitude to the Equality Commission, and we have made a good deal of progress. However, in considering that legislation, as and when it moves towards the statute book, it is necessary to make sure that the particular features of disability are properly covered. There is already provision for a commissioner, but there is also a need for a body of expertise and the resources to meet the needs of, as well as safeguards for, disability interests in a single commission. No one would be happy with a situation where we legislated to put everything together and then found that none of the single strands was being adequately catered for.

There is greater complexity in relation to the nature of reasonable adjustments as against having a simple on-off test for whether or not someone is compliant in relation to discrimination matters. There is more work to be done there and the DRC and some of the studies to which Ministers have referred will help to take that agenda forward.

An interesting issue that interacts with the one of public duties is that in disability matters, even more than in other equality issues, there is an interaction of different providers. It may be that a particular provider wants to do something and is perfectly prepared to comply with the duty, but other aspects of the jigsaw are not put together. We all know from our constituents how difficult it is for people to deal with disability issues. There could be legal complications for an individual provider accused of not seeking to promote the interests of disabled people, because even if the situation was not their fault and somebody else was responsible, the service, in effect, would not be being provided, regardless of whose legal fault it was.

The second issue, about which I feel very strongly, is that we need to pay much more attention to the different forums of enforcement and the relative difficulty of carrying out enforcement within them. The hon. Member for Aberdeen, South mentioned the Scottish legal system and the sheriff court. She clearly implied that that was a more difficult process than using a special educational needs tribunal, which I can understand. Of course, under English legislation, schools are dealt with through the Special Educational Needs and Disability Tribunal, but further education and higher education are not, so a distinction remains in that regard. A few years ago, the Royal National Institute of the Blind did some work on the part 2 duties relating to employment. Such duties are dealt with by the tribunal, whereas part 3 duties relating to goods and services are dealt with by the county court. It seems highly implausible that there is more discrimination in one area than in the other, so that issue has to be looked at.

Finally, there is the question of bringing all this together in a single body of legislation, taking into account people's human rights. The Government are seeking to amalgamate the various institutions and, I concede, trying to preserve disability as one of the essential strands. However, we need to look at the wider human rights agenda. I will offer for free to the Government an insight prompted by a former Labour Secretary of State, Dick Crossman, some 40 years ago. He said of rents, "What we want is rents that are fair." Public bodies, in dealing with citizens—whether or not they have a particular disability or equality issue—should be expected to treat them decently. How one puts that into law and adjudicates on it I do not know, but there is still a great deal to be done in that regard.

I acknowledge that, here, the law is an important participant, and it has two functions, the first of which is declaratory. Its first function is to say that we as a society are not prepared to put up with some of our citizens being treated as second-class citizens. Its second function is to deal not just with businesses that make honest efforts, but in particular with those that say, "We do not want to get involved in all this; it is not for us, you know." It must make sure that that attitude is rooted out and if necessary punished. But at the same time it must try to encourage those who want to help to take a positive attitude, to take advice, and above all to consider the necessary adjustments that must be made, and to take forward the agenda of serving our disabled and other minority constituents. So law has a function, but I advise the House against saying that this Bill will

[Mr. Tim Boswell]

in itself transform the situation. Although it will help and be another brick in the edifice, it will not conclude the building.

I do not often quote others commenting on me, but I was rather proud to be described in a parliamentary sketch of some 18 months ago—the phrase related to another aspect of the equality agenda, and I enjoyed it after I thought about it—as "relentlessly inclusionist". I am quite happy about that, because we should be relentlessly inclusionist; indeed, I hope and think that everybody in this Chamber is so. We should work to ensure that it becomes a matter of course that all our citizens are empowered, included and given the opportunity to give of their best: to make their own contribution to the economic, social and cultural life of this country, and to take all the benefits that we take for granted. We do not necessarily need to treat them in a special way to do that. The more we can approximate to that situation, the better. We need the underpinning of law, but we also need the right assumptions and attitudes to become a normal part of life. I am not a Marxist—I would not be sitting on these Opposition Benches if I were—though I might be more of a sceptic, but if we could see all the business surrounding equality withering away, no one would be happier than me.

Mr. Greg Knight (East Yorkshire) (Con): I am grateful to my semi-Marxist friend for giving way. Perhaps he can help me with a particular concern about clause 10, which deals with discriminatory advertisements. If a football manager were to advertise for players for a football team, could such an advertisement imply that the applications will be determined by the extent to which the applicant does not have a disability?

Mr. Boswell: I am grateful to my right hon. Friend for raising that matter, but I am conscious that he is more legally qualified than me. My answer ad interim is that if the Bill had a proper Committee stage, we could properly thrash the matter out and ensure that we got it right.

To take my right hon. Friend's point a little wider, the one thing that would discredit all this, to borrow from the language of race relations, is the Scotch porridge case, where people find themselves in ridiculous circumstances that defy common sense as they see it. What we need is an agenda to promote the rights of disabled people, without pillorying those who are trying to do their best to meet it.

Maria Eagle: I am grateful to the hon. Gentleman, who says that he is not a Marxist. I am a Marxist, but of the Groucho tendency. The intervention of the right hon. Member for East Yorkshire (Mr. Knight) ignores the fact that many disabled people play sport very well, even sometimes professionally. The answer is that it would be a bit dodgy for a football manager to advertise in the way the right hon. Gentleman suggested.

Mr. Boswell: I am grateful to the Minister for helping to clarify that matter. We look forward to debating it further in Committee, if and when the Committee stage takes place.

Tom Levitt: The reference to Groucho Marx reminds me of a sketch by Peter Cook and Dudley Moore that raises this very issue. A one-legged actor applies for the role of Tarzan, leading Peter Cook to say to Dudley Moore, "I have nothing against your right leg; the problem is—neither have you".

Mr. Boswell: I had forgotten that, but I have a horrible feeling, Mr. Deputy Speaker, that if we extend this line of argument, we may get into dead parrots, at which point we would probably be marginalising at least one party in the House.

To conclude on a serious point, we should be "relentlessly inclusionist", we should look for every opportunity to advance the real interests of disabled people, and above all, we should make all that mainstream rather than a self-conscious exercise by a limited number of people in the House or elsewhere. To accomplish that, we need the right balance between sanction and encouragement, and between the law and good practice.

That is in no sense a cop-out for the law, which must be there as an underpinning, as I said, but I do not want anyone in the business world, for example, to settle merely for compliance with the law. It is perfectly proper to expect businesses, having made their reasonable adjustments, to consider what else they can do. They may well be pleasantly surprised when they do so, which applies not just to disability but in respect of the wider equality agenda. If a company is prepared to examine its customer base and try to ensure that its work force mirrors that base, it is likely to be more commercially successful, especially when dealing with the general public, than it would have been if it had walked away from these problems. It may not be easy to do, but many companies of different sizes are prepared to consider that option.

Above all, we do not want just a tick-box exercise saying "we have done it", and we do not want a parliamentary tick-box exercise, either, saying "we have legislated; that is the end of the matter; now get on with it". There needs to be a wider public debate about how we take the agenda forward.

In the end, the Bill is about treating people decently and enabling them to unlock their power and influence. I feel very strongly about a number of matters that I have to deal with, which tend to bear on the work of the Department for Work and Pensions. If we can make a convincing connection between the moral and business cases, there will be a chance of getting something done.

4.5 pm

Tom Levitt (High Peak) (Lab): It is always a pleasure to take part in a debate with the hon. Member for Daventry (Mr. Boswell). As we have reminded each other on several occasions, it is more than 20 years since we first debated against each other. When I say that it was on the sixth form circuit, I do not suggest that we were in the sixth form 20 years ago: in fact, we were visiting sixth forms to present the respective positions of our parties. Even then, he was relentlessly inclusionist and, having seen him in action in the House in our time here together, I sometimes think that his compassion and values are more suitable for the Labour Benches than for the Opposition Benches.

I am sure that the hon. Member for Daventry will not take much issue with what I am about to say. In 18 years in office, the previous Conservative Government managed one piece of legislation in respect of disability, but the Disability Discrimination Act 1995 was singularly ineffective in a great many ways. It did not contain any powers of enforcement, nor establish a commission for disabled people. In fact, the Ministers responsible for the 1995 Act fought tooth and nail against proposals to include any enforcement powers.

I recall amazing scenes, when it was clear that one of the Ministers involved—whose daughter was renowned for leading the disabled rights campaign—sometimes found himself in a great pickle. He could see the strength of the argument in favour of establishing a commission, but was obliged to fight against it.

The 1995 Act talked about disability discrimination but contained almost no reference to transport, which is the key to accessing all other services. Bizarrely, the Act made it obligatory for station platforms to be accessible to disabled people, but not trains. In that respect, it was a charter for disabled train spotters: it was certainly not one for disabled travellers.

The 1995 Act completely excluded education, and that omission is something that this Government have had to put right. Also, it failed to address the problem of people's attitude to, and understanding of, disability. That problem is at the heart of the barriers between disabled people and their full civil rights. Those barriers must be broken down.

Mr. Richard Spring (West Suffolk) (Con): I am sorry that the hon. Gentleman is going down this route, as it is not in the spirit of the debate so far. Like him, I was in the House when the 1995 Act was passed. I can confirm categorically that it had a considerable impact, in more than narrow legislative terms, as it helped disabled people in our communities to resolve problems of access, and so on. I hope, therefore, that he will not pursue that line of argument.

Tom Levitt: My point is that the 1995 Act contained huge gaps that need to be filled. I shall say more about them in a moment, but I accept that a process of evolution was under way. I do not understand why the Government of the day committed themselves so firmly to opposing private Member's Bills on disability discrimination put forward by my hon. Friends the Members for Kingswood (Mr. Berry) and for North-East Derbyshire (Mr. Barnes), and by my right hon. Friend the Member for Coatbridge and Chryston (Mr. Clarke). Their Bills were all very sensible, but they were all thwarted.

I also mentioned in a previous intervention the long delays in the DDA, such that parts of the Act, had we not addressed them, would still not have been implemented even now. They include part III on access to goods and services. Indeed, as that legislation stood in 1995 in terms of employment rights for disabled people, it affected only about 6 per cent. of all businesses—I think that that figure is right. The small firms exemption meant that the vast majority of businesses were not obliged to take the needs of disabled employees and prospective employees into account.

The DDA set up the National Disability Council, which gave some disabled people a forum, but I do not believe that that body, ably led by David Grayson, would ever have been as effective as the disability rights taskforce. When that was created, as soon as this Government came to office, it had a momentum to it, precisely because the doors were then seen to be open to ensuring that civil rights for disabled people became a reality.

I was privileged to serve on the Committees that examined the Disability Rights Commission Bill and the Special Educational Needs and Disability Bill. In their turn, they both added to the power of disabled people to achieve their civil rights and plugged holes in the DDA. We also implemented part III of the DDA and removed the small firms exemption, so that 100 per cent. of businesses are now covered by the rules.

The Bill addresses many of the remaining gaps in provision. I am particularly pleased to see that councillors are included for the first time. I actually wrote a pamphlet on the subject of councillors and disabled access in 1995, so I was 10 years before my time, but I am glad to see that its recommendations will now be enforced.

The Bill also addresses transport. Again, there must be a lead-in time, which must be a compromise between the ability of the providers of transport services to respond and the urgency of fulfilling those civil rights needs. I believe that we have got the balance about right on that.

The Bill removes many exemptions from the previous legislation and, to pick up the point of my hon. Friend the Member for Blackpool, South (Mr. Marsden), I am pleased about private clubs. It is fair to say that the hon. Member for North Dorset (Mr. Walter), after his private Member's Bill did not succeed either last year or the year before, can nevertheless be pleased to see how the spirit of that proposal has been introduced into the Bill that we see before us.

The duty to promote good relations is essential, and the duty to promote the civil rights of disabled people exists on not just local but all public authorities. I am sure that, considering how the debate has gone in the past 10 years, we have seen the cart before the horse. A momentum already exists, but the Bill will ensure that no public authority will lag behind.

Alongside the civil rights legislation that we have had over the years, we have changed part M of the building regulations to make buildings more disabled accessible. The new deal for disabled people has helped 200,000 people have the dignity of work, and now for the first time more than 50 per cent. of disabled people are in employment and many more are seeking opportunities to earn through work. The vast improvements in the funding for the access-to-work schemes also enabled that to come about.

There are still some holes in the legislation, and I would like to mention three of them. One relates to an issue that I wanted to push strongly in the scrutiny Committee, which is the situation of volunteers. I understand why the Bill may not be the most appropriate place to include provisions on that, but it must be said that we have rights for employees and prospective employees who are disabled, and the role of volunteers nowadays in many organisations is very much akin to that of employees. Many volunteers are doing work experience and many are gaining experience as part of achieving a qualification. Many have an

[Tom Levitt]

understanding with their employers that is close to being a contract of employment. However, to argue at this stage that we should extend the disability rights legislation to cover volunteers would ignore the fact that sex equality legislation and race equality legislation do not apply to volunteers. Perhaps the Equality Bill would be a better place in which to ensure comprehensive protection for volunteers against unjustified discrimination when their role is akin to employees. I was pleased to have had the opportunity in the scrutiny Committee to explore that possibility and to make the case for extending disability discrimination legislation to volunteers.

We heard earlier about the scrutiny Committee's statistics and, in addition to the contributions of its members, the quality and enthusiasm of the witnesses, including my hon. Friend the Minister, who appeared before it were very high. That was the only time I have been a member of a scrutiny Committee and it was rewarding, fulfilling and, looking back, valuable. It was appropriate for that Committee to scrutinise the Bill.

The second matter that I want to refer to is housing, about which the scrutiny Committee raised issues and made recommendations, although many of them were not taken forward. I am pleased that matters relating to common areas in shared properties will be reviewed. I want to make one suggestion, which would not require legislation. We have part M of the building regulations, we have disabled facilities grants—which cover funding for extensions and alterations to properties—to set standards and the concept of lifetime homes has become a reality in the design of properties. Can we be assured that the standards that those three different criteria apply to those three different concepts are consistent and that lifetime homes, disabled facilities grants and part M all seek to point developments and alterations in the same direction and to produce the same level of access?

I heard what hon. Members have said about not having a Second Reading debate on the Equality Bill now, but I am pleased with the debate on the new equality commission. I was Parliamentary Private Secretary to my hon. Friend the Member for Hornsey and Wood Green (Mrs. Roche) when, as Minister of State at the Cabinet Office, and subsequently at the Office of the Deputy Prime Minister, she was responsible for the early days of that legislation and the article 13 legislation, so I have been involved in the debate on the equality commission for some time. I was originally a sceptic and did not believe that it would be possible to take on board the historic and particular needs of the three existing strands for which commissions exist and merge them with the three article 13 strands. However, I was wrong. I said that there had to be clear horizontal and vertical structures so that if I were being discriminated against by harassment, irrespective of whether it was because I was disabled or because of my gender and so on, I should have access to the best legal advice on harassment from the commission. That horizontal strand is just as important as saying that a disabled person should have access to people who are experts on disability.

I now look forward with optimism because the process has worked. In particular, the views of disabled people and the Disability Rights Commission have been taken on board in moving towards the equality commission.

I want to celebrate two other Government achievements because I have had a close personal involvement in both. One is the roll-out of digital hearing aids in the NHS, managed by the Royal National Institute for Deaf People at a time when I was a trustee of that organisation. That was an excellent example of partnership between Government and the voluntary sector and will be seen as a real emancipation of people with hearing impairments. The other is the recognition of British sign language. The Government not only recognised it as a language, but provided funding to give some reality to what is meant by recognition. I looked back through *Hansard* and discovered that I called for such recognition in an Adjournment debate in 1999, but better late than never. Recognition is an excellent step forward for the 50,000 people in this country whose first language is sign language.

If we look back 10 years, not many people could be said to be public role models for disabled people. That situation has changed. My right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett), the former Home Secretary, is one example and my hon. Friend the Member for Aberdeen, South (Miss Begg) is another, but I wish to put on record a few other names. The reputation of Peter White, the Radio 4 presenter who is blind, as a journalist has grown and grown over the years. People such as Heather Mills have taken on high profile positions, not necessarily on disability issues—rightly, in many cases. They have shown that disabled people can be in the limelight and carry it off. I know a little about stand-up comedy—but that is a story for another day—and there are now several disabled comedians, including a deaf comedian, who are well established on the circuit. Of course, only in the past few days, Dame Tanni Grey-Thompson has had her contribution to public life recognised. I also welcome the fact that as we all pull together towards London 2012, it is being made clear that it is a bid not only for the Olympics but for the disabled Olympics.

That all shows that public opinion has moved on in 10 years and perhaps, as the hon. Member for Daventry suggested, the 1995 Act opened a few doors. It could have done more, but we have now made up for many of the omissions. In that respect, I regard the Bill as a consolidating measure that will make progress in some areas and put right some matters that had not been put right in the past. I am certain that every party in the House will co-operate to ensure that the Bill gets a fair and appropriate hearing in the next few weeks and that the ambitions expressed today that it become legislation as quickly as possible reach fruition.

4.23 pm

Mr. Richard Spring (West Suffolk) (Con): I am grateful for the opportunity to speak in this debate. I am pleased to do so and I know that various disability organisations are delighted that this debate is taking place and we are making progress. As we have heard from many hon. Members this afternoon, there is a real desire to see the legislation on the statute book.

It is curious how one becomes interested in a subject. In the case of the hon. Member for Blackpool, South (Mr. Marsden), who spoke movingly about his mother, the cause was his personal family conditions. It is not something that has affected my own family, but in 1992 when I became a Member of Parliament I had a secretary who was quite severely disabled. It is extraordinary how the facilities in the Palace of Westminster, however imperfect, have moved on in the 13 years since I have been an MP. It was seeing life through my secretary's eyes that gave me an abiding interest in this subject. I saw the difficulties that life presented for her in many respects in this particular place of employment, as well as the bureaucracy that she had to face on many different levels, and that is why I have continued to take an interest in the subject.

That is why in 1995, when the original Disability Discrimination Act was passed, I felt it was a welcome step forward, and I certainly supported it because it was the first attempt by a British Government to legislate on the concept and principle of disability discrimination. It gave disabled people a right not to be discriminated against in employment and a right of access to goods, facilities, financial services and the transport infrastructure.

I entirely take the point made by the hon. Member for High Peak (Tom Levitt) that, as we look back over 10 years, we can see that the 1995 Act was imperfect and that there are gaps to fill. Indeed, that process has moved on, but we can equally say that it was important legislation that changed attitudes, and it was certainly radical in dealing with discrimination against disabled people. I therefore have some pride in the then Government's achievement at that time. When I saw for myself the results of that legislation, I became interested and started to make contacts as an MP with groups that were speaking for various causes related to disability. I was able, as I know many hon. Members were also able to do, to assist them in achieving results such as wheelchair access and in changing the culture of understanding so that people became aware of the needs of people with disabilities. That was an important moment.

Today, however, after seeing the effects of the 1995 Act over what is quite a lengthy period, it is certainly clear that we need to amend the existing legislation to meet the considerable challenges that people with disabilities must overcome. It is disappointing, however, that the introduction of the Bill has been left quite late, although, of course, I support it in principle. I know that my Opposition colleagues and, indeed, others would have valued extra time to consider the Bill, and in a sense, this is something of a missed opportunity.

Many hon. Members have lived with disability at first hand, whether directly or indirectly, and are perhaps in a unique or special position to scrutinise the Bill with the expertise that arises from their own experience, but many of us who are not in that position may nevertheless have had temporary experience of mobility problems. Others will have regularly accompanied wheelchair users and people with mobility problems and have experiences of the difficulties that disabled people face—a point made by the hon. Member for Aberdeen, South (Miss Begg). That is why the provisions in the Bill that relate to transport are so welcome. Inaccessible transport has a major impact on disabled people's independence, social participation and employability. Some 60 per cent. of households with a disabled member do not have access to a car, so access to the public transport system is a crucial part of many disabled people's lives. Of course, that is doubly the case in rural areas, where public transport is limited. The Bill represents a step towards a public transport system that is more accessible for all disabled people.

Many hon. Members may have spoken to representatives of the disabilities charity consortium—the DCC—about the Bill's contents. As we know, the DCC is an informal coalition consisting of Leonard Cheshire, Mencap, Mind, the Royal Association for Disability and Rehabilitation, the Royal National Institute of the Blind, the Royal National Institute for Deaf People and Scope. They, like me, believe that constructive debates in the other place have resulted in a much improved Bill and some very valuable results for disabled people. However, they still have some concerns that relate to transport, and I should like to make these points now in the hope of encouraging further response.

Although the rail and bus industries will have to comply with a legislative framework, the aviation and shipping industries currently operate voluntary codes of practice on accessibility. The DCC believes that the voluntary codes have not proved fully effective in improving services for disabled people. The regulation-making powers in the Bill will allow the Government to make both those codes statutory. Indeed, the Joint Committee that considered the draft Disability Discrimination Bill reported that

> "The Committee received a significant amount of evidence which suggests that voluntary compliance is not currently effective".

I understand that the Government wish to wait until later this year to see the results of research on compliance with voluntary arrangements that are designed to secure better access to air and sea transport for disabled people. If that is still the case, will the Minister comment on that specific matter?

There are numerous examples of airlines and ferry companies acting thoughtlessly and inappropriately towards disabled passengers and thus causing a great deal of embarrassment and anxiety, so that needs to be resolved as quickly as possible. Will the Minister explain the situation regarding the exemption from statutory regulations and tell us how she thinks the matter can be addressed? I share the DCC's concerns about the effectiveness of existing disability equality training programmes in the transport industry. It is important that people who work on buses, trains and the underground are fully aware of the needs of disabled passengers. Perhaps the Minister will also comment on that matter during her winding-up speech.

Disabilities are not always visible. I was pleased that a modest Opposition amendment on depression was agreed to on Report in the House of Lords. Mental health is often overlooked in anti-discrimination policies and rules, so I congratulate my noble Friend Lord Skelmersdale on tabling the amendment. I echo the appeal made by the DCC and

> "urge the Government to retain the amendment and do not do so simply because of the time constraints that have been imposed on the Bill but also because they recognise the case for the amendment."

[Mr. Richard Spring]

Under section 1 of the 1995 Act, a person's impairment must have

"a substantial and long-term adverse effect on his ability to carry out normal day-to-day activities"

to fit the definition of a disability. An impairment is defined as "long-term" if it has lasted for at least 12 months, or if it is likely to have a substantial effect for at least 12 months. The provisions in the Act designed to cover recurrence have not been effective in the case of depression, although I know that the Secretary of State commented on that and I understand that he talked about a Green Paper on the matter. However, according to the website www.psychdirect.com, the risk of recurrence of an episode of depression within a five-year period is as much as 70 per cent.

Depression carries a huge stigma, so it is important that the Bill recognise that. Let me quote from a briefing sent to me from the DCC:

"People who have recovered from an episode of depression can find that they never find paid work again yet their ability to work is not reduced in any way except by prejudice. A recent study found that where two job applications, one disclosing a diagnosis of diabetes the other one of depression, were submitted to 200 personnel managers, the 'applicant' with depression had significantly reduced chances of employment. Discrimination can short-circuit the process of recovery for those who have undergone depression, it can undermine self-esteem and exacerbate the illness. This destructive cycle brings about, above all, suffering for individuals, but also a loss of talent for society and cost to the public purse in health/social care and welfare benefits."

In light of that compelling argument, I ask the Minister to build on the comments made by the Secretary of State and reflect on the amendment tabled by Lord Skelmersdale, which deserves to be supported.

The final aspect of the Bill on which I wish to comment relates to the way the Government have declined to give a firm commitment to include schools in the specific disability equality duties in the Bill. The Secretary of State spoke about anti-discrimination and a general duty in the public sector that there should be proportionality, which is absolutely understood. However, he implied that such specific duties in the Bill would place an extra burden on schools. Teaching unions, such as the National Union of Teachers and the National Association of Schoolmasters Union of Women Teachers, have stated during consultation that they would welcome the specific duties in Bill being applied to schools. According to Ofsted and a recent report from the Prime Minister's strategy unit, some schools are failing disabled children. Just one of the many saddening statistics from the Disability Rights Commission is that 27 per cent. of disabled people aged between 16 and 24 have no qualifications whatever. That compares with 12 per cent. of non-disabled people at the same age. The Government have recognised that more needs to be done to support disabled children in school.

We are all agreed that the public sector duty at the heart of the legislation will make a tremendous difference for disabled people. I am told by disability organisations, however, that it will be very hard in practice for schools to comply with their general duty without having specific duties in the Bill to guide them.

Maria Eagle: The Secretary of State said in his speech that the specific duties would apply to schools.

Mr. Spring: The difficulty lies in the difference between what is contained in the Bill and what will be done in regulation. Will the Minister clarify that point, because there is some lack of understanding, and not only in my mind?

Such specific duties would ensure that schools have to produce disability equality schemes involving disabled people and monitor and report on their progress against those schemes. Without the schemes, it will be very difficult for schools and the Government to monitor how schools are meeting the general equality duty.

I know of schools that have worked hard to include disabled pupils. I have visited a number of such schools in my constituency, and I applaud the head teachers, other teaching staff and governors for their efforts. The best schools have been taking that approach successfully for some time. I have become aware of one head teacher who was keen to maintain an ethos in which children responded to and interacted with each other as equal members of the community and as their friends, rather than as disabled or non-disabled pupils.

In my own school—I look back at this with some degree of surprise—the head teacher, even in those days, took an extraordinarily far-sighted view on including young people with disabilities. When I think about the fellow pupils who had disabilities, I reflect on what a satisfying experience it was for them to be in such an environment. For the majority who did not have a disability, the issue never occurred to us; the approach that was taken was an act of normality. That is what I saw with my own eyes in a much more limited way than now. I am glad that the culture has moved on considerably, but I have seen that the idea of inclusion where possible works. I hope that it can continue and be carried much further, as it is a desirable objective.

Commendable practice of the sort that I have described is not, however, consistent. It is exactly the sort of activity that would be included in the disability equality schemes required by specific duties. Again, I ask for clarification, and I know that the Minister will respond. In November 2002, the DRC surveyed the aspirations and experiences of young disabled people. It found that many had low expectations about educational and employment opportunities. Almost half those interviewed said that they had experienced problems at schools for reasons related to their impairment, and 38 per cent. of respondents said that they had been bullied. Some 11 per cent. of those surveyed had been unable to get access to all school resources, and many also said that they had missed out on school sports or trips. A significant number felt that they had been actively discouraged by their teachers to consider higher education. We are aware that schools are required to have accessibility plans to try to combat such problems, but there is no requirement for them to evaluate the effect of the plans. The Government cannot tell us what effects such plans have had. In any case, Ofsted research demonstrates that 50 per cent. of schools do not even have the plans in the first place.

Furthermore, the drive of Government policy is to join up the different agencies dealing with children. The Children Act 2004 will extend the functions of some schools to include essential child care services, and many children's services in health and social care already deliver through schools. How does the Minister respond to claims from disability organisations that it is nonsensical that these services, which are delivered in schools, will be covered by specific duties while the schools will not?

Maria Eagle: The Secretary of State has said that schools will be covered by specific duties.

Mr. Spring: I can only ask the Minister again: when she makes her winding-up speech, will she make it clear—for it is not clear in my mind—that such a provision is in the Bill and part of the relevant regulations? Schools make up about half of all public bodies, so it would appear strange to exclude them. Thirty-two of the organisations consulted felt that imposing specific duties on schools was important and that the issue of disability in schools had to be at the forefront of that. I look forward to the Minister's comments.

This Bill is wholly welcome; it closes all sorts of loopholes that needed to be closed. As we reflect on the past 10 years, we see that a considerable amount of progress has been made, but there are still areas to be addressed. I echo what has been said by so many other hon. Members this afternoon in hoping that we can complete the proceedings on this Bill as soon as possible.

4.42 pm

Tim Loughton (East Worthing and Shoreham) (Con): I am pleased to have the opportunity to add my two ha'p'orth to this debate and to welcome the Bill. I echo many of the excellent contributions already made by hon. Members.

First, I should declare an interest as chairman of the Conservative disability group. I work closely with various groups in my constituency and in wider west Sussex—particularly with the West Sussex Association for the Disabled and the West Sussex Disabilities Network. I am vice-president of my local Mind branch and vice-chairman of the all-party group on autism.

The hon. Member for Blackpool, South (Mr. Marsden) represents a seaside constituency, as I do. As he said, in such constituencies we have—not least because of the age profile of the populations—an above-average number of people with disabilities, not only physical disabilities but many mental disabilities: dementia-related disabilities such as Alzheimer's.

I should like to pick up on a few of the comments made by hon. Members. Typically, the hon. Member for Aberdeen, South (Miss Begg) made a very pertinent point—in this case, on how we view people who have disabilities. As she said, too many people call disabled people "the disabled" and think that all they really need is a place to play draughts. That same tokenism applies to elderly people, be it in Worthing or anywhere else—apparently, all they need is somewhere to play bingo—and to the young, whose problems of boredom can apparently be solved by building a skateboard park.

There is tokenism in all sections of society. That is why it is so important that the Bill should not be about tokenism, but about real action for disabled people, who are, first and foremost, people—people who happen to have disabilities and who enjoy and dislike certain things, just like anybody else in this Chamber or outside it. We are not here to discuss tokenism, but real measures that give real access to people who do not have it as fully as they might, but who have every right to it and should have every expectation of it.

As my hon. Friend the Member for Wycombe (Mr. Goodman) said, this long-awaited Bill is about social justice and builds on the good work done in the Disability Discrimination Act 1995. We are foolish not to be doing much more to help people with disabilities. As hon. Members have said, people with disabilities often represent a great untapped source of talent and potential and it is a waste not to tap into that. I echo the concerns expressed by my hon. Friend the Member for Wycombe—although I shall not discuss them at such length—about the time that it has taken to get to this stage of the Bill. There were six and a half years between the Labour Government's 1997 commitment to produce such legislation and its appearance in the form of a draft Bill.

Maria Eagle: The hon. Gentleman will realise that we dealt with 70 per cent. of our manifesto commitment on inclusion before the Bill was introduced because we could do so without primary legislation, so he is not being entirely accurate.

Tim Loughton: The premise on which the Government made their disability proposals was that a new Bill, such as the one we are debating, was necessary to consolidate existing legislation and to take forward the disability reform programme. It has taken a long time and it is especially unfortunate that we are discussing the measure at the fag end of this Parliament. All the supporters of the Bill, inside and outside this place, have expressed concern that at best there will be minimal time for scrutiny and at worst that time will not be sufficient before the axe of the likely general election falls. None of us wants the Bill to go to waste, but that is not to say that more scrutiny should not be undertaken to improve it further.

We all agree on the need to consolidate legislation on disability discrimination 10 years on from the original Bill, which was introduced by my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) when he had ministerial responsibilities for disabilities. I applaud the work done in another place, especially by my noble Friend Lord Skelmersdale, who described the measure as

"a needed Bill which could be made better".—[*Official Report, House of Lords*, 6 December 2004; Vol. 667, c. 675.]

Many of the actions of the upper House have made the Bill better, and I hope that the Government will respect those amendments.

Much can be improved through better regulation and the Minister rightly pointed out the good work that has been done through regulation rather than through primary legislation. I do not want to diminish that in any way. As my hon. Friend the Member for Daventry (Mr. Boswell) said, all Governments can take pride in,

[Tim Loughton]

and claim credit for, building on a progressive foundation, started in 1995, for a much better deal for people with disabilities.

Definitions of disabilities, the way we treat disabilities and our social vision of disabilities have changed enormously just in the 10 years since the original Act, and it is right that legislation should keep up with both changing attitudes and changing physical and mental conditions. It is not merely about the visible physical illnesses with which people too often purely associate disability; it is about a whole range of mental conditions. I am pleased that they are mentioned in the Bill and I shall return to that point.

We need to be realistic about what is workable, however, and what will take business and the community at large with it, given that many of the new duties under the 1995 Act came into force only last October due to the long lead-in time. Several Members commented on that. I certainly agree with the proposed long lead-in times for some of the public transport considerations. My hon. Friend the Member for West Suffolk (Mr. Spring) was right to welcome the emphasis on public transport, which is so essential for many people with disabilities, especially in rural areas.

I welcome the amendments made by Conservative peers to put an end date of 2020 on the Bill, although I should have liked that to be rather sooner. I reiterate the point that I made earlier about the lifetime of rail franchises. It is unacceptable that our constituents and those of us who use the train to travel between our homes and our constituencies still have to travel on slam-door trains from the 1950s. That still happens all too often on the south coast line, despite the fact that we have been through at least two train operators since privatisation. Any new bidders for the franchise should do so on the basis that from day one of their operation all their rolling stock will be disability-friendly and that slam-door trains will disappear, because their demise is long overdue. They are exceedingly unfriendly to anyone with any sort of disability. The obscenity of people in wheelchairs having to travel in the guard's van like a piece of luggage is also an entirely outdated concept that we should reject sooner than 2020.

A couple of years ago, a constituent of mine who is a civil servant was travelling up to London on one of the local services from Worthing. She is in a wheelchair. She was eventually able to arrange for someone to get her on to the train at Worthing station, which has a ramp, although it is not always available. However, the station in London at which she wanted to get off did not have a disability ramp available on the northbound platform. She had to go all the way up to Luton in order to get off the train. I am afraid that she did not spend much time there, although I am sure that the Government Whip, the hon. Member for Luton, South (Margaret Moran) would agree that she would have had a delightful time if she had.

My constituent then had to come all the way back to the London station at which she had originally intended to get off, where there was a disability ramp only on the southbound platform. That is absolute nonsense. Whoever was responsible had picked on the wrong person, however, because it so happened that my constituent was a member of the Government's Disabled Persons Transport Advisory Committee, so the matter was reported straight away to the appropriate powers. That sort of thing still happens far too often, however. We need much greater clarity and transparency in the way in which new rolling stock and new disability-friendly public transport is coming on stream. My hon. Friend the Member for West Suffolk mentioned some of the atrocities that take place when people in wheelchairs or people with other disabilities try to get on to cheap flights, which really are not geared up for dealing with the large market of disabled people who enjoy going on holiday abroad just as much as anyone else.

I welcome the measures in the Bill that deal with local authorities and other public bodies. The Local Government Association has said in its briefing, however, that it wants to

"ensure that the administrative burdens resulting from this bill will be kept to a minimum. Where possible we would like to see timescales and processes aligned to allow authorities to develop generic equality schemes."

The LGA also believes that

"the provision to bring councillors within the scope of the DDA is long overdue, and we are happy to see clarity now given to the category of law occupied by disabled councillors. Local councillors will be better able to perform their community leadership role if there is no ambiguity about their treatment in law."

I entirely agree with that.

In many cases, local authorities could do more, and that is often a problem of funding. On several occasions, however, I have pushed a constituent around Worthing or other towns in my constituency in a wheelchair, just to see how easy it was to find disabled ramps—to go into the tourist information office, for example. I have found ramps set at an angle of about 45°. It was a struggle for me to push a little old lady in a wheelchair up such a ramp; imagine what it would be like for a little old lady pushing her husband, for example. It would be completely impossible. The provision of such ramps is tokenism; in practice, they are not doing the job that they are supposed to do. Local authorities could be more proactive in having local audits of disability access. It should be a question not of saying, "We've got the ramp; we can tick the box", but of asking, "Does that ramp actually work? Why aren't people using it? How can we improve it?"

In places such as Worthing, several people have mentioned problems relating to gaining access to the beach. Disabled people enjoy the beach just as much as the rest of us, but just let them try to get on to it. At the moment, a very large investment is being made in the sea defences in my constituency, which I very much welcome. This has involved large quantities of shingle being bulldozed up to the beach, the construction of rock groynes, and so on. That is fantastic for keeping the sea out of my constituents' front gardens, but very bad for enabling people with disabilities to get on to the beach to enjoy the facilities there. It has proved nigh on impossible for me to get the Environment Agency, the local council or whoever to devise a scheme whereby people—not just those with disabilities or those with extreme disabilities who may be in a wheelchair, but elderly people with sticks and parents with children in pushchairs—can gain access to facilities that we all like to enjoy, such as the beach. A lot more can be done.

We must also consider problems with social services departments, which are spending a lot of money and finding their budgets enormously squeezed. That is the case in West Sussex, where there was no real increase in spending on social services this year. They are, quite rightly, having to spend money to make adaptations so that people with disabilities can stay in their homes. Government policy is for more people to be able to stay in their homes longer—that is absolutely right, if it can be achieved—rather than, as the Under-Secretary of State for Health, the hon. Member for South Thanet (Dr. Ladyman), and the Chancellor of the Duchy of Lancaster, previously Secretary of State for Health, have described, elderly people being banged up in residential homes.

Well, it is horses for courses. Residential or nursing homes provide an excellent essential service for those people for whom it is appropriate. For those who are able, it is fantastic to be able to stay at home for longer and to have that encouraged, but this can happen in practice only if those facilities are available in homes so that people can look after themselves and have the support of home care visits and all that goes with them.

Social services departments are having their budgets squeezed, however, so this problem does not arise through a lack of desire to make those houses disabled-friendly. Often, they are not getting the extra money for that from a Government who are forcing them to allow more people to stay at home, even if in some cases that might not be entirely appropriate for the person concerned.

We need greater education and awareness among the public on disability issues and on getting rid of stigma for people with disabilities. That is certainly appropriate for local authorities when dealing with social housing, looking after people with learning disabilities and handling school allocations for people with disabilities. So the extra requirements in the Bill are welcome, but this is another example of placing extra requirements and resource implications on local authorities without necessarily providing the resources to make them possible and practical.

I return to the point that several hon. Members have made about the apparent exclusion of all the duties on schools and echo the request from my hon. Friend the Member for West Suffolk that the Minister make this point crystal clear in her winding-up speech. Clearly, not only Members of the House, but many well informed bodies outside are confused about exactly what will be required of schools in respect of their disability obligations.

For example, the Children's Society briefing says:

"We recognise that schools are subject to a range of existing legislation and guidance in respect of special educational needs. However this is no substitute for clear and unequivocal regulations and guidance setting out schools duties.

Schools are at very different stages of meeting their current obligations and many disabled children. The recent Ofsted report "Special educational needs and disability: towards inclusive schools" published in October 2004 highlighted that over half the schools visited had no accessibility plans and that only a minority of mainstream schools meet special needs very well. More recent research involving interviews with LEA officers in 2004 shows that progress is slow and limited for disabled children in schools and that pupils with special educational needs are still losing out on admissions policies and practices."

The Disabilities Charities Consortium, in responding on why it thinks specific duties on schools are needed in the Bill, says:

"Schools have a particularly important role in promoting disability equality because of their unique influencing role on future generations. They provide the bedrock for disabled individuals' opportunities in future life.

We know that the schools system is currently not delivering equality of opportunity for disabled pupils. For example, 27 per cent. of disabled people aged 16–24 have no qualifications whatsoever, compared to 12 per cent. of non-disabled people of the same age, disabled people aged 18 are only 40 per cent. as likely to go to university as their non-disabled peers".

It continues:

"The Government's reluctance to impose the same specific duties on schools as on other public bodies means that unlike other public bodies, schools will not have to produce Disability Equality Schemes, involving disabled people in the process, nor will they have to monitor and report on their progress."

Maria Eagle: Many Members have mentioned this issue, and I keep saying that the specific duties will apply to schools, as the Secretary of State has made clear. It has only ever been proposed that the duties should be in regulations, as the hon. Gentleman will see from the Bill. They will therefore apply in the same way to schools through regulation as they will to any other public authority. I hope that that makes the position crystal clear to any Members who have been concerned about the issue.

Tim Loughton: Will the Minister therefore confirm my point that disability equality schemes, for example, will be required to be produced by all?

Maria Eagle: We have just completed a consultation on how the regulations should operate and what the regulations will say. When the regulations are published, the hon. Gentleman will see precisely how they will work. They will apply to schools as they will be applied to other public sector bodies.

Tim Loughton: I think that the Minister is now saying something different. She is talking about regulations that none of us have seen, and about a consultation exercise that does not form part of this legislation. That is why there is confusion. I have asked her a specific question as to how our fears can be allayed by the legislation, and that provision is not in place. It is only fair that such concerns should be aired. We will need clear guidance as to the form in which she suggests that the regulations will appear, when they will appear and how they will interact with this legislation. That is a fair point, and that is why Members have raised the concern time and again, much to her annoyance. Such concerns are legitimate, however.

In relation to education, I welcome the clauses dealing with the general qualifications bodies. I have a particular concern, as an officer of the all-party deafness group and having visited a deaf school recently, about some of the changes that some examining bodies have made, which would disadvantage seriously those with deafness. Previously, such people have been accommodated much more generously when taking exams. Perhaps the Minister will tell me, when she winds up, whether such considerations will now be included in the part of the Bill on general qualifications bodies.

[Tim Loughton]

Deafness is a disability that affects many of our constituents. I hosted recently a reception in the House by the deafness group, Sign, which does a lot of good work, particularly for deaf people with mental illness problems, too. It has produced some fantastic innovations and projects, including a software program that can be distributed to every GP in the country for the price of £10 per year, in which a signer in video form on a laptop screen goes through a list of symptoms and possible illnesses, pointing to parts of the body and so on. It is a simple and clever way of enabling a doctor who has no sign language to communicate with a deaf person. It also has applications for people who speak a different language, as a translatable version is possible.

In relation to mental illness, uniquely, patients have had to prove that their illness is clinically well recognised to secure the protection of the DDA. I welcome the amendments tabled in the upper House to deal with that, as it affects an awful lot of people. One in four of the population will experience a mental illness problem at some time in their life. One in 10 children now suffers from mental illness, much of which is related to depression. It is still a very big stigma. More of a stigma is probably attached to mental illness than to any other disability or physical condition. On the day on which the Joint Committee on the draft Mental Health Bill—of which I was a member—has produced its rather damning report, I must say that I fear the Government's proposals will do nothing to reduce that stigma. Indeed, in their present form they would do the opposite.

There is a big shortage not just of acute beds but cognitive behavioural therapy and other alternatives to drug treatment, especially counselling. I hope that some measures in the Bill will make it easier for people with mental illness to gain access to such services. Mental health has been very poorly served by anti-discrimination legislation. The Disability Charities Consortium says:

"These provisions cause real problems for people with depression . . . depression is typically severe though relatively short-lived but discrimination against the person is commonplace . . . once there is a medical record of having had depression in the past, however distant or short-lived, discrimination is common."

My hon. Friend the Member for West Suffolk (Mr. Spring) gave figures demonstrating how difficult it is for such people to find jobs. There are the "revolving door" patients who go into residential accommodation for treatment, then recover, leave the accommodation and may be able to secure straightforward jobs for a time, but then relapse and have to return. The DCC continues:

"However case law has shown that this provision is not effective in the case of depression. There are differences of view within the medical profession as to whether (and when) episodes of depression are manifestations of an underlying condition and when they are discrete episodes. As a result experts often disagree in court on the issues. Furthermore, doctors often, understandably, feel reluctant to testify that a person with a first episode is likely to have a recurrence."

The risk of a recurrence of an episode of depression within a five-year period is as high as 70 per cent., which is a problem for people wanting to enter employment.

In this more than any other context, we need a joined-up approach to, for example, helping people with mental illness back into housing when they have been in residential accommodation. I am particularly concerned about what the Government are doing with the supported housing project. According to a parliamentary answer from the Office of the Deputy Prime Minister today, some 12,000 individuals and households benefit from the supporting people programme, which is now to be cut. In Worthing, in my part of west Sussex, it will be cut by some 30 per cent. Many people with mental illness problems who have benefited greatly from that project will not be able to do so any more, and I think that that has severe implications. I urge the Government to think again about trying to reverse the amendments on depression that were made in another place.

At the same time as introducing regulations, restrictions and duties on public bodies such as local authorities and schools, we should bear in mind the enormous amount of good practice that goes on. We should do all that we can to encourage such good practice. It need not be costly. One of the best examples is provided by the store B&Q, which showed itself to be enlightened and progressive when it saw a niche market and became much more disabled-friendly—just as, some time earlier, it had become more environmentally friendly.

To a greater extent than many other large retailers, B&Q has a policy of encouraging the employment of people with disabilities—people with physical disabilities who may be in wheelchairs, and people with learning disabilities. Surprise, surprise, it has found that such people make rather more reliable and hard-working members of staff than some others. Surprise, surprise, it has found that it takes a larger share of the disabled customer base because people see that it is disability-friendly—and not only in terms of providing wheelchairs, situating signs at a lower level and providing large print signs, and not only because it employs people with disabilities. Disabled people like to shop there and B&Q has made a commercial success out of being disability-friendly. If only many more retailers and businesses followed that example! We should not only be imposing more regulations: we should be pointing to the attractions and benefits for everybody—it is a win-win situation—from encouraging good practice among businesses that become disability-friendly.

There are more things in the Bill to be scrutinised and it would benefit from more time in Committee than I fear it will get if the general election is on 5 May. I do not take the point made by the hon. Member for Aberdeen, South that a pre-legislative scrutiny Committee is in some way a substitute for this Chamber or the upper Chamber having a full opportunity to scrutinise the Bill. It is complementary to the process and helps to prepare the Bill before it comes to this place. However, it will deserve no less scrutiny because of that process when it goes through the upper House or this Chamber.

The Government need to come out with further details, but I join all Members who have spoken in this excellent debate in welcoming the Bill and in hoping that it will get on to the statute book before the general election. I hope also that the benefits that it will bring can be enjoyed by our many of our constituents who have disabilities as soon as possible.

5.11 pm

Mr. Goodman: With the leave of the House, Mr. Deputy Speaker, I should like to respond to the debate. The Under-Secretary has a lot of ground to cover, so I will not go into detail on the three comprehensive and knowledgeable speeches from Government Members—from the hon. Members for Aberdeen, South (Miss Begg), for Blackpool, South (Mr. Marsden) and for High Peak (Tom Levitt)—or the three equally knowledgeable and sensitive speeches from my hon. Friends the Members for West Suffolk (Mr. Spring) and for East Worthing and Shoreham (Tim Loughton) and, not least, my relentlessly inclusive hon. Friend the Member for Daventry (Mr. Boswell).

I shall not repeat points made in the debate but shall raise one that arose during it. Much of the debate has focused on what will happen with any time that we have in Committee, which the Under-Secretary knows is likely to be limited. It would be helpful if she gave some idea of the priority that the Government will place on the Bill in Committee. It would be regrettable if that time were spent on rolling back the gain made on depression.

This is a good and worthwhile Bill with all-party support and the Under-Secretary will now have a chance to respond to the debate.

5.13 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): I concur with the hon. Member for East Worthing and Shoreham (Tim Loughton) that we have had an excellent debate and on a number of other things that he said. It is a privilege for me to reply for the Government.

I believe strongly that completing the implementation of full civil rights for disabled people is something of which the Labour Government can be proud. Having listened to the general support for the Bill from all parts of the House, I believe that the progress that it represents when it is enacted will be a change for good for disabled people in Britain. By good, I do not only mean a change for the better in the individual day-to-day lives of our disabled fellow citizens but also that it will achieve permanent change and improvements that will not be reversed in the future by any Government.

For disabled people, this is a major advance, a milestone on their road to true equality and equal respect in our society. Our society is part of the way through a journey. We have left behind the place where disabled people were ignored, excluded and even hidden away, and sometimes feared, reviled, ridiculed and abused. But we need to get to a place where they have full opportunities and choices in life—where they are respected and included as equal members of our society and feel free, like the rest of us, to live their lives and to contribute their talents to our country and to our world. I doubt whether anybody in the House disagrees with that.

This Government have listened to the just demand made by disabled people over the years for true equality and we are acting to speed progress ever faster toward the goals of inclusion, respect, equality and improved life chances. The Bill is a great step forward and I welcome the widespread recognition of that fact across the House. In particular, I welcome the support of the Conservatives, whose eagerness to be seen as the champions of disabled people's rights, as represented in the speeches of the hon. Member for Wycombe (Mr. Goodman) and his colleagues, is absolutely apparent.

Such eagerness is very much to be welcomed, but some seasoned observers of this scene might be a tiny bit surprised by it. After all, it was the Conservatives who, for 16 of their last 18 years in office, did regrettably little when they had the power to change disabled people's lives. They repeatedly squandered the opportunity, provided by the work of my noble Friend Lord Morris in the 1970s, to enable Britain to lead the world on disability civil rights. We could have been much further ahead had they taken forward these issues at the beginning of their period in office, instead of at the very end. It is the Conservatives who, reluctantly, passed what proved to be flawed and inadequate anti-discrimination legislation, after using parliamentary tactics for many years to prevent disabled people from having rights. It is a truly astonishing conversion that we have witnessed today, but I stress that it is very welcome.

Many Conservative Members stressed transport provision, but I find myself wondering why the party that originally refused to define transport as a service in the Disability Discrimination Act 1995 is now urging me to bring the proposed end date in respect of transport forward from 2020 to 2017. The Conservatives' legislation did not even include a power to set end dates, so this is something of a conundrum, but as I said, their conversion is very welcome. Indeed, I welcome support from all parts of the House.

Numerous issues were raised during the debate and I will do my best to deal with as many as possible. The hon. Member for Wycombe raised five different issues, including one stressed by other Members: clause 18 and the "depression amendment", if I might refer to it in that shorthand. Since its inception, a fundamental principle of the DDA has been that it protects people who are disabled. The general understanding of "disability" is that it is a condition with a long-term and substantial adverse effect, so there is a basic difficulty in that term's covering people who experience isolated, short spells of depression or any other short-term condition. The legislation has always excluded people with short-term conditions and it is equally important that, as we work to improve its coverage, we do not make it too complicated for those upon whom such obligations are to be placed. The House should remember that, in many cases, we are talking about small businesses and we must not make it too difficult for them to understand and appreciate who is covered by the legislation and who is not.

We do not believe that the proposed amendment has been thought through properly. For example, if it were accepted, the DDA would provide lifetime coverage for someone who suffered a six-month period of post-natal depression, and who suffered another period of depression five years later that had a completely different cause, such as the loss of a parent or other relative. We would all have a great deal of sympathy for such a person, but most of us would not consider them disabled, and we have always tried to be careful not to include in the legislation people who are not seen as disabled. That is the fundamental difficulty that we have with the amendment, and I hope that Members in all

[Maria Eagle]

parts of the House will recognise that fact. Conversely, the amendment would not cover someone whose circumstances were exactly the same, but who had had five rather than six months of post-natal depression. In other words, the implications are somewhat arbitrary, which cannot be justified. That is our basic difficulty with the amendment.

Tim Loughton: I regret the fact that the Minister was so churlish in her highly partisan comments earlier in her speech. Will she acknowledge that a person suffering post-natal depression for six months would, under her Government's draft Mental Health Bill, be much more likely to be subject to sectioning? Does she believe that such coercive legislation will help to counter the stigma that people suffering from mild mental illness often face? It will do nothing for the rights and entitlements of people with disabilities, yet the Government are seeking to introduce such a measure at the fag-end of their time in office.

Maria Eagle: I thought that my introductory remarks were relatively subdued and gentle. I am not going to be drawn into discussing the draft mental health legislation. I am trying to explain to the House, as I have been asked to do, why we are considering reversing the amendment on depression. Members can agree or disagree, but I am simply explaining it to the House.

We do not believe that it is sensible to extend the law in respect of just one type of condition or to breach the principle of long-term conditions on which the legislation is based. Now is not the right time to do that. Conservative Members should realise that this is not the end of the road for disability rights. It is not as if there will be no further opportunities to tweak and improve legislation. I hope that I have dealt with the matter of depression.

The hon. Member for Wycombe and others raised the issue of cancer and, in particular, whether the regulations should exclude certain types. I understand the concern of many people both in and outside the House, but I want to stress that we are carrying out the recommendations of the Disability Rights Task Force, on which we consulted. The results of that consultation showed that 87 per cent. of respondents approved of the policy. These concerns have been raised with us rather late in the day. That does not mean that they are unreasonable—I fully understand them, as I said—but in deciding whether to include those whom a reasonable person would not view as disabled, we have to achieve a balance. That is what we are trying to do.

We are trying to move forward on this matter by undertaking to seek evidence about stigma relating to the conditions that we propose to exclude in the regulations. We shall also have detailed discussions with organisations outside the House, including those mentioned by the hon. Member for Chesterfield (Paul Holmes), to establish any evidence of stigma. If any evidence is forthcoming, we are open to persuasion and we have said that the regulation-making power will not be used until we are absolutely clear about the issue of stigma. We have consulted on five different types of cancer.

I believe that that provides a positive way forward and I hope that hon. Members on both sides of the House are reassured that this is not a matter that we have come up with at a late stage to cause confusion or a stir. The Disability Rights Task Force made the recommendation, we consulted on it and 87 per cent. of respondents agreed with it. We will, of course, take account of any further concerns and the Secretary of State made it clear in his opening remarks that we intend to be as positive as possible. There is no intention to cause unnecessary complexity or to leave out people who should be included just for the sake of it.

Mr. Goodman: I asked one question on this point, which had to with the timetable for the Government's response to the consultation and review.

Maria Eagle: Which consultation is the hon. Gentleman referring to?

Mr. Goodman: The consultation and review in respect of the cancers at present excluded from cover.

Maria Eagle: We want to give those organisations that have raised those concerns at quite a late stage in the process time to submit any evidence that they may have that stigma is attached to those conditions. We will not be rigid about the matter and we will give them the time that they need. There is no reason why regulations under this power should be made according to any speedy time scale. We need to make sure that we get this matter right, to everyone's satisfaction. I hope that that reassures those hon. Members who raised the issue.

The hon. Member for Wycombe also asked when section 146 of the Criminal Justice Act 2003 would come into effect. My understanding is that he will not have to wait long, as it will come into effect on 4 April. I hope that he will be pleased with the speedy response that I have been able to give him on that question.

Several hon. Members asked about end dates and the 2020 deadline. Bringing the end dates further forward than originally planned would impose extra costs on industry, but that has to be balanced against the speed with which we can make our transport system more easily accessed by disabled people. We always need to be pragmatic about such matters. The Bill is all about balancing the needs of disabled people against the costs incurred by certain stakeholders in society, such as businesses.

We think that 2020 is the right date. As my right hon. Friend the Secretary of State said, that does not for a moment imply that no transport vehicles will be ready before then. The accessibility regulations for rail and bus vehicles are already having a positive impact. For example, 3,800 fully accessible rail vehicles are already in service, with 700 more to follow in the next 12 months. The total fleet comprises some 16,500 vehicles, so a good quarter is already fully accessible, and that shows that we are making progress.

Of the taxi fleet, 56 per cent. is already wheelchair accessible, although I admit that that figure mainly applies to black cabs, which are easier to render accessible than other vehicles. However, we expect steady progress towards improvement to be made between now and the end dates. We do not expect

everything to remain as it is now until we reach the end dates, with a sudden improvement as those dates approach.

The DRC accepted that 2020 is a reasonable deadline. I fully understand that disabled people wish that everything could be accessible now rather than at some time in the future, but the House must recognise that we have to overcome a legacy of inaccessibility. Transport was not included in the 1995 Act, and that has not helped over the past 10 years. Part 3 of the Bill deals with transport, and that will help deal with some of the other problems that hon. Members set out. We have all heard the stories about ramps that are not used, bus drivers who drive past and disabled people having to use slam-door rolling stock.

By the way, the hon. Member for East Worthing and Shoreham (Tim Loughton) might be interested to know that I have been told that the slam-door stock on the lines in his area ought to be replaced by the end of the year. I can say no more on that subject, but replacement will clearly be very welcome. I agree with him that it is outrageous that wheelchair users should be expected to travel in the guard's van. One of my constituents told me a similar story only a little while ago, so we know that such things still happen. Including transport fully and properly in this Bill is a good way to make sure that they will not continue.

Tom Levitt: I am a regular user of the Pendolino service on the west coast main line, where disabled wheelchair access is very good, but the same cannot be said for the trains on branch lines. I appreciate that, for the reasons that I gave in my speech, there has to be a relatively long lead-in time. Nevertheless, while the number of carriages that are accessible is less than 100 per cent., a disabled person will not know whether the branch service that they want to use is accessible. Will there be a way of encouraging train operators to ensure that at least one coach in every train is disabled accessible in the time leading up to when 100 per cent. can be achieved?

Maria Eagle: My hon. Friend raises the issue of better quality information for passengers. Many train operators are getting much better than they used to be, and they are beginning to realise that disabled people have a lot of money to spend, that they like to travel as much as anybody else and that excluding them from transport services excludes not only the disabled people but often their entire family from a journey. We are seeing an increasing realisation of that among businesses and that is something that we want to encourage.

The other big issue raised during the debate concerned how the general and specific duties would apply to schools. I kept trying to be clear, although I appear to have failed to convince hon. Members about how clear I was. The general duties are in the Bill, and the specific duties will be in regulation-making powers. The Department consulted on how they will apply last year and draft regulations set out how the specific duties are intended to work. We have consulted on those regulations, which are in the Library, so there is some indication of what the duties will consist of. They will cover matters such as a disability equality scheme, demonstrating that disabled people have been involved in producing the scheme and action plan, setting out a plan of action to make improvements, and other such arrangements.

My right hon. Friend the Secretary of State made it clear in his introduction to the debate that the specific duties will apply to schools, and the Bill has never been about trying to place onerous burdens on anybody, whether schools or any other public sector body. It is not about trying to ensure that public sector bodies are engaged in bureaucratic form-filling and box-ticking but ensuring that we design out institutional discrimination from the way in which our public sector works. Such discrimination is often one of the biggest obstacles to disabled people in their attempt to live ordinary lives: to access services and goods, to go to work and to do all the things that the rest of us take for granted.

David Taylor: No doubt the regulations to which my hon. Friend is referring arise partly out of discussions with the Department for Education and Skills. What further discussions are planned as the regulations emerge so that the DFES and schools are clear about their role in promoting the Government's policy for disabled children and their families?

Maria Eagle: Discussions take place between Departments all the time—that is about all that I can say. Of course we will discuss with colleagues across Government how such measures work and how they are implemented.

My hon. Friend the Member for Aberdeen, South (Miss Begg) made an excellent contribution, based as ever on her personal experience. She is much respected in this House as someone who has more right than most to speak on the issue. She welcomed the legislation and gave some examples from her constituency of some other difficult issues that the Bill tries to tackle, such as housing. I acknowledge that the Bill does not deal fully with housing for disabled people. It was never intended to, and civil rights legislation is not the only way in which the issue can be tackled. However, I hope that, as others have done, she will welcome our move to try to make some progress in dealing with the issue of common parts in housing. Housing for disabled people is one of the most difficult issues that remains to be dealt with. The Disability Rights Task Force did not deal with common parts in its recommendations and we will have to return to the matter, whether in civil rights legislation or elsewhere. We must get better at ensuring that disabled people can access housing. As society ages, as more of us become disabled and as young disabled people live longer, the matter cannot be left. It remains unfinished business.

The Bill makes progress because, for the first time, the concept of civil rights applies to the landlord and tenant relationship, although it does not cover common parts. The working group that my Department established to look at progress on common parts could be a positive way of looking at next steps. We hope that it will return to Ministers by the end of the year with recommendations on how to go forward.

My hon. Friend the Member for High Peak (Tom Levitt), who has a distinguished record of speaking on these issues in the House and served on the Joint Committee—as did my hon. Friend the Member

[Maria Eagle]

for Aberdeen, South—made his usual robust contribution, which made my gentle musings about the Opposition's record seem mild. I enjoyed his speech and, as ever, he emphasised issues of concern to deaf people on which he has an excellent record in the House.

The hon. Member for Chesterfield (Paul Holmes) generally welcomed the Bill and I was pleased to hear that. He made it clear that some organisations representing local government also welcomed it and I am also pleased about that, because the public sector duty to promote equality of opportunity for disabled people applies not only to central Government, but to local government. I was heartened that local government organisations, as well as Whitehall Departments, recognise that we need to do better. The public sector duty to promote equality of opportunity for disabled people could make a real difference to their lives during the next few years, so I was pleased to hear that his party supports the Bill.

The hon. Gentleman referred to the lack of an equalities Act and I heard what he said. He knows that a review is considering some of the issues and I would not want to pre-empt any recommendations that it might make. After some of the extensive revisions to the Disability Discrimination Act 1995 and the article 13 regulations, the legislation is ripe for consolidation because it will be virtually unreadable for lawyers, never mind lay people, by the time the Bill is enacted. We will have to return to that.

The hon. Member for West Suffolk (Mr. Spring) came to the issue through the experience of a member of his staff, which is a typical way in which hon. Members come to believe that the issue is important. He stressed the general and specific duties and whether they apply to schools. I hope that I have been able to answer his questions.

My hon. Friend the Member for Blackpool, South (Mr. Marsden) also came to the issue through personal experience, but in his case it was family experience. He emphasised a point that no other hon. Member had raised, but with which we all agree—that carers are important to disabled people. We all know and accept that from our constituency experience. He gave credit to many local organisations for disabled people in his constituency, which is an experience that many of us in the House can relate to. We all know organisations for disabled people in our constituencies that do invaluable work daily to support disabled people and to ensure that their voices are heard, although disabled people are increasingly doing that themselves.

My hon. Friend praised a local journalist, as opposed to what might be described as the less than praise for a national journalist that we heard from the hon. Member for Chesterfield in relation to an article in *The Times* today. I read the article by Alice Miles and what struck me most was the lack of any kind of analysis of the point that discrimination might be occurring. That is the problem I had with the article, but it is clear that not all journalists are as unenlightened. My hon. Friend the Member for Blackpool, South was able to illustrate that with reports of a local journalist who does sterling work in his constituency.

Other hon. Members referred with approbation to the extension of the legislation to private clubs. Of course that includes political parties, and the Bill will challenge and test all of us to ensure that we put our money where our mouths are and change the way in which we relate to our own members—because we are member organisations—so that we do not exclude disabled people. It is daunting in many ways, because the Bill will place far more obligations on all of us as members of private clubs, which we all are as members of political parties. We are taking on some difficult issues and we have to ensure that we get them right.

The hon. Member for Daventry (Mr. Boswell) made his usual thoughtful speech, although I cannot agree with him that the Bill has been delayed. I understand why Opposition Members have claimed that, but the Bill has been improved by the extensive consultation. We need to get it right, because such legislation will be successful only if it gains general support within society. There is no point having theoretical rights on the statute book that do not have the approbation of those upon whom they place obligations. The Bill is now balanced from that point of view. It has been widely consulted on and will be much more widely accepted as a result.

The Bill plugs gaps that need dealing with, such as the transport exemption from part 3, the non-application of the law to councillors and private clubs, which includes political parties, and the functions of public authorities not already covered by the service and employment provisions. It also strengthens and improves the effectiveness of our anti-discrimination laws.

I pay tribute to my right hon. Friend the Member for Oxford, East (Mr. Smith), who is in his place and who was involved in the issue from the start. He established the Disability Rights Task Force and, as Secretary of State for Work and Pensions, he was assiduous in ensuring that the legislation made progress.

Mr. Andrew Smith (Oxford, East) (Lab): I apologise for not having been here for the earlier speeches. I thank my hon. Friend the Minister for her kind and generous remarks. She is evidently drawing her remarks to a close, but we should not fail to mention that her energy and dedication to the cause and the evident command of her brief that she has shown today and on other occasions are largely responsible for the fact that the legislation is now receiving its Second Reading. In particular, my hon. Friend, her officials and her ministerial team have worked with disabled people and that is the key to getting the Bill right and to implementation, so that we can translate the rights on paper into rights in reality. That will be a huge step forward for disabled people in this country and this Government can be truly proud of that.

Maria Eagle: My right hon. Friend is very generous.

The Bill places the public sector unequivocally in the lead as exemplars, requiring of us all a systematic effort to remove institutional discrimination—the often unthought-of barriers that provide the biggest obstacles to disabled people's equality. It is that provision that has the potential to enable us to end discrimination for good by designing it out of how we do things. I believe that that is an exciting prospect.

Once the Bill is enacted, we can move on to focus our efforts on making the rights we have placed on the statute book a reality in the day-to-day lives of our

disabled fellow citizens, instead of being theories in a law book. The Government already have a blueprint for doing just that in the Prime Minister's strategy unit report "Improving the Life Chances of Disabled People". Our next great challenge is to implement that and to make a reality of independent living and employment opportunities for all. That is our manifesto for disabled people and, as a cross-Government paper, it already has the merit of being accepted Government policy.

Today, however, we should not allow the remaining challenges of the future to obscure the sense of celebration that we should all feel as we send the Bill on its way through the House. The Disability Rights Commission says that the Bill

"represents a major advance for disabled people".

It further states:

"It is now imperative that the Bill reaches the statute book in advance of a general election."

I think that we all concur. I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

DISABILITY DISCRIMINATION BILL *[LORDS]* (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 38A (6) (Programme motions),

That the following provisions shall apply to the Disability Discrimination Bill *[Lords]*—

Committal

1. The Bill shall be committed to a Standing Committee.

Proceedings in Standing Committee

2. Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 14th April 2005.

3. The Standing Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on any message from the Lords) may be programmed.—*[Gillian Merron.]*

Question agreed to.

DISABILITY DISCRIMINATION BILL *[LORDS]* [MONEY]

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Disability Discrimination Bill [Lords], it is expedient to authorise the payment out of money provided by Parliament of any increase attributable to the Act in the sums payable by virtue of any other Act out of money so provided.—*[Gillian Merron.]*

Question agreed to.

DISABILITY DISCRIMINATION BILL *[LORDS]* [WAYS AND MEANS]

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Disability Discrimination Bill [Lords], it is expedient to authorise—

(a) the charging of fees in connection with rail vehicle accessibility compliance certificates, and

(b) the payment of sums into the Consolidated Fund.—*[Gillian Merron.]*

Question agreed to.

PETITIONS

Rail Services (South-East London)

5.46 pm

Mr. Nigel Beard (Bexleyheath and Crayford) (Lab): I wish to present a petition on behalf of the residents of Bexleyheath, Crayford and surrounding areas of south-east London.

The Strategic Rail Authority has put out to tender the integrated Kent franchise rail network. Consultation took place in January 2004, after which the SRA proposed a balance of services to London Victoria, London Bridge and Cannon Street from Bexleyheath. However, a year later, the specification issued to companies that wish to run the services has cut all peak and off-peak services to Victoria station. Such a departure from the original proposals devalues the consultation process. Many people from my constituency use the Victoria service regularly to get to work or to the west end for leisure. That change in service will cause substantial inconvenience to those commuting to Victoria and stations in between, such as Denmark Hill, which serves King's College hospital.

I am today submitting 618 handwritten signatures. A further 1,176 signatures appear on Bexley council's website, making a total of roughly 1,800 signatures, which suggests the strength of dismay about the sudden change to transport provision for south-east London. Bexley council also objects to the removal of the Bexleyheath to Victoria service.

The petition states:

The Petitioners therefore request that the House of Commons urge the Government to press for the Strategic Rail Authority to reinstate services between Bexleyheath and Victoria Station, along with other passenger rail services to Charing Cross and Cannon Street (as derived from consultation), in the specification of services that companies tendering for the Integrated Kent Franchise will be expected to provide.

To lie upon the Table.

BEST COPY AVAILBLE

Heavy lorries (Woolavington)

5.48 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I wish to present a petition on behalf of the residents of Woolavington village in the county of Somerset. The petition is signed by 315 of the village's residents, who declare that

"heavy lorries passing through the village of Woolavington are causing noise and inconvenience to residents"

and a danger to villagers, especially children who have to cross the busy road, because of the speed at which the lorries go through the village. To use the modern term, it is a rat-run between the motorway and the main road.

The petition states:

The Petitioners therefore request that the House of Commons urge the Government to impose a weight restriction on vehicles passing through small villages.

To lie upon the Table.

Children's Hospices

Motion made, and Question proposed, That this House do now adjourn.—*[Gillian Merron.]*

5.49 pm

Jeff Ennis (Barnsley, East and Mexborough) (Lab): I am conscious of the fact that the Adjournment debate is starting early, so I will be happy to take any interventions from hon. Members.

I am delighted to have the opportunity to raise the important matter of national health service support for children's hospices. The Under-Secretary of State for Health, my hon. Friend the Member for South Thanet (Dr. Ladyman), will know that I have campaigned long and hard on the matter for a considerable time.

Much of my campaigning zeal has been stimulated by one of my constituents, Mr. Peter Finnegan, from Bolton upon Dearne. He is a redoubtable campaigner and local fundraiser for many good causes. Three such good causes for which Peter has campaigned in the past couple of years readily spring to mind, the first of which is the Robert Ogden school for autistic children, which is run by the National Autistic Society and is the biggest specialist autistic school in the whole of western Europe. Peter has also raised a lot of money for the South Yorkshire air ambulance and—last but not least—the Bluebell Wood children's hospice appeal, about which I shall say a little more later.

Peter is of course famous for spending 90 days locked up in a portaloo at the bottom of his garden between 1 January and the end of March last year, to protest at what he perceived to be the lack of Government support for children's hospices. Peter, who is probably in his mid-60s, does not enjoy the best of health, but he showed magnificent fortitude in staying the full distance. He left the portaloo for only roughly four or five hours during the night, for obvious reasons. I know from personal experience that it was very cold sitting on that portaloo at the bottom of his garden in south Yorkshire between January and March. It was the first time I had ever done any campaigning while sitting on a toilet.

While Peter was doing his bit on the toilet, I was obviously doing my bit in Parliament. I asked the Prime Minister a question on the matter last February, and presented a petition organised by Peter Finnegan and signed by more than 5,000 south Yorkshire people on 19 May 2004. I had a meeting with the Minister in his hallowed office on 21 July 2004, about which I shall say more shortly.

I have submitted the following early-day motion on the matter in the past two parliamentary Sessions. Early-day motion 226, as it is in this Session, is titled "Review of NHS Funding for Children's Hospices". I tabled it on 30 November 2004 and it states:

"That this House asks the Secretary of State for Health to undertake an urgent review of NHS funding for children's hospices with a view to reducing the gap which currently exists between NHS funding for children's hospices and adult hospices."

I urge all hon. Members who have not done so to sign the early-day motion, about which I feel strongly.

I applied for the debate because children's hospices currently receive less than 5 per cent. of their funding from the national health service, whereas adult hospices

receive well over a third of their funding from the NHS. That differential is too great, so we need to examine closely the reasons behind it and find ways and means of closing it.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will my hon. Friend refer to the Rainbows hospice in Loughborough—it is just outside my constituency—which serves not only Leicestershire and the east midlands, but areas as far away as south Yorkshire? A low proportion of its funding is met by the central taxpayer. Does he hope that the Minister will carefully examine its work and that of similar hospices? Adult hospices get 30 per cent. of their funding in such a way, which is fine, and successive Administrations have said that they will eventually match-fund the adult hospice movement. Does my hon. Friend join me in hoping that the Government will do something similar for children's hospices?

Jeff Ennis: I thank my hon. Friend for drawing the House's attention to a hospice that adequately serves south Yorkshire at present. I shall talk about that specific situation later in my speech, if he will be patient.

As the Minister will recall from our meeting in his office on 21 July last year, this was the main subject of our discussion. He rightly pointed out the many reasons why national health service funding of adult and children's hospices varies so greatly. One of the main differences that he pointed out was the fact that children's hospices receive a greater proportion of their funding from social services departments to cover aspects such as respite care packages for parents. Unfortunately, no national statistics are currently available to identify accurately the amount of that additional funding that is going to children's hospices.

In the light of that situation and because I could not find information on the national position, I decided to try to identify the additional amount from a south Yorkshire perspective. I contacted the four directors of social services in south Yorkshire, and their responses were illuminating. I shall begin with my two home authorities. First, the chief executive of Barnsley said:

"Further to discussions at the recent meeting of MPs and the Leader of the Council I can confirm that the Council receives no specific funding for Children's Hospice care.

Families normally access this care via their General Practitioner and there would only be consideration of any funding from the Council if it was part of a multi-agency package through the complex cases process, which would be on a case-by-case basis."

Mr. David Watts (St. Helens, North) (Lab): Does my hon. Friend agree that one of the main concerns that many of us have about the dependence on social services is that they are probably one of the most underfunded services that local authorities provide? We all know that they are under tremendous pressure. If we are dependent on social services, does it not mean that shortfalls in such provision will be likely?

Jeff Ennis: My hon. Friend makes a very telling point. It is taken as read that social services departments have been underfunded over the years. I am glad that the current Government have addressed that situation and that it is continually being addressed, but the issue is still very sensitive.

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): It is not usual for the Minister to intervene at this stage in an Adjournment debate, but as we have time and there are suggestions that people want us to use it, I point out to my hon. Friend that social services departments have received a real-terms increase of almost 30 per cent. since 1997.

Jeff Ennis: I am glad that the Minister makes the point for me.

Let me finish quoting the letter of the chief executive at Barnsley:

"Officers from Social Services have trawled their records. We have only one instance where a young boy receives regular Hospice respite care. This is funded by the Health Service, although Social Services do provide funding for many of his other complex needs."

The director of social services at my other home authority, Doncaster, said:

"I can confirm that no money has been allocated or spent on Children's Hospices within Doncaster Social Services.

We have our own in-house specialist Child Care Unit for children with profound disabilities, some of whom have shortened life expectancy. These children can receive flexible packages of respite."

At Rotherham, the director of social services wrote:

"In relation to funding I can advise you that the Local Authority Social Services Programme Area here in Rotherham has no direct budgetary provision for funding children's hospices. I know from your correspondence to Mike Farrar"

—chief executive of the South Yorkshire strategic health authority—

"that Dr. Ladyman has indicated that the disparity between children's and adult hospices is masked by the fact that Social Services money is going to children's hospices. This is certainly not the case here in Rotherham where the Local Authority is not directly involved in funding either adult hospice provision or children's hospice provision.

My Children's Disability staff do however work closely with a number of families with children with long term illnesses and disabilities, and we provide a range of respite care breaks within our own two respite care units. In relation to the specialised palliative care provided in children's hospices, we liaise closely with sub-regional hospices and families, but do not make direct financial contribution to these."

Mr. Watts: I think that my hon. Friend would agree that his constituency bears many similarities to mine. We have a very high proportion of people with all sorts of illnesses caused by the area's industrial past of coal, chemicals and so on. Does not that place on those social services departments a much higher burden than many others have to bear, which means that there are fewer resources for these facilities?

Jeff Ennis: My hon. Friend is absolutely right; he makes a valuable point. Indeed, my constituency has the highest level of disability of any constituency in the UK, including Northern Ireland—there is at least one disabled person in every three households. That is a legacy of the former mining industry.

Mr. Alan Meale (Mansfield) (Lab): I congratulate my hon. Friend on choosing such a fine subject. There used to be the same approach to mental health when hospitals were closed down and people were dispatched back to communities. Neither the health service, nor

[Mr. Alan Meale]

social services, nor even local authority housing departments would pick up the costs. People give their voluntary support to try to keep hospices going, but they are slipping through the funding net. We must get our funding criteria right to ensure that these fine organisations and institutions are properly funded for the future.

Jeff Ennis: I entirely concur with my hon. Friend. I will deal with possible solutions to the problem when I conclude my remarks.

David Taylor: Like my hon. Friend, I have raised the financial plight of hospices from time to time during this Parliament. Does he agree that one of the reasons why successive Governments, and our own, have been generous to social services in local government and elsewhere, but have not responded to the plight of children's hospices, is that hospices are able to tap the goodwill and generosity of the British people because of the quality of their cause? In the third millennium, we should not be looking to cake stalls, charity shops and raffles to fund something that is as central to the needs of thousands of children.

Jeff Ennis: I completely agree with my hon. Friend. Again, I shall say more about that later.

The final letter from South Yorkshire authorities is from Sheffield's director of services. It reads:

"Sheffield Social Services Department do not currently make any financial contribution to Children's Hospices. We do however part fund a Macmillan Social Worker and Manager."

We can see from the four responses that I have received from my local authorities that the picture is somewhat different from the national picture that the Minister portrayed to me.

Dr. Ladyman: Let me take the opportunity to put the record straight. I imagine that what I was trying to explain to my hon. Friend was that social services make a bigger contribution to the palliative care of children than to that of adults. However, as I will point out in my speech, most of the palliative care of children takes place not in hospices, but at home. If he went back to those directors of social services and asked them how much money they are spending on families caring for children at home, I suspect that he would find that it is a substantial amount.

Jeff Ennis: I fully accept the Minister's point. I believe that wherever possible the care and treatment of terminally ill children should be in their home, but that is not always possible because of some children's health needs and requirements, and that is when the hospice has to come into play.

I accept that South Yorkshire is probably not a particularly good example for me to use, because we do not currently have a children's hospice. The nearest hospices serving south Yorkshire are the Martin House hospice for children in Boston Spa, west Yorkshire, and the Rainbows children's hospice in Loughborough, Leicestershire, to which my hon. Friend the Member for North-West Leicestershire (David Taylor) referred earlier. In the near future, however, all that will change, with the long overdue opening of the Bluebell Wood children's hospice in Dinnington, Rotherham.

When that hospice opens it will serve a population of 1.2 million in the south Yorkshire and north midlands regions. Research carried out by the Royal College of Paediatrics and Child Health estimates that there are 10.6 million children in England aged under 17, about 1,060 of whom are so ill that they are likely to die within a year; 10,600 of them suffer from a life-limiting condition. Half will need active palliative care at any one time, which is the point the Minister made earlier. In south Yorkshire, there are about 300 such children and their families.

Bluebell Wood hospice estimates that it will receive about 4.17 per cent. of its revenue costs from the NHS. Those costs are currently estimated at £1.8 million a year for eight beds. That compares with the 5.9 per cent. received by the Rainbows hospice of its £1.6 million revenue costs for eight beds, and the 7 per cent. received by Martin House of its £2.6 million revenue costs for 15 beds.

The Minister will be aware that the Bluebell Wood project has taken some years to come to fruition and, unfortunately, it will be a few more years before it is complete. However, some milestones have been reached recently. In August 2004, planning permission was granted for the Dinnington site, and I am pleased to say that BBC Radio Sheffield met its target to raise £400,000 for the hospice. I pass on my praise and thanks to the listeners for raising that amount. In December 2004, after four years of committed fund-raising throughout the region and extremely generous giving from all the communities of south Yorkshire, the Bluebell Wood hospice reached its £3 million funding target.

Quantity surveyors and structural engineers were appointed this month and work will soon begin on the site. A head of care will take up her duties in June. Part of her role will be to forge links with local primary care trusts in relation to funding. There is a caveat, however. Bluebell Wood has been informed by several PCTs in the area that they will have no funding available for the hospice.

That is the local position. I turn to the national picture. Children's hospices in England receive an average of just over 5 per cent. of their funding from statutory sources, mainly in one-off grants. Funding for children's hospices is inequitable and varies greatly from one area to another. There is no central guidance on the amount of primary care trust or local authority contributions. In the absence of any central guidance, co-ordination or direction, children's hospices constantly chase after much needed local authority funding with no guarantee of success, because no children's hospice service liaises with just one PCT. All those services have to deal with several PCTs, whereas the adult hospice in Barnsley, which receives a generous allowance from the NHS, deals with only one PCT. In Doncaster, the adult hospice—which also gets a very generous allocation—has to deal with three primary care trusts. Because children's hospices operate on a sub-regional basis, they have to negotiate with up to 27 PCTs.

Mr. David Drew (Stroud) (Lab/Co-op): I am sorry that I missed the early part of my hon. Friend's speech, but I completely concur with what he is saying. Would he accept that the problems are added to by the fact that the hospice movement, by its very nature, tends to draw most of its funds from local sources? Children's hospices have to draw their funds from a much larger area, and turf wars can develop out there. This means that they can lose out quite badly if they are perceived to be encroaching on local adult hospices' areas. That leads to quite an unpleasant situation, and can add to the problems related to funding from PCTs.

Jeff Ennis: My hon. Friend makes a very telling point. As a former trustee of the Barnsley St. Peter's hospice, I know how much hard work is done by volunteers and in the local charity shops to raise funds. Because the children's hospices do not draw on such confined areas for funds, however, the tensions that my hon. Friend mentions can arise, as I am sure the Minister will recognise.

The fact that children's hospices sometimes have to deal with up to 27 PCTs means that some of them will have to make up to 27 rounds of introductions and engage in up to 27 sets of negotiations, which could result in 27 quite different outcomes. These activities consume valuable resources, as they often have to be led by the most senior members of staff in the hospice. There is no framework to the funding maze, and no guidelines for PCTs and local authorities in regard to the allocation of resources.

David Taylor: That is a most important point in regard to simplifying the funding arrangements. Does my hon. Friend agree that there are at least two options available? One would involve strategic health authorities, which are responsible for larger populations. Alternatively, when a specialist service is involved, many groups of PCTs nominate a lead PCT within the area to conduct negotiations on service planning and finance. Would it not be possible to choose one of those options?

Jeff Ennis: My hon. Friend makes a good point. However, I have had discussions with Mike Farrar, the chief executive of the South Yorkshire strategic health authority about this, and unfortunately the funding of hospices is clearly in the hands of local PCTs. It has absolutely nothing to do with the strategic health authorities. My hon. Friend also mentioned the setting up of a lead PCT, and we should explore that issue further.

Mr. Meale: Perhaps there is a third alternative. My hon. Friend knows that, in the midlands and part of the north, a new type of authority has been created. It is a model authority that deals with mental health, and it stretches right through Leicestershire, Derbyshire, Nottinghamshire and parts of Lincolnshire; its boundary ends at Wath upon Dearne in Yorkshire. Perhaps this problem could be solved by the introduction of a brand new model—a pilot model, perhaps—which could encompass such an area and get proper funding, as the new mental health authority is doing now.

Jeff Ennis: I thank my hon. Friend for making that excellent suggestion, which we could possibly explore further at the conclusion of today's debate.

In regard to other funding sources for children's hospices, many such hospices have received grants through the New Opportunities Fund, which is now known as the Big Lottery Fund. That money is time limited, and runs out in March 2006. Lottery funding has become an important mainstay in meeting the annual running costs of children's hospices. It has provided a measure of security and helped to reduce the demanding pressure on fundraising. There is a concern, however, that that security will disappear when the funding comes to an end and is replaced by a more fragile funding mechanism. Children's hospice services recognise the need for some independence from the Government in order to be flexible enough to satisfy the needs of their users, but they also require a sustainable level of core income so that they can continue to provide the highest levels of care and support.

The Government's response to the Health Committee inquiry on palliative care says that they are on course to implement a payment-by-results national tariff with respect to palliative care in both the NHS and the voluntary sector in England by 2008–09, and a national partnership group has been set up to address the development of health resource groups in the palliative care sector. The Association of Children's Hospices is concerned that a payment-by-results model will unbalance the essential mix of care and support that children's hospices provide to children and families.

Children's hospices offer a diverse range of essential services involving long-term provision in addition to professional day and night care. Support in the children's homes, access to education, 24-hour support lines, bereavement counselling and social activities are just some of a range of core services that they provide, and not just to the child.

David Taylor: My hon. Friend is most generous in giving way yet again. Having had direct contact on a number of occasions with Rainbows hospice, I know that one of the most valued services of all is bereavement counselling after the loss of a child, in addition to day care, respite care and terminal care. Does he agree that, in addition to further Government funding for children's hospices, there ought to be more attempts made to fund the wish, which often exists among families, for children, and indeed adults in another context, to die at home? Those periods are emotionally and financially stressful.

Jeff Ennis: My hon. Friend makes another excellent point, which I concur with. It is one of the main concerns of the Association of Children's Hospices that payment by results will adversely affect the flexibility and diversity of the service that they provide to communities—not just to the children, but to parents.

I do not know whether the Minister was fortunate enough last December to see a brilliant BBC documentary on the Francis House children's hospice in Didsbury, Manchester, and its chief fund raiser, a young lady by the name of Kirsty Howard, and her family, who have succeeded in raising the magnificent sum of over £5 million for that hospice. I am pleased to say that Bluebell Wood has its own talisman in the form of five-year-old Jack Waller from Wombwell in my constituency. Jack, who suffers from primary

[Jeff Ennis]

pulmonary hypertension, has become the voice and face of Bluebell Wood, just as Kirsty Howard has become the voice and face of Francis House.

Characters such as Jack and Kirsty require more direct Government support. I would like the Minister to say in his winding-up speech whether he agrees with me that the funding differential between children's hospices and adult hospices is too great and needs to be closed. I am not saying we should bring children's hospice funding up to the 30 per cent. level, but we should certainly go some way to try to fund children's hospices better.

The Association of Children's Hospices wants me to make the following points. It would like there to be a full cost recovery model for agreed services that acknowledges the true level of community support that children's hospices provide. It would also like children's hospice organisations to be involved in the development of the payment-by-results framework via input to groups such as the health reference groups to ensure that that happens. It also believes that PCTs and local authorities have a responsibility to ensure that statutory funding sources are more obtainable for children's hospices.

The association also wants the funding process to be simplified and streamlined to make it easier for children's hospices to apply for statutory grants. There needs to be central guidance from the Government to PCTs and local authorities. Combined funding pots might be a solution to make the funding process simpler and fairer. Children's hospices offer a diverse service, and offering to communities the type of statutory funding sources available is also diverse, as they cover not just health but social grants.

In my opinion, all hospices should receive set statutory funding. It is probably too prescriptive, but why cannot children's hospices all have ring-fenced statutory funding at a set percentage, or at a set cost per bed provided? Surely there must be better methods of drawing down NHS funds than children's hospices having to negotiate with each and every primary care trust in their region: up to 27 different sets of negotiations with all the players in the sub-regions.

I hope that the Minister will not go away from tonight's debate believing that I am just whingeing about the Government's initiatives or inaction. That is certainly not the case. I value the many great strides that the Government have made in supporting all hospices since coming to power. I know that the Minister values, as I do, all the outstanding work currently taking place in hospices up and down the country, and I hope that he will take on board many of my points in the spirit in which they have been made.

6.21 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I am grateful to my hon. Friend the Member for Barnsley, East and Mexborough (Jeff Ennis) for instigating today's debate, and I congratulate him on his persistence and tireless efforts on behalf of children's hospices. I was not aware that he had such a redoubtable constituent as Mr. Finnegan, who is prepared to sit on a cold toilet for 90 days in support of his campaign. I hope that he will send my best wishes to Mr. Finnegan and that we can reassure him in someway about the issue on which he is campaigning. Having discussed the matter with my hon. Friend on several occasions, however, I feel that I shall be disappointed if I am too hopeful about convincing him today.

My hon. Friend and I agree that the children's hospice movement does vital and excellent work and that children with long-term or life-limiting conditions deserve the best care that we can offer. We differ, however, on how best to commission and support the children's hospice movement. Since we have debated and discussed this issue previously, as I said, I have little confidence that I will convince him, but I shall do my best.

My hon. Friend would wish me to put in place the same levels of support and the same commissioning mechanisms for children's hospices as for adult hospices. But children's palliative care is different from that of adults. Children's palliative care involves much longer term provision and is structured around the management of serious chronic conditions, often with unpredictable disease pathways resulting in complex care needs, at home, with a hospice being one possible part of a child's package of care. Children's palliative care takes place in hospitals, in children's wards, mostly in the home, and occasionally in a hospice. That is a very different mix from that in relation to adults. That is one reason why we should not have the same commissioning mechanism for children's hospices as for adult hospices.

Essentially, we aim to promote the quality of life associated with home life, social interaction and growth, increasing independence and the customary pursuits and developmental achievements of childhood. Support measures in the child's home, access to education and social activity are all key to that achievement. The commissioning strategy for children's palliative care must recognise that, and must not create a position in which such investment has been made in hospice provision that children are encouraged or pressed to occupy that provision to justify its cost and existence. Children should only go into a hospice when it is in their interest and not for any external reasons.

Let us consider how commissioning will work for a typical constituency and what implications we would expect that to have for the development of a local hospice service for children. I have chosen that strategy to try to convince my hon. Friend, as I have never convinced him by using a conventional approach.

The commissioning process should start with the statutory and voluntary sectors: the local primary care trust and the local hospice movement, working in partnership to design a service that they think meets the needs of local children. I would expect the primary care trusts to take the lead, and to build on the design by using the guidance provided for them. For example, the National Council for Hospices has produced guidance on how to assess palliative care needs and provision in a local area. I would also expect them to read the section on palliative care in the national service framework for children—about which I shall say more later—the guidance from the Association for Children with Life-Threatening or Terminal Conditions and their Families,

and the Royal College of Paediatrics and Child Health's "Guide to the Development of Children's Palliative Care Services".

More detail on specific requirements for palliative care is provided in the Association for Children with Life-Threatening or Terminal Conditions and their Families' guidance entitled "Integrated Multi-agency Care Pathways for Children with Life-threatening and Life-limiting Conditions", published in December. I am afraid they do not go in for snappy titles in the children's palliative care movement! The document was funded by the Department of Health, and subsequently endorsed by the Royal College of Nursing and the Royal College of Paediatrics and Child Health. It presents a pathway to engagement with the child's needs and family needs, which can then be used to ensure that all the pieces of the jigsaw are in place so that families have access to the appropriate support at the appropriate time. The guidance is there to readily identify needs and gaps in service provision, and to stimulate the development of a local strategy that will meet the needs of the local population. We are providing all that evidence and guidance to allow PCTs to work out what provision they need to make in their areas.

Mr. Meale: I must say that I am a bit confused. My area is being capped. At present Boston has 15 places, and Leicester has 50 or 60. We are talking about an area containing more than 4 million people, and the thousands of children to whom my hon. Friend the Member for Barnsley, East and Mexborough (Jeff Ennis) referred. The Bluebell project will provide a couple of score more places, but there is still a gap. I am not criticising the NHS or the Department's work. Because of the work done by the Minister and some of his colleagues, children in my constituency who need care are going to Great Ormond Street hospital, Birmingham children's hospital—the whole works. But fewer than 100 places means that there is a gap—a gap that we must fill.

Dr. Ladyman: That is exactly why we drew up the national service framework, which is mandatory for the NHS. In it we describe what a palliative care service should be like. It is the responsibility of every PCT to implement the national service framework. There are no targets apart from that: it is mandatory. If that gap exists, it is the responsibility of my hon. Friend's PCT to start the process—which I am about to describe—of filling it.

Mr. Meale: I understand the Minister's dilemma, but the figures given by my hon. Friend the Member for Barnsley, East and Mexborough show that we have a problem. Without the Bluebell project, we have 60, 65 or 70 places to serve a region containing millions of people. The services that are being provided are fine, but a particular service is needed. I accept that responsibility lies with the PCTs, but they could be given some encouragement from the centre.

Dr. Ladyman: They are being given such encouragement. They have a responsibility—a duty—to fill that gap. One reason why I do not think it right to impose an arbitrary target on its funding for hospices is that if the gap is serious enough in a particular area, it is in the gift of the PCT to fund the hospice in its area 100 per cent., or to work with other PCTs in the area to do so. PCTs are not limited to 43 per cent., 40 per cent., 60 per cent. or 5 per cent. If, to fill the gap in my hon. Friend's constituency, they need to provide all the funds for a hospice, they can do it under our arrangements—and they will have to do it, if that is the only way in which they can fill the gap.

My hon. Friend the Member for Mansfield talked about children being placed in hospital a long way away—such as in Great Ormond Street for example—but he should not confuse the palliative care that a child may have to go into hospital to receive with the palliative care that the child will receive in a hospice.

Mr. Meale: I accept that, but I want to pay tribute to his Department and to the Under-Secretary. The care given to young people by our health service now is far superior to what it was and I am grateful to the NHS, and to my PCT, which, if a child needs to go to Birmingham or Great Ormond Street, puts up the money. It is not all bad news.

Dr. Ladyman: It is not, and the national service framework will take the work even further. It has been identified by experts as the world's leading description of a health service for children, and the health services of the world are now coming to us to learn how we went about writing it. They will use it as a model to try to move their health services forward. My hon. Friends and I can be proud of what the Government have done on children's health services.

Mr. Drew: This week my hon. Friend has been talking about direct payments. In this field, is it possible for the parents of a child with a need for palliative care to draw down those payments, which they may choose to spend on a hospice, to support themselves at home or on some other form of service? Is that what my hon. Friend has in mind?

Dr. Ladyman: That is exactly the situation. Where people are receiving any funding from social services departments, it can be made as a direct payment. Whether that is in respect of the provision for the person being cared for or whether it is in respect of meeting the assessed needs of the carer themselves, there is a duty on the council to make that payment as a direct payment if requested to do so. People can then make their own decisions as to how best they spend that money. It is not legal—at least not at present—for the NHS to make direct payments to people but, in cases where services are being jointly funded by the NHS and social services, people work in partnership and come up with innovative solutions to ensure that those who need them can access direct payments for their care. My hon. Friend is right and people may want to take that into consideration; if they feel they need some respite care by making use of a hospice, they are entitled to do so through a direct payment.

The guidance is there and primary care trusts must use it to identify their needs and the gaps in their service. My hon. Friend the Member for Barnsley, East and Mexborough mentioned a number of PCTs that told a hospice that they would not be providing any funding. The question I would suggest that hospice and my hon.

[Dr. Ladyman]

Friend need to ask the PCTs is whether they have provision in place to guarantee that no child in their area will need a hospice place. If they have come up with such comprehensive strategies for palliative care for children that they are absolutely confident that they do not need to help fund a hospice, it is perfectly reasonable for them not to offer any funding. But they should not then change their mind at a later date when they discover that they have children who need hospice support, because then they will have to pay for it.

In addition to the guidance, the PCTs will soon be able to use information from the national child health mapping project, which will include palliative care. It will give PCTs valuable information to help with the commissioning of local services and will be available to them next year. Using all these documents and guidance, I would expect PCTs to come up with a strategy for how they will meet the needs of their local populations, providing the full range of palliative care, including care at home or respite care and hospice care. PCTs will then look at where that hospice care might come from, who they will commission it from and how close the local hospices are, bearing in mind that—as my hon. Friends have said—children's hospices cover wide catchment areas.

If needs can be met by using existing resources and existing hospices, then there clearly is no problem. PCTs will commission places for children as and when needed from that provision, and pay a fee that they have negotiated for those services. On the other hand, they might identify a gap in local provision, in which case, they will have to start asking themselves questions such as, "How do we commission that type of care pathway for children who need that sort of care?" They will then ask, "Which partners will join in, how will they fund the development of that service, and whom will they commission it from?" They will look at the voluntary sector and the state sector, and work out a strategy for making sure that all the pieces of the jigsaw are in place.

The hospice will need to ask the PCT what the gaps are in service provision and to consider what it might offer to meet those needs. They could be met not only by providing respite care within a hospice building, as my hon. Friend pointed out; they could also be met by focusing on outreach support services for the child's family in the home, or by sharing the hospice's expertise in palliative care by focusing on training for local NHS staff and local authority staff. In other words, the hospice movement has a lot more to offer than just places in a hospice.

The PCT will then need to plot a way forward. That could involve encouraging the hospice movement to develop a new service, which, in turn, might involve its guaranteeing a certain level of support or investment. On the other hand, that might involve its guaranteeing to take a certain number of days of care, or simply giving the hospice movement sight of its plans, so that the hospice can work out for itself what part of its capacity might be taken up. But in any event, different local areas will need different local decisions and, therefore, different levels of funding for hospice care.

Of course, to meet the demand for palliative care the NHS must be properly resourced, which is one reason why it is currently receiving the largest sustained increase in funding in its history. PCTs will be able to use these extra resources to deliver on both national and local priorities, including—as they determine—services for children with life-threatening illnesses. As I said to my hon. Friend, there are no restrictions on possible funding for children's hospices; it is for individual hospices to negotiate funding with the PCTs that they serve. That is why I do not believe that a centrally imposed hospice funding formula or a general uplift in funding for children's hospices is the right action to take. In some areas, PCTs might want to guarantee the lion's share of funding to the local hospice. In others, however, they might not want to make any guarantees, but instead to buy occupancy only as and when needed.

Jeff Ennis: I have been listening closely to the many telling points that the Minister is making about this emotive and complicated issue. Does he agree that this negotiation model—it has arisen from discussions between communities and PCTs, and I fully support it—is more likely to prove successful for adult hospices that have to negotiate with a maximum of three different PCTs, given the defined area that they cover? Children's hospices, however, will have to get involved in mass negotiation with up to 27 different PCTs, as I have pointed out. Surely the Minister can see that the sheer volume of such an exercise will create problems, and that it will be very difficult for children's hospices to find their way through that negotiation maze.

We are talking about a new funding structure for adult and children's hospices that involves PCTs. I understand the Minister's argument about not wanting to provide a certain level of core funding for children's hospices, but can he guarantee to me now that under the new formula and the new negotiation structure, current NHS funding for children's hospices, which stands at less than 5 per cent., will be increased massively, so that they will have not only a short-term but a long-term future?

Madam Deputy Speaker (Sylvia Heal): Order. That was a lengthy intervention.

Dr. Ladyman: I regret that I cannot give my hon. Friend the guarantee that he seeks. I can give him the guarantee—I believe that it is the duty of any Health Minister to give it—that every child who needs palliative care will receive it. We have to make a judgment on the needs of the individual child, irrespective of whether the care is delivered in the hospice movement, in hospital, at home or in any other environment. What primary care trusts must do is ensure that they have a framework in place whereby they can guarantee that every child in the area will receive the individualised palliative care that is necessary. As I said, whether or not that happens through the hospice movement is a matter for the PCT to decide.

I can guarantee for my hon. Friend that we have described what the palliative care should look like, and I shall say a little more about that in a few moments. Once the national service framework is implemented, I guarantee that every child will get palliative care as required. The Government are committed to maintaining that if we continue to be responsible for these matters. We can give this guarantee: every child will get the palliative care, because we will implement

BEST COPY AVAILBLE

the NSF for children. Whether that translates into a general uplift of funding for the hospice movement, however, is not a guarantee that I can offer. It may well do, but I cannot guarantee it. My guarantee applies to the outcomes and relates to the quality of life and health of our children.

As to the negotiations, I recognise what my hon. Friend said about the problem of engaging with multiple PCTs, but I can suggest two mechanisms to help resolve it. First, in many areas within a strategic health authority, the PCTs—they are used to commissioning specialist services that cross many boundaries—will often appoint one PCT as the lead negotiator.

Secondly, I can suggest a new mechanism. It has not been used in connection with children's palliative care, but there is no reason why it cannot. My hon. Friend will know that the Government introduced the Children Act 2004, under which a director of children's services has a duty to examine services for children across an entire local authority area. One of those duties is to co-operate with PCTs in developing plans for children's services. It applies vice-versa, as PCTs have a duty to co-operate with the director of children's services. If such a director believes that there are gaps in the palliative care provision in the local area, he may instruct PCTs to deal with the gap in their local delivery plans. That could lead to increased support for a local hospice movement and the PCT could even decide that the most practical person to lead the negotiations with the local hospice movement is the new director. The mechanism has not yet been used because the directors are only just being appointed, but there is no reason why it cannot.

For all those reasons, I do not believe that a centrally imposed formula for hospice funding or a general uplift is the right way forward. Nor, in my view, could an uplift in funding be based on some predetermined linkage to adult hospices or a pre-set percentage of hospice running costs, rather than on allowing the level of NHS funding to be determined by the NHS commissioning arrangements.

I share my hon. Friend's desire to see the children's hospice movement succeed, but I cannot agree with centrally designed solutions. Children's palliative care needs to go far beyond centrally imposed solutions. A primary care trust could not be expected to ensure a proper balance of provision or full availability of home care in the area if it were told that, irrespective of what it needs, it must fund an arbitrary proportion of hospice costs even though it had no strategic role in planning those hospices or commissioning their services.

My hon. Friend the Member for Barnsley, East and Mexborough has to remember that the money all comes out of the same pot. If we insist that more money goes into the hospice movement, there will be less left in the pot for other forms of children's palliative care.

Directing PCTs to fund hospices by some given percentage would unbalance the essential mix of care. Favouring hospice care over home care could diminish the latter. We would also be acting as if we were more aware of the changing dynamics of local demand than PCTs, and that is not the case.

That does not mean that the centre is without a role in securing the right level of hospice services. That is why, in September 2004, we launched the national service framework for children, young people and maternity services. It includes a module focused on support for the disabled child, with a section specifically setting out our vision for palliative care and the support of children with life-threatening illness. It clearly identifies that high-quality palliative care services should be available for all children and young people who need them.

The NSF notes that palliative care services are provided by a network of agencies, including the NHS, children's hospices, the voluntary sector, and the social care and education services. Co-ordination and close liaison between agencies is therefore essential. It also notes the importance that we attach to recognising the changing needs of young people receiving palliative care as they move through and on from children's services.

The NSF makes it clear that local authorities, PCTs and NHS trusts are to ensure that palliative care services provide high-quality, sensitive support that takes account of the physical, emotional and practical needs of children or young people, and their families, including siblings. Services must be sensitive to the cultural and spiritual needs of the child, young person and family. Services must also maximise choice, independence and creativity to promote quality of life, and they must be delivered where the child and family want—in the home, hospital, hospice, or other setting. Services must include the prompt availability of equipment to support care, access to appropriate translation services, and workers skilled in using communication aids.

Palliative and terminal care services must be regularly reviewed with parents or carers, children and young people, and gaps in provision identified and addressed. Short-term breaks, palliative and community health services and social care services for children and young people with life-limiting conditions and/or complex health needs must be planned in partnership with voluntary sector providers and children and young people's hospices, in those localities where they exist.

All these basic standards are set out in the NSF and, as I said earlier, their achievement is mandatory for the NHS by 2014. To help in achieving this standard, I can tell my hon. Friend the Member for Barnsley, East and Mexborough that we will soon be publishing a practical guide to children's palliative care for PCTs, reinforcing the need to commission a range of services to meet the palliative care needs of local children. That is a new announcement, so my hon. Friend has achieved something this evening.

In conclusion, I am mindful of the invaluable contribution that children's hospices make towards the needs of children and young people who have life-threatening illness. However, I firmly believe that they will be served best by a partnership between the NHS and voluntary sector organisations that continues to value the contribution that both sectors can make, and that funding and planning decisions are best made locally by people who know the local area.

I suspect that I have still not convinced my hon. Friend the Member for Barnsley, East and Mexborough, but I have done my best, and that is all that I can do.

Question put and agreed to.

Adjourned accordingly at twelve minutes to Seven o'clock.

House of Commons

Thursday 24 March 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION AND SKILLS

The Secretary of State was asked—

Further Education Colleges

1. **Mr. John Grogan** (Selby) (Lab): If she will make a statement on the future of adult education in further education colleges. [223597]

The Secretary of State for Education and Skills (Ruth Kelly): On 22 March we published our skills White Paper. It set out our plans for improving adult learning, including the national roll-out of the entitlement to free tuition to NVQ level 2. A vital part of those plans is building the capacity of colleges to deliver benefits for employers and individuals. Over the next five years, we are investing £1.5 billion in capital to support the transformation of the further education sector.

Mr. Grogan: I thank my right hon. Friend for that reply, but how would she reply to the Association of Colleges and, indeed, to my constituent, Mr. Colin Ratcliffe, who attends a sculpture class at York college? They both welcome the emphasis on basic skills, but are concerned that fee rises for non-examined adult education courses might undermine the principle of lifelong learning, particularly among less well-off pensioners and adults.

Ruth Kelly: I recognise my hon. Friend's interest in these matters, as I recognise the importance of adult education. Sometimes such education does not lead to a recognised qualification in basic skills or a level 2 qualification, which is why we said in the White Paper that we would safeguard the funding available for the provision of adult education. Within that, it is for individual colleges to decide their charging structure. They should take ability to pay into account. There remains a significant contribution to the subsidy provided and I suspect that practically all colleges would exempt all poorer pensioners from any charge.

Mr. David Rendel (Newbury) (LD): In her statement on Tuesday, the Secretary of State said:

"I am committed to supporting people in gaining the skills and qualifications needed to get satisfying jobs and a decent standard of living for themselves and their families."—[*Official Report*, 22 March 2005; Vol. 432, c. 732.]

Following the previous supplementary question, I am rather sad to hear that the Secretary of State sees adult learning purely in terms of employment prospects. Important though it is to give people skills to do jobs, does she agree that adult learning also has a crucial part to play in enhancing the quality of life for students and their communities—as, for example, with the provision of language training for people who may be involved in town twinning? Does she accept that enhancing the quality of life is just as important an aspect of Government business as enhancing the standard of living?

Ruth Kelly: I have great respect for the hon. Gentleman, but he was clearly not listening to the answer that I gave to my hon. Friend the Member for Selby (Mr. Grogan), in which I made it clear that I recognise the significant contribution that adult education provides and that we should acknowledge its value for its own sake as well as for helping people to get or progress their jobs, which is another important aspect of adult education. That is why we have agreed indicative budgets with the Learning and Skills Council that maintain the level of public funding for adult education, secured through local education authorities. At the moment, many FE colleges do not raise as much as they could from those who are able to contribute towards the cost of their learning, and it is for FE colleges to decide their own charging structure. As I have told the House, we will safeguard the central Government funding for adult education.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that it should be our ambition to be as generous with adult education as we are with higher education? Is she aware that many students are coming into higher education a year early? If they enter in September 2006, their financial package of bursaries and grants—with parents paying nothing and nothing to pay back until the students are earning £15,000—offers them a much better deal. Should we not tell the world about that and point out that the Liberal Democrat voices are misleading?

Ruth Kelly: I agree with my hon. Friend. There has never been a better time in this country to be a poor but bright student going to college. We are reintroducing grants and ensuring that students have nothing to pay while they are studying, so poor students should aim to go to college: it will be worth their while for the future, as well. My hon. Friend and others should look at the report of the Institute for Fiscal Studies, which pointed out that all students would be better off under our proposals and that they would be £1.5 billion better off under Labour than under the Conservatives.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): Do not the Secretary of State's warm words about adult education, though welcome, fail to conceal the reality that charges are going up and courses are being axed in FE colleges throughout the land? Earlier this week, my hon. Friend the Member for Grantham and Stamford (Mr. Davies) pointed out that his local FE college has seen a 29 per cent. increase in the number of adult learners, but only a 1 per cent. increase in the resources to pay for them—and many other colleges face the same

situation. Do not most colleges, including the one mentioned by the hon. Member for Selby (Mr. Grogan), want a return to the days when funding was not linked solely to the outcome of qualifications? Would they not be best advised to vote Conservative?

Ruth Kelly: *I am astonished by the hon. Gentleman's* remarks. Not only are we securing adult education, we are investing heavily in all adult education. As a result, the 15 million adults who need basic skills education to bring them up to level 2 standard in numeracy, and the 5 million who need it to bring them up to level 2 standard in literacy, will get that qualification provided free.

I am intrigued by what the hon. Gentleman said, as he told the House last week that the Opposition were committed to matching the Government's overall spending on education and skills. Will he confirm that he now disagrees with the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), the Leader of the Opposition, who this morning pledged to match our funding only on schools? The hon. Gentleman describes himself as a banana—

Mr. Speaker: Order. That is fine.

Vera Baird (Redcar) (Lab): I have a very specific question. The Budget contained the welcome announcement that an additional £350 million would be made available over two years for what was called the longer-term transformation of the FE sector. Will my right hon. Friend expand on that? Is that money intended to be used for buildings? More specifically, is it likely that some of those resources can be used to enable the excellent Redcar and Cleveland FE college to achieve its ambition to rebuild, with substantially enhanced facilities? That would enable it to continue its excellent work of making available skills provision to those in Redcar who still need it.

Ruth Kelly: I certainly can provide that confirmation. The extra £350 million announced in the Budget means that we will be investing £1.5 billion in the FE sector over the next five years. Our long-term commitment to the FE sector means that colleges throughout the country will be able to provide world-class facilities.

School Funding (Coventry)

2. **Mr. Jim Cunningham** (Coventry, South) (Lab): How much (a) primary schools and (b) secondary schools in Coventry have received from the Government in each year since the introduction of direct payments. [223599]

The Secretary of State for Education and Skills (Ruth Kelly): Between 2001–02 and 2004–05, primary schools in Coventry received a total of £9.8 million in school standards grant. Secondary schools received £6.5 million, and special schools £1.1 million. In addition, in 2000–01, the first year of the grant, Coventry received £1.7 million in school standards grant for distribution to its schools.

Mr. Cunningham: I thank my right hon. Friend for that answer. How does Coventry compare with the rest of the country?

Ruth Kelly: Schools in Coventry have received an increase of £990 per pupil since 1997—a rise of 34 per cent. As I understand it, that is more than the average across the rest of the country.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): Why did the Chancellor say in his Budget last week that the continuation of direct payment to schools in Coventry and elsewhere would be a guarantee, when the small print in the Red Book said that the figures were illustrative only? If direct payments to schools are such a good idea, why does not the Secretary of State follow the Conservative policy of making all such payments direct to schools and thus cutting out local education authorities entirely?

Ruth Kelly: My right hon. Friend the Chancellor was referring to new money that will be available to schools in 2006–07 and 2007–08. Of course, that will be linked to pupil numbers, so individual schools will have to work out, with their local authority, precisely what their entitlement is. As for Conservative policy, will the hon. Gentleman confirm that transferring money direct to schools would not mean that he would cut the school transport budget?

Mr. Speaker: Order. Both sides are at fault in this. The Opposition Front-Bench spokesman should not ask about Conservative party policy. That is not one of the Secretary of State's responsibilities, and that is why I gave her some leeway. Moreover, I received notice as to which questions the Opposition spokesman wanted to be allowed to come in on only when I entered the Chamber. I want that information before I enter the House.

Special Schools

3. **Michael Fabricant** (Lichfield) (Con): How many special schools have closed since 1997; and if she will make a statement. [223600]

13. **Mr. Tim Boswell** (Daventry) (Con): How many special schools have closed since 1997; and if she will make a statement. [223610]

The Minister for Children, Young People and Families (Margaret Hodge): In January 1997, there were 1,171 maintained special schools in England. In January 2004, there were 1,078—a reduction of 93. In the seven years preceding 1997, there were 146 closures.

Michael Fabricant: I thank the Minister for her answer. Does she understand that many parents, including those of children at Queen's Croft special needs school in Lichfield and throughout Staffordshire and the rest of the country, believe that mainstream schools are not necessarily the best solution for their children? They feel that their children might be bullied, embarrassed and would not do as well or thrive as they do in special needs schools. Because of that, will she please reverse the policy that her Government implemented in 2001 and leave the choice of which school children go to to the parents and not to the Government?

Margaret Hodge: I have to tell the hon. Gentleman that every child should have the opportunity to learn in a school that meets their needs and is their parents' choice. That is the policy of this Government. We have no policy whatever to close special schools. On the other hand, the Conservative party has a policy—

Mr. Speaker: Order. I call Tim Boswell.

Mr. Boswell: Further to the Minister's somewhat truncated reply, while I join her in accepting that for many pupils with special educational needs their inclusion in mainstream education is appropriate and often successful, will she acknowledge that some parents believe that their children need special education? Does she appreciate that that requires an adequate network of special schools to meet their needs and that those special schools can function not only to serve the children but as a centre of excellence for the inclusion of children in mainstream schools?

Margaret Hodge: Of course I accept everything that the hon. Gentleman said, which precisely reflects the Government's policy. I draw his attention to the fact that 88 special schools closed when he was a member of the education team in government in 1991. That is almost the same number that have closed throughout this Government's period in office. If a voucher followed children, how would that meet the cost of a child being educated in a special school where the cost far exceeds the £5,500 value of the voucher?

Valerie Davey (Bristol, West) (Lab): Can my right hon. Friend confirm that when a special school such as Claremont school in my constituency is on the same site as mainstream schooling, that offers a rich environment? Would she congratulate the head of that school, Bob Coburn—he has been congratulated by Ofsted for his inspired leadership—and all the staff for all they do in conjunction with mainstream schooling on that site?

Margaret Hodge: I do congratulate the school in my hon. Friend's constituency. One of the policy developments that we wish to see is that the specialist knowledge, training and experience that exists among staff in special schools should be shared with colleagues who are educating children with special educational needs in mainstream schools. The appropriate co-location of two schools in her constituency is absolutely the direction in which we wish to go. The fact that we have announced the first 12 specialist special schools demonstrates again the way in which we wish to share expertise from the special school sector with the mainstream sector for all children, but particularly children with special educational needs.

Mr. Peter Pike (Burnley) (Lab): Although three special schools in Burnley will close soon, is it not good and exciting news that we will spend £30 million on new special schools to serve Burnley and Pendle? Last week, Lancashire county council and the Government confirmed five brand new schools for Burnley and a new sixth form. That is an exciting vision and an opportunity for Burnley, which we never had from the Conservative Government.

Margaret Hodge: I entirely endorse my hon. Friend's words and congratulate all those in Burnley who are using the resources being made available to them for the benefit of Burnley families and Burnley children. A number of the special schools that are closing will reorganise themselves into new schools with up-to-date, 21st-century facilities to provide individualised learning that is particularly appropriate for children with special educational needs.

Mr. Laurence Robertson (Tewkesbury) (Con): I do not think that the children of Alderman Knight school in my constituency, whose closure has been announced this morning, or the children of Belmont school in Cheltenham will be too impressed by the Minister's platitudes this morning. Why did she not mention those schools when she gave her inadequate answers? What will happen to the children of those schools, many of whom are physically disabled? The Minister's answer this morning was not only inadequate, it was dishonest. She misled the House.

Mr. Speaker: Order. The hon. Gentleman must withdraw that remark.

Mr. Robertson: I am here to represent my constituents. I will not withdraw that remark.

Mr. Speaker: Order. Then the hon. Gentleman must leave the Chamber—*[Interruption.]* Order.

Mrs. Ann Cryer (Keighley) (Lab): Is my right hon. Friend aware that the two special schools in Keighley, Braithwaite and Branshaw, are in an extremely seedy condition? They have been neglected by both the local authority and Education Bradford. I have been given assurances that they will be repaired and improved, but it will be another two or three years before we have two new schools. The new schools will be on shared sites with an upper school and a primary school. I am pleased to hear what my hon. Friend the Member for Bristol, West (Valerie Davey) has said about shared sites, but a number of parents are very concerned about their children attending a shared site because of the possibility of bullying.

Margaret Hodge: I completely understand the issues that have been raised. I, too, have faced a reorganisation of special schools in my constituency and change is undoubtedly difficult for everybody, but especially for the parents and children who are currently in those schools. I hope that my hon. Friend's local authority will handle that change sensitively, but I am sure that when the new schools are built and the new facilities available, the opportunities for all children in that area, including those who need or want to attend a special school, will be enhanced. The work that can take place between the special school and the mainstream school will add value to the experience of every child involved.

Angela Watkinson (Upminster) (Con): The Government's ideological obsession with inclusion has led to the closure of 70 special schools since 1997. The NASUWT says that the resources are not there for individual teachers in mainstream schools to deal with individual special needs pupils. The spectrum of special needs is very wide and parents should be free to choose between a mainstream and a special school setting for

their children. The Conservatives value the expertise and skills of special schools and we will impose a moratorium on closures. Will the Minister give the same guarantee, including the two additional special school closures that were announced today in Gloucestershire, one in Cirencester and one in Cheltenham, in the constituency of my hon. Friend the Member for Tewkesbury (Mr. Robertson)?

Margaret Hodge: For our part, we believe in providing real choice, both for children and for their parents. An ideological obsession, either pro-closure or anti-closure, inhibits that choice for every individual child and family. I share some of the views expressed by the hon. Lady, but I cannot accept from her the claim that she would give freedom to local authorities and local communities but would also impose a ban on any closure of a special school, regardless of whether it had unfilled places, or was needed or wanted locally. I cannot understand her idea that parents would have the freedom to choose if she would ensure that only £5,500 would be available for each child. How can she explain—

Mr. Speaker: Order.

PFI Projects

4. **Mr. Ben Chapman** (Wirral, South) (Lab): What assessment she has made of her Department's private finance initiative projects in Wirral, South. [223601]

12. **John Mann** (Bassetlaw) (Lab): Whether private finance initiative deals for new schools agreed by her Department but as yet unsigned could be cancelled by an incoming Government. [223609]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): I understand that services have commenced in all seven Wirral secondary schools and that its primary school will be operational by September. Support for local authority PFI projects is provisional until the contract is signed, and an incoming Government could cancel any planned investment that had not been finally committed. However, the Government are committed to long-term investment in schools, including through PFI, as shown by the Chancellor's recent Budget statement.

Mr. Chapman: Is my hon. Friend aware that three schools in my constituency have recently been freed from the shambles that was Jarvis project management? Notwithstanding that shambles and the considerable hardship, delay, inconvenience, financial implications and other issues, all the schools have variously managed to increase their standards, maintain their charter mark, add another speciality to a college specialism and generally keep going through difficult times. Will my hon. Friend join me in the hope that the new arrangements through Wirral school services will mean better times ahead, and that the new contractors, having taken stock of what needs to be done, in two schools in particular, especially taking into account health and safety issues, will make due progress and make full use of the immediate school holidays and those to come to reach as satisfactory and speedy a conclusion as possible?

Mr. Lewis: I agree entirely with my hon. Friend, and congratulate him and his colleague, my hon. Friend the Member for Wirral, West (Stephen Hesford), on securing that record level of capital investment in Wirral schools. The PFI programme will bring about the replacement of two schools and the extension and refurbishment of seven schools in Wirral. I am glad that the contractual problems have been resolved, and am delighted to be able to tell my hon. Friend that the real-terms increase in per pupil funding for Wirral is £1,050, a 37 per cent. increase since 1997–98, and that the amount for capital in 2004–05 was £13.3 million, compared with £3.3 million in 1996–97. That is a very good reason for the people of Wirral to vote Labour at the next election.

John Mann: For the first time ever, Bassetlaw is top of the class for schools money, with the PFI money for new schools, the plans for 10 new children's centres and the eagerly anticipated rebuilding of many primary schools following the Budget. Can my hon. Friend foresee any circumstances in which the hopes and aspirations of my constituents, who have waited 70 years for that investment, could be dashed by the Government?

Mr. Lewis: I can foresee such circumstances: if the people of Bassetlaw and elsewhere do not vote Labour at the next general election.

Exclusions

5. **Mr. Henry Bellingham** (North-West Norfolk) (Con): Whether she plans to give greater weight to the views of head teachers on exclusions. [223602]

The Minister for School Standards (Mr. Stephen Twigg): We give great weight to head teachers' views, expressed individually or through their associations, when formulating exclusions policy. We back head teachers' authority where pupils' behaviour warrants exclusion and have reformed appeal panels to strike a better balance between the interests of the individual and those of the school.

Mr. Bellingham: What do the National Union of Teachers, the National Association of Schoolmasters Union of Women Teachers, the Association of Teachers and Lecturers, the Secondary Heads Association and the National Association of Head Teachers have in common? They all support the policy that head teachers should have the final say on exclusions. Why will not the hon. Gentleman and his ministerial team listen to what professionals in the classroom are saying? Is not that the reason why Labour's support among teachers is haemorrhaging every day?

Mr. Twigg: The hon. Gentleman is absolutely wrong. The SHA has a policy of full support for the appeal panels; John Dunford is on record as supporting our stance. The only union that the hon. Gentleman listed that has a clear policy with which he would agree is the NASUWT. As for our support among teachers, the poll

in *The Times Educational Supplement* to which I think he was referring showed that support among teachers for the Conservative party had fallen from 10 to 9 per cent.

Mr. John Gummer (Suffolk, Coastal) (Con): Despite all that, I wonder whether the Minister might apply himself to the real fact: many head teachers feel that on those most difficult occasions they do not have the power, authority or support to make decisions that are very tough for a head to make. Those decisions should be entirely in their hands, if schools in some of the most difficult areas, which are to be found in many of our constituencies, are to be run in a way that gives responsibility to the head.

Mr. Twigg: The right hon. Gentleman makes a thoughtful contribution, and it is absolutely fair to say that head teachers often operate in very challenging circumstances. That is why we reformed the appeal panels in the light of the concerns that have been raised—for example, by the Secondary Heads Association—to give much greater weight to the views of those on appeal panels with direct experience, including head teachers.

I should like to share with the House the fact that in the most recent year for which we have figures—2002–03—there were more than 9,000 exclusions, about 10 per cent. of which were appealed. The total number of successful appeals was 149. We must have an appeals system in the interests of natural justice. That view is shared by the Secondary Heads Association, but I absolutely concur with the right hon. Gentleman that we need to give clear support to head teachers in what is often a challenging job for them in many of our schools.

Mr. Mark Hoban (Fareham) (Con): Is it not the reality of the Government's plan to force every school to take on excluded pupils that they will give head teachers less say on exclusions, but is it not right to give them the final word on exclusions in the interests of those children who want learn but who may have been prevented from doing so by the amount of disruption in our classrooms?

Mr. Twigg: We are indeed working with schools so that they can collaborate locally to ensure the best possible pupil behaviour. That has been welcomed by head teachers, the other unions and school governors, and we should work together to ensure that that approach is successful. Ultimately, if we do not have appeal panels, parents will go to court. Do we really want our court system clogged up with parents appealing against such decisions? I understand that the Conservative party has said that it will deal with that by denying legal aid to parents who want to go to court. In other words, the Conservatives are saying that only rich kids will be able to appeal in those circumstances; poorer kids will not be able to do so. Our system may be imperfect, but it is the best one on offer to ensure the right balance between the needs of the schools and those of the individual pupil.

Mathematics Teaching

6. **Mr. Nick Gibb** (Bognor Regis and Littlehampton) (Con): If she will make a statement on the teaching of mathematics in primary and secondary schools. [223603]

The Parliamentary Under-Secretary of State for Education and Skills (Derek Twigg): Her Majesty's chief inspector's latest annual report shows that the quality of mathematics teaching and learning is good or better in about seven in 10 primary schools; about seven in 10 schools at key stage 3; just under two thirds at key stage 4; and about eight in 10 school sixth forms. Relative to other subjects, mathematics is above average at most key stages.

Mr. Gibb: A quarter of 11-year-olds are still not reaching level 4 in maths, and Britain is a poor 18th out of 41 countries in the Organisation for Economic Co-operation and Development, according to the latest study under the programme for international student assessment, which focused on maths. Does the Minister agree that every child should be taught multiplication tables by rote and be able to respond effortlessly to every multiplication table question up to the 12 times table, so that if I were to ask him what seven sixes are, he would effortlessly know that the answer is 42?

Derek Twigg: The answer is yes. Ofsted's latest mathematics subject report says that the teaching and learning of mathematics continues to be a strength in primary schools.

Mr. Kelvin Hopkins (Luton, North) (Lab): I congratulate the Government on what they are doing in primary education—taking mathematics teaching seriously after decades of neglect—and our children are definitely improving. However, are not different teaching methods still used in primary schools, some of which work better than others? Is it not time to be prescriptive about precisely how maths is taught in primary schools? Indeed, I find myself in agreement with the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) on this subject. Is it not time to research precisely what works and to ensure that every school uses the best methods?

Derek Twigg: Obviously, to an extent, we have to be prescriptive in terms of the numeracy hour, but I want to reiterate that we have seen a 12 percentage point rise in success rates since 1997, and that Ofsted says that the teaching and learning of mathematics continues to be a strength in our primary schools.

Vocational Training

7. **Mr. John McWilliam** (Blaydon) (Lab): What plans she has to increase the take-up of vocational training in schools and colleges. [223604]

The Secretary of State for Education and Skills (Ruth Kelly): In both the skills White Paper and the 14 to 19 White Paper, we have set out a series of reforms that should lead to an increase in the number of people undertaking vocational training in schools and colleges. Our plans for specialised diplomas, access to high quality training facilities and targeted support for employers and individuals will make a real difference to vocational training.

Mr. McWilliam: I welcome my right hon. Friend's answer, but may I put to her the fact that, in too many schools, those pupils who wish to undertake a vocational course are still not regarded with the same esteem as those pupils who wish to undertake an academic course? May I also put it to her that the real wealth of this country is based on those pupils who complete a vocational course, rather than those who complete an academic course?

Ruth Kelly: I completely agree with my hon. Friend. May I say how much I have valued his contribution to the House over the years, not least during our dealings in the Finance Committee? It is imperative that we raise the esteem of vocational training and that our young people realise that vocational training and education is valued in our society. I think that we can do that by involving employers and higher education institutions in the design of the curriculum that young people follow. They can thus learn the subjects that they want to learn in the way in which they want to and in the place that motivates them. When we achieve that, rationalise vocational and academic qualifications and introduce new specialised diplomas that are recognised by young people, parents, employers and the higher education sector, we will transform the opportunities available for young people.

Bob Spink (Castle Point) (Con): I congratulate the Government on now taking seriously vocational training, and thank them for what they are doing. However, how would the Secretary of State respond to Mr. Mark Vinall of South East Essex college, who asked me yesterday why in the White Paper the Government have failed to meet the needs of vocational learners? He states that they are protecting A-levels at the expense of vocational learners and that that is a missed opportunity. How would she respond to Mark Vinall's comments?

Ruth Kelly: I thank the hon. Gentleman for his congratulations, although I am now a bit confused about whether he supports the 14 to 19 reforms. We have preserved the best of both by preserving qualifications—A-levels and GCSEs—that are recognised by parents and valued by employers and HE institutions, and combining the opportunity to study for those qualifications with truly high-quality vocational training. Such vocational training will be designed by employers and the HE sector so that there are real routes for progression. When we combine the best of both, we will offer young people, for the first time, a high-quality, valued route including vocational training.

Mrs. Lorna Fitzsimons (Rochdale) (Lab): Is it not the case that people have been confused for years because of the morass of vocational qualifications and that that has led to their devaluation in the marketplace as seen by parents, users and employers? Addressing that is thus the key to success in achieving parity of esteem. However, does my right hon. Friend agree that a key factor is the fact that places such as Rochdale are offering the education maintenance allowance for the first time, which means that it now has the highest staying-on rate in its history and the biggest take-up of EMA in the north-west? Will she give us more information about the eight pilots that are to be rolled out throughout the country, which were announced by the Chancellor in the Budget, that will give £75 to people who have not stayed on in education or training in order to encourage them to do such education or training? To my mind, and certainly to that of my constituents, that will be of huge benefit when trying to ratchet up skills, as well as educational attainment.

Ruth Kelly: I agree with my hon. Friend—as always she is spot-on. At present there are 3,500 vocational qualifications, which makes things confusing for employers and HE institutions, and most confusing for the pupils themselves because they do not know which courses will lead on to further qualifications, or the right courses to pursue for their careers. She is right to draw attention to the education maintenance allowance. Our pilots show that the staying-on rates among young people in the target groups drawing EMA increased by 5.9 per cent. That is why the announcement in the Budget that we will pilot a combination of such allowances and children's benefits to attract young people who are currently not in education, employment or training to do some real training, which will in turn get them a job, has the potential of ensuring that all young people stay in training or learning of one form or another right up to the age of 18 and beyond.

Mrs. Anne Campbell (Cambridge) (Lab): Will my right hon. Friend comment on a headline in a newsletter that has been widely circulated in my constituency, which reads, "Fees for school sixth forms planned for Blair's 3rd term"? Is there any foundation at all for such a headline?

Ruth Kelly: Absolutely none.

Repayment of Teachers' Loans Scheme

8. **Mr. Colin Challen** (Morley and Rothwell) (Lab): What recent representations she has received about the annual review mechanism of the repayment of teachers' loans scheme. [223605]

The Minister for Lifelong Learning, Further and Higher Education (Dr. Kim Howells): My right hon. Friend has received a small number of representations, including one from my hon. Friend, appealing against the removal of individual teachers from the repayment of teachers' loans scheme as a result of failure to complete the annual review process.

Mr. Challen: May I respectfully remind my hon. Friend of the correspondence that I entered into last month about the case of my constituent, Emma Seymour, who did not return her form in time, because it was sent to the wrong address? She claims that she told the Student Loans Company that she had informed it of her change of address, but it did not have any proof. It is difficult to prove that one has informed someone of a change of address. Does he agree that the rules are designed to penalise fraud, and are not meant to penalise

bona fide hard-working student teachers? Will he agree to meet me to discuss the case to see whether there is a way through?

Dr. Howells: My hon. Friend will know that the annual review mechanism was built into the RTL scheme because it is essential that teachers verify annually their eligibility for the scheme to safeguard the large amount of public funds that are involved. I understand that, partly as a consequence of discussions about this case, including my hon. Friend's strenuous efforts, the SLC has undertaken to review the appeals procedure in such cases, including Miss Seymour's. It has said that any changes that are to the advantage of the cases under review will be implemented without delay. I can give my hon. Friend an assurance that he will be able to meet the appropriate Minister from my Department.

Teaching Staff (York)

9. **Hugh Bayley** (City of York) (Lab): What the change in the number of (a) teachers and (b) classroom assistants in schools in York has been since 1997. [223606]

The Minister for School Standards (Mr. Stephen Twigg): The number of full-time equivalent teachers in York local education authority has increased by 100 since January 1997 to 1,390. The number of teaching assistants has more than doubled by 260 to 400 over the same period.

Hugh Bayley: I am very pleased that York schools have more teachers and, as a result, smaller class sizes. Does the Minister agree, however, that the quality of teaching is just as important as the number of teachers? Can he tell the House what help the Government are giving teachers to enable them to keep training throughout their professional careers, so that they continue to improve the quality of the lessons that they give children?

Mr. Twigg: My hon. Friend is absolutely right. Ofsted has said that we have the best-ever generation of newly qualified teachers, which is clearly a cause for optimism. The House is currently considering the Education Bill, which will extend the remit of the Teacher Training Agency to oversee teachers' continuing professional development. That will be extremely important in ensuring that we continue to have the very best teachers.

Miss Anne McIntosh (Vale of York) (Con): When I visit schools in my constituency head teachers tell me that they are deeply concerned that the amount of core funding relating to the employment, recruitment and retention of teachers has gone down under the Government. There are more grants than core funding, which does not provide the security that head teachers would like. What is the Minister doing about that?

Mr. Twigg: The hon. Lady is right that there are concerns about the number of ring-fenced grants for which schools must apply, which is why we are moving to a system of a single grant for schools. We are consulting with schools, teachers and local education authorities to give schools the simplicity and the certainty that the heads in her constituency would like.

Education Funding (Shire Counties)

10. **Mr. Peter Luff** (Mid-Worcestershire) (Con): What assessment she has made of the relative needs of English shire counties for education funding. [223607]

The Parliamentary Under-Secretary of State for Education and Skills (Derek Twigg): The new formula for education funding was introduced in 2003–04 after an extensive programme of work by the Department for Education and Skills and its partners. The working group considered almost 100 papers, many of which discussed those aspects of the formula that deal with the relative needs of authorities for education funding. There was also a 12-week consultation on the proposals, and Ministers considered the many thousands of replies very carefully before they took decisions.

Mr. Luff: I am grateful to the Minister, but we are getting desperate in Worcestershire. We have tried every trick in the book to get a fairer share of education funding, but it does not seem to be working. I am grateful to the Minister for School Standards for agreeing to see a group from Worcestershire shortly to discuss the issue. Before that meeting, perhaps the Under-Secretary could persuade his colleague to speak to the secret weapon that Worcestershire now has at the heart of Government? I can reveal that the Secretary of State's excellent education foundations were partly laid down in Worcestershire at St. Mary's Catholic school in Broadway. I hope that the daughter of Worcestershire is our secret weapon at the heart of Government and is the final straw that breaks the camel's back, giving the county the justice that it has been lacking for so long.

Derek Twigg: I have followed the discussions both as a Whip and since becoming a Minister. There have been many discussions, questions and debates about the matter and I understand the hon. Gentleman's point of view. I am glad that he is due to meet my hon. Friend the Minister for School Standards shortly. We will continue to keep the situation under review, but the hon. Gentleman knows that we have no intention of making significant changes to the proposed funding arrangements.

Mr. Dennis Skinner (Bolsover) (Lab): Is the Minister aware that Derbyshire is a shire county, and that it has received funding equivalent to more than three times the rate of inflation during the past eight years? As a result, there have been 105 new projects for schools in my constituency during those eight years—more than in the previous 25 years put together, since I was a Member of the House. The most famous school to be replaced is the one that was held up by pit props in those dreary 18 years of the Tory Government. Now, that Church of England school will be transformed into a brand-new school on a different site. That is the truth of what has happened in the past eight years in a mining community that was almost blasted apart by the Tories. No wonder the unemployment is down to less than 4 per cent.

Derek Twigg: My hon. Friend makes a strong point. The choice is between Labour, under which we continue to invest in schools and improve standards, and the Tory system, which transfers money from state schools to independent schools.

Mr. Edward Garnier (Harborough) (Con): May I tell the Minister that we in Leicestershire will soon be borrowing the pit props from Derbyshire? Leicestershire is at the bottom of the funding list of all county local education authorities in England. It does not cost any less to educate a child in Leicestershire than it does in Derbyshire, Worcestershire or any other county. What is the reason for Leicestershire being at the bottom of the Department's funding list?

Derek Twigg: I am sorry the hon. and learned Gentleman was not able to get to the Adjournment debate that I replied to in the Chamber a few weeks ago. I am sure he will understand and accept that there has been a significant increase in funding for schools in Leicestershire, not just per pupil, but in terms of capital. We have a system which ensures that most funding goes to the areas that are most deprived and most in need of it.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): My hon. Friend will be well aware of the discussions that took place in Cheshire, when Halton and Warrington became unitary authorities. That exposed the way in which education funding had been distributed by previous Administrations. Will my hon. Friend ensure that within counties, the distribution takes into account the needs of poorer districts in the county, and that moneys that the Government provide are properly passported through to meet the needs of schools in deprived areas?

Derek Twigg: I know that my hon. Friend is a great champion of that in his constituency and in Cheshire. It is clear that our funding formula ensures that the funding is fair, objective and gets to the places where it is most needed. It also provides three-year stability for education authorities and schools, so they know what funding is available to them, allowing them to provide the best possible education and all-round school improvements.

Employees' Skills

17. **Jane Griffiths** (Reading, East) (Lab): What steps she is taking to improve the skills base of employees. [223614]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): On Tuesday the Secretary of State announced a new skills White Paper. The White Paper demonstrates the Government's commitment to improving the skills of employees to meet the current and future needs of employers and further strengthen our productivity and competitiveness in a global marketplace. Recently we also launched our 14 to 19 proposals.

Jane Griffiths: When the proposals contained in the very welcome White Paper are developed, will my hon. Friend and his colleagues give particular attention to areas such as the Thames Valley, which are net importers of labour and suffer, perhaps excessively, from a skills shortage?

Mr. Lewis: I reassure my hon. Friend that that will be the case. We have a journey to travel in vocational education, but we ought to celebrate the fact that this year we have a record 270,000 young people participating in apprenticeships, 100,000 young people studying GCSEs in vocational studies, and 90,000 young people participating in the 14-to-16 increased flexibility programme. With the unveiling of the national skills academies only this week, we are beginning to build an infrastructure that will give us excellent high-quality vocational education for the first time.

It is also important to focus on the significant additional resources for investment in further education that the Chancellor announced in the Budget. We can now bring together the skills academies, centres of vocational excellence and specialist schools.

SOLICITOR-GENERAL

The Solicitor-General was asked—

Military Personnel (Court Cases)

19. **Mr. Gordon Prentice** (Pendle) (Lab): How many times since 2001 the Attorney-General has decided to bring cases involving military personnel through the civilian courts. [223617]

The Solicitor-General (Ms Harriet Harman): Between 2001 and 2004, the Attorney-General transferred no cases involving military personnel to civilian courts. Since 2004, there have been two cases where he has decided, with the agreement of the Army Prosecuting Authority and the Crown Prosecution Service, that the appropriate jurisdiction should be the civilian system.

Mr. Prentice: I am grateful for that answer but may I ask my friend whether it is standard practice that, where a case against a soldier has been dismissed as unfounded by his commanding officer and the case nevertheless goes to trial in the civilian courts, the commanding officer is asked to give evidence?

The Solicitor-General: If a case goes before a Crown court in England and Wales in relation to an indictment of offences alleged to have been committed by Army service personnel serving overseas, the question whether the commanding officer will give evidence depends on whether he has evidence that is relevant to whether the offence has been committed.

Mr. John Burnett (Torridge and West Devon) (LD): Our troops can be deployed in all-out combat and, within days or a shorter period, on internal security operations.

Cases are sometimes dismissed by commanding officers and unit commanders. What safeguards are there against double jeopardy and what account is taken of the unique stress and dangers that confront our armed forces on active service?

The Solicitor-General: Before I answer the hon. Gentleman's question, I believe that he will be retiring should there be a general election and that it may be the last time that he asks a question as spokesperson for his party. I should like to say that it has been a great pleasure to work with him and I wish him all the best.

In answer to the hon. Gentleman's question, there is no double jeopardy. If a serving member of Army personnel is brought before a court martial and he is acquitted, there are no further proceedings. Under the doctrine of autrefois acquit, he will not face any other tribunals. Similarly, there are no further proceedings if he is convicted. Therefore, there is no question of double jeopardy. Of course, if a matter is referred to the Attorney-General, in deciding whether it is appropriate to refer it to the CPS, my noble and learned Friend and the CPS will look at all the relevant circumstances, but it is important that the rule of law applies to serving personnel whether they are in the UK or outside it on duty.

Mr. Dominic Grieve (Beaconsfield) (Con): The Solicitor-General will be aware that, in both cases, the reason for the transfer to civilian courts was that the commanding officers ruled that the person should not be prosecuted in military courts. She may agree that that has the unintended consequence of depriving those soldiers of the opportunity of trial by court martial, which exists for the very reason that it is considered to be a forum that will best understand the pressures that soldiers may be under, particularly in combat. Do we not therefore have an anomalous situation? If the commanding officer's veto is there for a good reason, the Attorney-General should not be doing what he is doing. If there is not a good reason for that veto, should we not be changing the law?

The Solicitor-General: No, we should not. The situation is not anomalous; it is one of concurrent jurisdiction. Therefore, proceedings can go ahead either in courts martial or in a civilian court. However, there can be many reasons why it is regarded as not appropriate to take a case before a court martial and why it is believed that the civilian courts are the better tribunal to deal with the matter. I do not think that that needs to be changed.

ASBOs (North Yorkshire)

20. **Miss Anne McIntosh** (Vale of York) (Con): What recent discussions she has had with the Crown Prosecution Service on the breaching of antisocial behaviour orders in North Yorkshire. [223618]

The Solicitor-General: I spoke yesterday to Dan Jones, who is the Crown Prosecution Service antisocial behaviour co-ordinator in North Yorkshire.

Miss McIntosh: I am most grateful for that answer. Can the Solicitor-General confirm that those who breach an antisocial behaviour order in North Yorkshire are brought to court? If that does not happen, there is no merit in issuing an antisocial behaviour order in the first instance.

I thank the Solicitor-General for responding to my Adjournment debate last week, but when does she plan to write to me about the outstanding questions that we did not have time to discuss during that debate?

The Solicitor-General: I shall write to the hon. Lady very shortly about the outstanding issues from last week's debate; in fact, I shall try to do so before the House rises for the Easter recess. She is absolutely right: it is important not only that antisocial behaviour orders are made in appropriate cases, but that they are enforced. If people think that no action will follow when such an order is breached, there will simply be no currency or value in it. It is important that breaches should be reported to the local authorities and the police, who should work together, as they do in North Yorkshire, to ensure that such orders are made in appropriate cases and that they are taken seriously.

Julie Morgan (Cardiff, North) (Lab): Does my right hon. and learned Friend believe that antisocial behaviour orders should be used only as a method of last resort and that the staged approach used in south Wales of first sending a letter to parents or issuing young people with a football-style warning card has been very successful and has meant that fewer antisocial behaviour orders are issued? Is she aware that the Welsh Affairs Committee has strongly endorsed that approach?

The Solicitor-General: My hon. Friend is absolutely right. Obviously, the first and most important thing is to ensure that there is no antisocial behaviour. If such behaviour can be dealt with other than by the courts, that is preferable—certainly in the case of young people, whom we want to divert from the court process while making sure that they do not carry on committing antisocial behaviour. However, if they do not accede to those warnings, it is important that they and everyone else in the system should understand that court action is there to back up the law against antisocial behaviour.

Commission for Africa (Financial Crimes)

21. **Hugh Bayley** (City of York) (Lab): What action the Law Officers' Departments are taking to implement the recommendations of the Commission for Africa on combating financial crimes including bribery and corruption. [223619]

The Solicitor-General: The Law Officers' Departments are working closely with other Government Departments and agencies to implement the important recommendations made by the Commission for Africa on combating bribery and corruption.

Hugh Bayley: The Commission for Africa calls on developed countries such as ours fully to implement the Organisation for Economic Co-operation and Development's action statement on bribery, to take all necessary legal and administrative measures to repatriate state funds illicitly acquired from developing countries and to ratify and implement the UN convention against corruption during 2005. At the launch of the report, the Prime Minister signalled that the UK will implement all the commission's recommendations. Will the Solicitor-General examine whether the Serious Fraud Office, the Serious Organised Crime Agency and the Crown Prosecution Service have sufficient resources to do so, and will she write to let me know her conclusions?

The Solicitor-General: I shall certainly write to my hon. Friend. Those agencies—the Crown Prosecution Service, the SFO and SOCA, when it comes into existence—will be key in implementing the OECD's recommendations. The SFO and the CPS are considering how to do that.

I congratulate my hon. Friend on his work with Transparency International. There is now a widespread recognition that fighting corruption involves those who offer bribes as well as those who receive them; the Commission for Africa and the OECD have emphasised that. As for ratification of those individual points, the Prime Minister has made it clear that we will ratify all those conventions and, having done so, will put them firmly into action.

Iraq (Legal Advice)

22. **Bob Spink** (Castle Point) (Con): What recent representations she has received on publishing the Attorney-General's advice on the Iraq war. [223621]

The Solicitor-General: Since 1 January 2005, my office has received 20 requests for disclosure of the Attorney-General's advice on the legality of military action against Iraq. Those requests have been received from hon. Members, journalists and members of the public.

Bob Spink: Does the Solicitor-General accept that the Government's continued refusal to publish that advice has put the trust and integrity of the Prime Minister right at the centre of this general election?

The Solicitor-General: No, I do not. The Government's position is consistent with the Freedom of Information Act 2000, which was passed by this House and which contains an exemption that was accepted without demur in this House for legal professional privilege. That exemption has been accepted under the ministerial code as recently as when there was discussion of the Freedom of Information Act. It was also accepted by previous Administrations, and it is what the Government are acting under.

Attorney-General (Advice on Iraq)

12.30 pm

Mr. Dominic Grieve (Beaconsfield) (Con) *(Urgent Question)*: To ask the Solicitor-General if she will make a statement about the circumstances surrounding the letter from Mrs. Elizabeth Wilmshurst and the Attorney-General's change of opinion on the legality of military action in Iraq?

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): Let me take the two parts of the question in turn: first, the circumstances surrounding Ms Wilmshurst's letter to the Foreign and Commonwealth Office's legal adviser of 18 March 2003.

Elizabeth Wilmshurst was one of the deputy legal advisers at the Foreign and Commonwealth Office. As is now well known, she submitted her resignation on 18 March 2003 because she disagreed—I quote from her minute of that date—that it was

"lawful to use force against Iraq without a second Security Council resolution to revive the authorisation given in SCR 678".

Given that difference of views, her resignation was an honourable course to take and in accordance with the civil service code.

The Foreign and Commonwealth Office has received a number of requests for the text of Ms Wilmshurst's letter under the Freedom of Information Act, which came into force on 1 January this year. These requests were initially refused, mainly because much of the content of Ms Wilmshurst's letter contained personal data, the disclosure of which would have contravened the first data protection principle under section 40 of the Act.

Following the publication in *The Guardian* on 23 February of a number of quotations from the letter, however, we took the view that disclosure of this information would no longer contravene the first data protection principle. We therefore disclosed the letter yesterday. Two sentences were however omitted by the Foreign and Commonwealth Office from the document because their content concerned the provision of legal advice in relation to the use of force against Iraq. Regardless of whether these references were accurate, this information was covered by exemptions in the Act that apply to confidential legal advice and the formulation or development of Government policy. Some were also covered by exemptions for ministerial communications and for Law Officers' advice.

It was entirely proper for the Government to withhold information under the provisions of this Act. Indeed, as the Minister who was responsible for taking what was then the Freedom of Information Bill through Parliament, I can recall no suggestion from any party in the House that the Government's legal advice should not be exempt from such disclosure.

Let me now turn to the second aspect of the question: the Attorney-General's opinion on the legality of military action in Iraq. This whole question is covered extensively in Lord Butler's report on intelligence on weapons of mass destruction at paragraphs 366 to 387, and I commend those paragraphs to the House. Ms Wilmshurst gave evidence to the Butler inquiry, and the substance of her position, then as now, is covered in paragraph 376 of the report.

In the light of Saddam's failure to comply with his very clear obligations, set out in United Nations Security Council resolution 1441 of November 2002, the United Kingdom, United States and Spain tabled in February 2003 a further draft resolution in the Security Council, posing tough but attainable tests for Iraq. That gave Saddam Hussein the final opportunity to comply, which was offered by resolution 1441.

I attended a series of ministerial Security Council meetings in the early months of 2003, the last of which was on 7 March 2003. As I said in my speech to the Security Council on that day, not a single member of the Security Council disputed that Saddam was in material breach of his obligations under resolution 1441 and preceding resolutions. He had not fully complied with the clear obligations set out in 1441 and the preceding resolutions.

The Attorney-General, in his written answer of 17 March 2003, gave what he has described as his genuinely and independently held view that military action in Iraq was lawful on the basis of Saddam's breach of the then existing UN resolutions. As he then said, authority to use force against Iraq derived from the combined effect of resolutions 678, 687 and 1441. A large majority of the House supported on 18 March 2003 the Government's motion before the House to take military action in respect of Iraq, in view of Saddam Hussein's continued failure to comply with his clear obligations, imposed by the Security Council.

Mr. Grieve: May I say that I am intrigued and a little puzzled that the Foreign Secretary is replying to this question, which was directed to the Law Officers?

Will the Foreign Secretary confirm that the censored paragraph removed from Ms Wilmshurst's letter of resignation, and shown on Channel 4 yesterday, has now been revealed? Why was it covered up? Does he agree that it shows clearly that until 7 March, the Attorney-General held identical views to those of the Foreign Office legal team that the use of force against Iraq required a further UN resolution or it would be unlawful, irrespective of whatever previous resolutions there had been? What, then, made the Attorney-General change his mind? What change of law or fact enabled him to alter his stance?

Ms Wilmshurst's note further makes clear that the Attorney-General's position changed twice. Why did that happen? Why did his continuing doubts, which we now know were present in his letter of 7 March, as he believed that a decision to go to war might be challenged in the courts, change into complete certainty of legality, apparently following his meeting with Lord Falconer and Baroness Morgan on 13 March? What was said in the intervening period? What happened to enable him to alter his position?

Does the Foreign Secretary not realise how corrosive the entire episode is to trust in Government? It would be far better were the entire paper trail to be published, to reassure the public that the Attorney-General was neither leant on to change his views for party political reasons, nor deceived by the Prime Minister on the facts on which war might be justified.

Mr. Straw: Let me deal with the hon. Gentleman's points in turn. First, on why we refused to publish those two sentences, I have set out the reasons. The issue for the whole House, and not least the shadow Attorney-General, is whether he and his party are now moving from a clear position that Law Officers' advice should not be published to proposing that Law Officers' advice, and that which contributes to it, should be published.

I draw the House's attention to the fact that when a similar issue arose, albeit in respect of a different subject—legal advice in respect of the ratification of the Maastricht treaty—the then Attorney-General set out clearly that he could not recall any occasion when the Law Officers' advice had been disclosed, and would not break precedent.

When we discussed the issue of the Freedom of Information Bill in the House, the House as a whole was absolutely clear that legal advice, and the background to that legal advice, should not be disclosed, for very good reasons. If the hon. Gentleman is now saying, on behalf of his party, that that should change, he had better say so; but the implications for good government are very grave indeed.

The hon. Gentleman then made a wholly tendentious claim based on his reading of Ms Wilmshurst's letter. He said that it showed clearly that the Attorney-General had one view on 7 March and a different view later. He asked what change of law or fact had taken place. The letter showed nothing of the kind—but yes, there was a change of fact, which was before the House on 18 March. I am astonished that the hon. Gentleman, who voted for the resolution in favour of military action on 18 March, seems to have forgotten that.

Throughout the period following the passage of resolution 1441, my right hon. Friend the Prime Minister and I, every other member of this Government and, indeed, all the Governments who later formed the coalition were seeking to ensure that there was clear compliance by Saddam with the obligations imposed on him by resolution 1441 and the resolutions that preceded it. When it became clear that that was not the case, we worked night and day for a second resolution. We did not work night and day for a second resolution because it was required by the terms of resolution 1441: it was not. I can go into the negotiating history of resolution 1441 in very great detail. I can point out to the House that France proposed at one stage that there should indeed be a lock requiring a second resolution in resolution 1441, but backed off from that proposal. Everyone who knows the text of resolution 1441, and that of operative paragraphs 4, 12 and 13 in particular, will know that there was no requirement whatever for a second resolution. We sought a second resolution because we sought a consensus in the Security Council, and what changed between 7 and 17 March was this: it became very clear that that consensus was not possible.

The hon. Gentleman's last point concerned the effect of refusing to disclose the Attorney-General's advice. The Attorney-General's advice was before the Butler inquiry. The Attorney-General gave advice to the Butler inquiry, and so, as I have said, did Ms Wilmshurst. That was the appropriate setting in which to examine the advice in detail. Lord Butler concluded that the Attorney-General had given clear and categorical advice to the Cabinet, and that in his judgment it was lawful under resolution 1441 to use force without a further United Nations Security Council resolution. That was the position after full examination, and that is the position now.

Mr. Michael Moore (Tweeddale, Ettrick and Lauderdale) (LD): The Secretary-General of the United Nations himself has said that the war in Iraq was illegal, so it is hardly a surprise that the Attorney-General started from that point as well. It would not be the first occasion in history when a lawyer had changed his mind and his advice, but there was no change in the legal position during the period before the country went to war; nor was there a material change in the facts, such as evidence of the existence of weapons of mass destruction.

Can the Foreign Secretary tell us whether there is a formal written justification documenting the shift in the Attorney-General's position, which occurred not once but twice? Can he tell us whether the final advice of the Attorney-General was consistent with the independent external advice that the Government received? If not, is it not the case that the full text of Elizabeth Wilmshurst's resignation letter has now completely undermined the Government's position on the war in Iraq?

Mr. Straw: We are all aware of what the Secretary-General of the United Nations said. It emphasises the fact that on this issue there were disagreements about the legal position. That is well known—but the truth is that there are often disagreements about legal positions and legal advice. There are disagreements in respect of matters of domestic law, on which the law is always more certain; still more are there disagreements in respect of matters of international law. These judgments were held independently, they were held honourably, and they were well known in advance of the debate on 18 March and the House's decision to take military action. With great respect to Ms Wilmshurst, what she has said in the letter and in the evidence that she gave to Lord Butler does not change that position one iota. It was a matter of debate. But, while I respect those people who took a different view, the truth is that the view of the British Attorney-General was widely shared across the world—not just by the Law Officers' equivalent in the United States, but by many other Governments. There was just a genuine difference of opinion.

That answers the hon. Gentleman's first and third points. He also said that there was no material change in the facts. I am sorry, but he was not at the Security Council five times between January and March 2003, and I was. There was a significant change in the facts. We had hoped in early January was that there was going to be full compliance by Saddam with the terms of the resolution. He was given a very clear obligation to do so. It became clear, however, not least on 7 March in the 173-page document submitted to the Security Council at the end of that meeting by Dr. Hans Blix, with 29 separate respects, talking about unanswered disarmament issues. I put this before the House on 18 March. It spelled out in detail, if any were needed, why Saddam was failing to comply with his clear obligations. Those facts were on the record and they have never been contradicted since. That was the judgment of UNMOVIC, the United Nations Monitoring, Verification and Inspection Commission. We did not need intelligence to make our judgment

before the House on 18 March; we could see for ourselves that Saddam was in further material breach, and, as I pointed out to the Security Council on 7 March, there was not a single Minister around the table at the Security Council at that stage—even on 7 March—who was denying that Saddam was not fully in compliance with his obligations.

What also changed between 7 and 17 March, as I pointed out to the hon. Member for Beaconsfield (Mr. Grieve) a moment ago, was that we were hoping against hope for a second resolution and we did not get one. We still judged that Saddam was in material breach, and that was the basis on which the House came to its view on 18 March.

Donald Anderson (Swansea, East) (Lab): The Attorney-General said on 23 February this year that, in his parliamentary reply of 17 March, he had explained his "genuinely held, independent view" that military action was lawful, and that he had not been leant on in any way. If the critics are now saying that he was lying—a very serious charge to make against any Minister, particularly the Attorney-General—that his view was not independent or genuinely held and, indeed, that he had been leant on, let them say so openly.

Mr. Straw: I agree entirely with my right hon. Friend about that. All of us have every respect for Members of all parties on both sides of the House who took a different view on the rightness of taking military action and who voted against the Government on 18 March. What is far less impressive is the position into which the official Opposition now appear to be manoeuvring themselves. They are using this entirely spurious issue as a smokescreen to avoid their own responsibility for the fact that they voted for this military action. They voted openly for it, and they voted on the basis of the clear and public information before the House that Saddam was in clear, fundamental material breach of his obligations. They might not like it, but it happens to be true.

Sir Teddy Taylor (Rochford and Southend, East) (Con): As one of those who did not vote for the war on Iraq, may I sincerely ask the Foreign Secretary whether he thinks that this disclosure will have a dreadful effect on the parents and relatives of those who have lost their lives in this conflict? Does not he genuinely believe that this problem of credibility will go on and on, unless the Government are prepared to publish all the documents involved? Would not that be the right way to deal with the problem, instead of letting it go on and on, as it inevitably will?

Mr. Straw: No, I do not, for this reason. The Attorney-General's legal advice was clear. It was known. It was reflected in the view of his advice, which he put before the House of Lords on 17 March, and which I repeated in this House, along with a longer explanation of the basis of his view in respect of the legality. His view was that it was lawful for us to take military action in respect of Iraq. That was the view that he came to at that stage. He was examined in very great detail by Lord Butler, and Lord Butler confirms his view. There is a very much wider issue about whether the House should go down the road of requiring the advice of Attorneys-General to be made public. As I have said, when the matter was debated by the House, and for very, very good reasons, not one Member of this House ever suggested that the exemption for legal advice proposed in the Freedom of Information Act 2000 should be removed. It is there for very good reasons and nothing material has changed. Indeed, just to underline the paucity of the view taken by the shadow Attorney-General, in this particular case, unusually, what was made known to the House was the view of the Attorney-General set out in that written answer of 17 March. When Lord Butler examined the Attorney-General in detail, he also confirmed that that was his view.

Ross Cranston (Dudley, North) (Lab): Does my right hon. Friend accept that no Attorney-General from either party will barter their integrity, and least of all this Attorney-General, who was a leader of the Bar, on such an important matter for purely party political purposes? Does he recall what the Bar Council of England and Wales said about this matter at the time: that the advice and the working papers should not be published because it would severely undermine legal professional privilege?

Mr. Straw: I am grateful to my hon. and learned Friend for that. The Attorney-General is a man who all of us know is of the greatest integrity and also a very good lawyer. He came to his view for sound reasons. It was independent and it was genuinely held. My hon. and learned Friend is also right to draw attention to the fact that the requirement to protect the confidentiality of legal advice has been supported not only by successive Governments—I would be astonished if the shadow Attorney-General is now departing from that; if he is, perhaps he or his colleagues should say so—but by the Law Lords in a series of judgments, as well as by working barristers represented by the Bar Council. There is every reason for it, and it is good government that would suffer were we to remove that requirement.

Mr. Peter Viggers (Gosport) (Con): After five years as a Parliamentary Private Secretary in the Law Office, I am of course very aware that there is a convention that the Law Officers' advice should never be revealed. However, it is open to the Government to waive that convention if they wish, and the facts in this case are unique. Do the Government realise that if they do not make full disclosure, they will have only themselves to blame if people continue to believe the worst of the Government?

Mr. Straw: I do not accept that, and the Butler inquiry set out in some detail the very rare circumstances in which, in the last 100 years, the advice of Attorneys-General has been released. I think that it pointed out that it has happened on only three occasions: two in respect of legal action and one, as it happened, in respect of the Westland affair where the whole of the advice was leaked by a divided Cabinet and it was made public in any case.

Mr. Robin Cook (Livingston) (Lab): I am sure that my right hon. Friend would wish to agree with me that Elizabeth Wilmshurst was a distinguished legal adviser who did very valuable work in the international criminal court. Would my right hon. Friend confirm that, unlike

[Mr. Robin Cook]

those on the Opposition Front Bench, she was always consistent in her view that invasion of Iraq would require a second resolution? Would he further confirm that the Attorney-General shared that opinion, an opinion that he no doubt held genuinely and independently, from September 2002 until March 2003, when he changed that opinion? May I put it to my right hon. Friend, who is an experienced Member of the House, that perhaps the time has come for him to reflect on whether there is so much in the public domain that it would be better for the Government to let out the whole truth? The Government have published one opinion from the Attorney-General. Surely the less damaging course for the Government now is to publish both opinions and explain exactly what it was that persuaded the Attorney-General to change his opinion in-between.

Mr. Straw: On my right hon. Friend's first point, yes I accept, and I always have done—I have made this very clear very publicly—that Elizabeth Wilmshurst was a very fine legal adviser in the Foreign Office, she has acted honourably throughout, and it is certainly the case that her view about the potential legality of any military action without a second resolution after 1441 was well known to me, and I think to others within the Government. But as I have said, that was her view, and I think she accepted—certainly it has to be accepted—that the final arbiter of the Government's legal position is the Attorney-General and not any individual legal adviser, however distinguished.

On the second point that my right hon. Friend invites me to discuss, what is the case is that before the passage of resolution 1441, there was a widespread view that military action would at the very best be wholly ill-advised without what became the first UN resolution in 2002, and could be unlawful, but that was changed by the passage of resolution 1441. I simply invite my right hon. Friend to refresh his memory about the terms of resolution 1441, which set out clear obligations on Saddam Hussein. Operative paragraph 4 set out the terms of a further material breach; operative paragraphs 11 and 12 set out how any further material breach should be reported and considered by the Security Council; and operative paragraph 13 made it very clear to Saddam Hussein that "serious consequences" would follow in respect of a further material breach.

It was the judgment of the Attorney-General—and I may say, although I am not the Government legal adviser, it was my judgment based on my intense knowledge of the negotiating history of resolution 1441—that the effect of 1441 was to revive the authority of resolutions 678 and 687 and—*[Interruption.]* Well, we did not get a second resolution because it was not possible, but it was never needed legally, and I made that very clear to the House—crystal clear, on the record—when I reported the passage of 1441 to the House on 24 November 2002. *[Interruption.]* As someone behind me says from a sedentary position, the resolution is worthy of re-reading. It sets out clearly the position. The Attorney-General was in no doubt by the middle of March that Saddam, on the basis of evidence that we provided, was in clear further material breach, and that military action was justified.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The right hon. Gentleman, in justifying the legality of war, is resting his case on the three resolutions that he has cited. He has been reminded that the Secretary-General of the United Nations said that the war was unlawful. Would not the right hon. Gentleman accept that the Secretary-General is singularly well placed to advise as to the legal impact of Security Council resolutions? Is not the truth this: the Attorney-General, as a good House lawyer, came to give the best argument that he could in order to provide legal cover for a decision already taken when war was then inevitable and in order to provide the best justification that he could for a war that was being prosecuted for reasons outside those publicly stated by the Prime Minister?

Mr. Straw: That allegation is completely untrue. It is unworthy of the right hon. and learned Gentleman, and he knows it. I made it clear, and so did the Prime Minister, repeatedly, that we wanted to see the issue of Saddam Hussein's clear breach of United Nations Security Council resolutions resolved peacefully. The phrase that I used repeatedly, in the Security Council and outside, was that we would of course take yes for an answer. Had there been any evidence of compliance with resolution 1441 in those Security Council resolutions, it would not have lain in my mouth to say to my colleagues, without demur from any of them, in the Security Council on 7 March, that not one had claimed that Saddam was in compliance with the Security Council, nor would it have been remotely possible to have come before this House on 17 and 18 March and make the case for military action. The case for military action, I remind the House, was on the basis of a breach of Security Council resolutions rather than on any matter of intelligence. The evidence was put before the House in two successive Command Papers and, I add, the Iraq Survey Group has confirmed that it ascertained a clear and continuing breach by Saddam of those disarmament obligations.

David Winnick (Walsall, North) (Lab): Should we not keep reminding everyone that there was a very large majority in favour of taking military action at the time? Those who voted for such action presumably did so on the basis that it was legal—otherwise they would not have voted accordingly. Does my right hon. Friend agree that it is pretty grubby to see those who voted for and enthusiastically backed the war now jumping on the anti-war bandwagon? What sort of respect can anyone have for the official Opposition?

Mr. Straw: I agree with my hon. Friend and I commend him and other colleagues on both sides of the House who have been consistent on this matter. If only we had seen similar consistency from the Opposition Front Bench. If I recall correctly, all the Conservative Front Benchers voted in favour of the resolution of 18 March, yet from July last year, we have seen the extraordinary spectacle of the Leader of the Opposition trying to have it both ways. In *The Sunday Times* of 18 July last year, he made two wholly contradictory statements. First, he said:

"If I knew then what I know now, that would have caused a difficulty. I couldn't have voted for that resolution."

He then went on to say:

"I think I would have voted for a differently worded resolution that would have authorised the war",

adding that he was

"still in favour of the war".

Well, it is time for the Opposition to put up or shut up on this matter of the military action.

Adam Price (East Carmarthen and Dinefwr) (PC): The Foreign Secretary will know that the Attorney-General has a duty to provide legal advice to Parliament in addition to his duties in relation to the Executive. Was not his written answer of 17 March 2003 effectively the provision of such advice to Parliament? In that case, should not Members of Parliament be entitled to see the background papers, setting out the detailed considerations relating to the legal issues on which the Attorney-General's published view was based?

Mr. Straw: With great respect to the hon. Gentleman, the requirement on the Attorney-General to provide legal advice to Parliament is very limited indeed and it is a wholly separate duty from the clear and continuing requirement to provide legal advice to the Government internally. Such advice is very clearly protected by the long-standing principle of legal professional privilege, confirmed by the Law Lords and many other courts. It is protected by the ministerial code. As recently as four years ago, the House had every opportunity during the passage of the Freedom of Information Bill to disagree with that. As I have already said, not a single Member on either side of the House ever proposed that the advice of the Attorney-General should be made public in the way that is now being suggested.

Clare Short (Birmingham, Ladywood) (Lab): Does my right hon. Friend agree that the failure to circulate the Attorney-General's background documents to the Cabinet was a failure to comply with the ministerial code? Having asked the Prime Minister for an undertaking relating to factual matters, the Attorney-General clearly changed his mind. Keeping all that secret was done to mislead the Cabinet, and the publication of only partial legal advice from the Attorney-General was done to mislead Parliament. These are terribly serious matters, which can be cleared up only by putting everything openly on the record. Otherwise, the very institution of the Attorney-General as a reliable part of our constitutional arrangements will be brought into doubt.

Mr. Straw: I am sorry to say that I do not accept any part of what my right hon. Friend said. There has been not the slightest evidence of providing anything other than the straightforward facts of the matter both to this House and to the other place. There is no secret about the fact that the Attorney-General sought the view of the Prime Minister as to whether Iraq was in further material breach. That was set out clearly in the Butler inquiry's report.

As to the matter of the ministerial code, that charge, which my right hon. Friend has made in the past, was fully dealt with by Sir Andrew Turnbull, the Cabinet Secretary. Paragraph 23 of the code, which I happen to have in front of me, is much more narrowly drawn than she suggests. The Attorney-General was actually present in the Cabinet—I re-examined the minutes this morning—and offered the clear view that military action in respect of Iraq, as of 17 March, was lawful. I recall that my right hon. Friend was there and voted in favour of military action—and I am glad that she did. The Attorney-General was there to take questions. *[Interruption.]*

Mr. Speaker: Order.

Mr. William Cash (Stone) (Con): Does the Foreign Secretary recall that it was my question to the Prime Minister on 14 March that gave rise to the subsequent publication of the Attorney-General's opinion in the House of Lords? My question asked about the basis on which it was proposed that we should go to war. More and more facts, and more and more contradictions have emerged. Indeed, I recall that in her resignation speech, the right hon. Member for Birmingham, Ladywood (Clare Short) accused the Prime Minister of misleading both her and Parliament—and she has repeated much the same today.

Does the Foreign Secretary accept that, under the rules and conventions of the House and under the rules of ministerial conduct, it is the Prime Minister—I see him in his place now—who is responsible for deciding on the disclosure of the Attorney-General's advice and for rectifying any misleading statements that may have been made? I tabled a question to the Prime Minister—*[Interruption.]* Will the Foreign Secretary now answer the charge whether the Prime Minister—

Mr. Speaker: Order.

Mr. Straw: With apologies to the hon. Gentleman, his question to the Prime Minister of 14 March 2003 did not immediately come to mind. The House wished to be informed of the Attorney-General's legal advice and that was what happened. My noble Friend the Attorney-General answered a question in the House of Lords, which was repeated in this House, and I published a detailed explanation of the background. There is nothing odd about the view that we took. Anyone who knows the history of what happened in Iraq and of what happened after achieving resolution 1441, knows that the evidence was overwhelming—no one contradicted it at the time—that Saddam was in clear further material breach of his obligations. He was given a final opportunity under the first paragraph of resolution 1441 and he was told specifically what would amount to a "further material breach". There was no requirement whatever in 1441 for a second resolution. I am as comfortable as I was on 18 March in being absolutely clear that the military action that we took was justified—and it remains justified in the light of what we now know.

European Council

1.8 pm

The Prime Minister (Mr. Tony Blair): With permission, Mr. Speaker, I shall make a statement about the European Council that took place in Brussels on 22 and 23 March. It was the fifth in a series of summits about the Lisbon agenda on economic reform in Europe.

It is the British case that economic reform is not going as far or as fast as it must. Nevertheless, over the past five years, 6 million extra jobs have been created in Europe. We have opened up the telecommunications market, and the gas and electricity markets have been liberalised, bringing new choice to consumers. Air travel has also been opened up, bringing cheaper air tickets. In the recent World Economic Forum study of international competitiveness, six EU states were among the 15 most competitive nations in the world. Britain is one of them and has risen a number of places in the last year.

Some progress has been made, but the truth is that there used to be eight EU countries in the top 15. There are still far too many unemployed people in Europe and too many businesses unable to compete as they should. That provides the EU's challenge.

The European Council rightly decided yesterday to support the Barroso Commission's emphasis on growth and jobs as the first-order priorities. There was also strong support for the Commission's proposals for improving and simplifying its approach to regulation.

However, the services directive is at the heart of this next phase of the Lisbon programme. Services account for 70 per cent. of both the UK and EU economies. The directive is intended to liberalise that market. It does this by requiring national Governments to make it easier for European service companies to establish on their territory, so regulatory regimes must be simplified and made accessible. It also facilitates temporary, cross-border trade in services.

The directive is unquestionably an ambitious measure. Authoritative studies show that it could bring at least 600,000 new jobs to Europe, and add some €37 billion to the European economy. Also, many of the accusations made about it are unfounded or overstated. It does not mean that workers from a low-cost member state can work permanently under their country of origin wages and conditions in another member state. The posted workers directive already prevents that. Neither does it mean that consumer protection and health and safety legislation will be circumvented or abandoned. Again, there are complementary measures that cover those areas.

It is true that there are some genuine concerns about the implications of the proposals—for example, for us there is their impact on the national health service—that need to be addressed in the negotiations. The directive, inevitably and rightly, will be amended as it goes through its legislative process. The Commission signalled that several weeks ago, and confirmed as much again at the European Council. However, the changes will be part of the normal legislative and negotiating process and, fortunately, the final decision will be by qualified majority voting. None of that has changed as a result of this European Council, whose conclusions were of course subject to the unanimity rule, so any member state had a veto over them.

However, to have withdrawn the directive, as some wished, would have been a grave injustice and error for Europe's economy. President Barroso is therefore absolutely right to maintain it. The Commission remains committed to the main principles of the directive, as do we and many other EU Governments, notably those from the new member states. Its adoption will be a key test of Europe's seriousness about reform.

The issue, however, that underlies the debate about the services directive is the future of the European social model. Some, notably France, believe that that model should remain in its existing form. Some, like Britain, believe firmly in Europe's social dimension but wanted it updated to take account of modern economic reality.

Fortunately, in this debate—which will dominate discussion of Europe's economic future over the coming years, just as the debate over the transatlantic alliance will dominate debate on foreign policy—we have the benefit of some empirical evidence. The UK has shown that it is possible to have flexible labour markets combined with a minimum wage, tax credits to help families into work, family-friendly policies to help the work-life balance, the new deal for the unemployed, record investment in education and skills, and a strong economy. I believe that that is the modern social model for Europe, and that it is recognised as such by many of our partners. The result has been higher growth, higher employment and lower unemployment for the UK. Those successes can be replicated across Europe, with the right policies.

It is worth adding that the UK has also benefited from its decision, unique amongst the larger member states, to open its labour markets to workers from the new member states. Far from disrupting our labour markets, they have, for the most part, made a positive contribution to the British economy. If we want Europe to compete not just with the USA but with China and India in the future, this type of open and flexible economy is precisely what we need.

I should report briefly to the House on four other issues covered during this European Council. We endorsed the deal reached in ECOFIN on reform of the stability and growth pact. That introduces a more sophisticated system for implementing the rules, taking account of issues such as the level of debt, investment, and the impact of the economic cycle, all in line with UK objectives, while maintaining financial prudence.

On climate change, we discussed a long-term strategy for the EU, including progressive targets for reducing emissions. We shall take that process forward in the context of our G8 and EU presidencies later this year.

On Africa, the European Council noted the Commission for Africa's report and agreed that we had to step up our support for that continent. There is now unanimous support inside Europe for the policies that can confront the challenge—indeed, the scandal—of thousands of African children who die needlessly every day and, where they survive, live lives of unimaginable poverty and deprivation: 2005 must be, and should be, Africa's year.

On Croatia, we discussed follow-up to the recent decision by European Foreign Ministers to postpone accession negotiations, but to start as soon as there is full co-operation by the Croatian Government with the International Criminal Tribunal for the Former Yugoslavia. The British Government, in principle, strongly support Croatian membership of the EU. The next step is likely to be EU discussions with Croatia, led by the present and future presidencies, about how to achieve full co-operation with the tribunal. I should add that we also supported democracy in Lebanon.

As was obvious from this Council, and from recent NATO-EU summits, there is a big debate going on in Europe today. It is vital to Europe's future, and to the future of Britain. In this debate, we know where we stand: in favour of the transatlantic alliance as the bedrock of our security; in favour of adapting Europe's economy to the future as the path to our prosperity. It is a debate in which we have allies. It is a debate that we can win. But to win we have to participate, fully, wholeheartedly, with self-confidence and belief; we must not marginalise Britain, reducing it to the role of spectator. The policy of this Government is clear: to be at the centre of the debate, not the margins.

I commend this statement to the House.

Mr. Michael Howard (Folkestone and Hythe) (Con): I start by thanking the Prime Minister for advance sight of his statement. We welcome some items in the communiqué, such as the commitment to sustainable development and the Kyoto protocol. However, will the Prime Minister explain why new figures published this week show that carbón dioxide emissions in Britain have risen since 1997?

The Council rightly emphasised the importance of development issues, but was there not a grievous failure to match words with deeds when it came to helping the world's poor and depressed? Should not the EU demonstrate its belief in the right values with its trade policy? Is not free and fair trade the best way to lift people out of poverty? Would not dropping EU tariffs on their goods be the ideal way to help people in those countries devastated by the tsunami? Is not it indefensible and immoral to impose punitive duties on struggling nations and suffering people? Is not it also imprudent, as well as unethical, to press ahead with plans to sell arms to China? Does the Prime Minister think that it was right for Javier Solana to say yesterday that the EU was moving towards a "political decision" to end the arms embargo? Should not the Prime Minister instead listen to the human rights groups, Britain's Defence Manufacturers Association, the four Select Committees that have studied this matter, and our allies in Japan and the US, all of whom are urging him to maintain the embargo?

If the Council is serious about human rights, can I ask the Prime Minister whether the situation in Darfur was discussed? He just said that 2005 must be Africa's year, but the tragedy in Sudan is getting daily more horrific. The UN now says that 180,000 people have died. Why is not the Prime Minister demanding a UN resolution that would impose arms and oil sanctions on the Sudanese Government, and give the African Union peacekeepers the mandate and support that they need to protect the civilian population?

This summit came at an appropriate time, being the last one before the election—if we are to believe what we are told, not least by the Deputy Prime Minister yesterday. It discussed a wide range of issues, and it encapsulated the Prime Minister's complete failure on Europe over the past eight years.

Why on earth is the British rebate being discussed? The justification for it is as strong now as it was when it was won. The EU's financial problems are not caused by the rebate but by policies such as the common agricultural policy that are in real need of further reform. So why is not the reform agenda being given pride of place?

The Prime Minister assures us that he will not give way on the rebate. He says that his mind is made up. However, as we have discovered again this morning, members of this Government have a curious tendency to change their minds, and their advice, when they come under pressure.

And it is not just Ministers who cave in at the last moment. The Prime Minister himself changed his position when he came under pressure at the Council. Before he went abroad, his Government were all in favour of the services directive. Only last month the Foreign Secretary said:

"Creating a true single market in"

services

"would boost growth in the EU and improve the price, choice and quality of services on offer to businesses and consumers."

But when it came to standing up for the services directive against President Chirac's objections, the Prime Minister surrendered. He put the interests of the French President before those of British workers and consumers, so how can we trust his promises on the rebate? Last time the Prime Minister fell out with President Chirac, he gave him a fountain pen. Next time, if he is still there, will he give him the cheque book?

In 2000, the Prime Minister said that there had been a sea change in European thinking away from heavy-handed intervention and regulation towards a new approach based on enterprise, innovation and competition. The last President of the Commission, Mr. Prodi, described the agenda as a big failure and the current President said that the Lisbon goals were too ambitious. Is not the European Union doing what the Prime Minister does when he fails all his targets—abandoning them and calling it a relaunch? Is not that failure a tragedy for Europe's 19 million unemployed? Does not it show that making promises is not enough and that Governments that are not prepared to turn talk into action never achieve anything?

The Council discussed reform of the euro stability and growth pact which Europe says is needed because a European Union of 25 countries is characterised by considerable diversity. Does not that diversity mean that a one-size-fits-all interest rate does not work? Is not that precisely why membership of the single currency would harm jobs and prosperity in Britain?

The Prime Minister boasted that Britain's place in the recent World Economic Forum's study of international competitiveness has improved during the past year. What he did not say is that today we are 11th in that league, but in 1998 we were fourth. Does not that say all we need to know about the economic performance and record of this Government?

[Mr. Michael Howard]

Does not the Prime Minister believe that a European Union of 25 countries, characterised by considerable diversity, should be reforming and modernising in other ways also? Is not that his biggest failure of all? Why is not he putting the case for a more diverse and flexible Europe, for a live-and-let-live Europe of co-operating nation states? Why is not he putting the case for powers to be returned to the nation states, such as those we now discover he surrendered on asylum? Even the Dutch Government are asking for powers to be returned on social policy. Was not Germany's Europe Minister right when he recently described the constitution as

"the birth certificate of the United States of Europe"?

Is not that precisely the wrong direction for a modern Europe, characterised by considerable diversity, to take? Was not the Prime Minister's former economic adviser right when he said that the constitution will

"entrench Europe's failings and drag Britain down too."

Will not there be a clear choice at the next election between a Labour Government handing over ever more power to Brussels and a Conservative Government who will bring powers back to member states and closer to the people, and work for a flexible and diverse Europe fit for the 21st century? Is not there now a unique opportunity to settle Britain's relationship with Europe in Britain's national interest? Is not it time for an end to the Government's failures on Europe?

The Prime Minister: There certainly is a clear choice, not least on the economy, which the right hon. and learned Gentleman mentioned. I seem to remember that when he was a Minister in the last Conservative Government unemployment rose to 3 million, interest rates were at 10 per cent. for four years and there were two recessions during which people lost their jobs, their homes and their livelihoods. Yes, there is a clear choice between the right hon. and learned Gentleman's boom and bust and cuts in investment and our economic stability and investment in public services.

I shall deal with one or two of the specific issues that the right hon. and learned Gentleman raised. On climate change, it is absolutely important to meet our Kyoto targets and we will. It is correct that there has been a rise in CO_2 emissions and one way of dealing with that is the climate change levy, which his party voted against. Carbon dioxide emissions have risen because of the strength of the economy but, overall, we shall meet our Kyoto targets in a way that will probably single us out from most other countries in the world.

On the European Union and the China arms embargo, it is important in any discussion of the matter to recognise that that cannot be done without a proper code of conduct to govern any arms sales to China. It is a sensitive issue because of recent events and the European Union has made it clear that there cannot be a qualitative or quantitative increase in arms sales.

On Sudan, we are pressing for UN Security Council measures. The main thing is to ensure that the African Union mission of peacekeepers is built up to its full strength. We can introduce arms sanctions against Sudan, but the only thing that will work is to have a proper peacekeeping force there which is properly able to enforce, as well as to keep peace. Until we do that, we will not bring any hope to that troubled part of Sudan. That is also one of the important aspects of the Commission for Africa. Africa needs its own proper peacekeeping and peace-enforcing contingent, which must be of sufficient strength that it can be sent to different parts of Africa and keep warring people apart so that conflicts can be resolved and peace kept. Until that happens, situations such as that in Sudan will continue.

The right hon. and learned Gentleman talked about a failure of our policy over the past eight years. I remind him that when we came to office we were still living with the aftermath of the beef war, which probably stands out as the epitome of a failed European policy. All he ever did in Europe, and the only position he ever adopted that anyone remembers, was to stand out against the European social chapter, and against paid holidays and decent terms and conditions for British workers—*[Interruption.]* He may say that people can decide for themselves, but in 18 years of government he never quite got round to doing it, did he?

The right hon. and learned Gentleman raised other points, including the rebate which, incidentally, was not mentioned at the Council, at the dinner or during the conclusions the following day. It was mentioned by the French President, as it always is, but he always gets the same response from me: no. That will continue to happen.

On the reform agenda, I do not think that the right hon. and learned Gentleman listened to what I said. I am passionately in favour of the services directive and we must ensure that it is implemented. We have given nothing away. On the contrary, it will be debated through the legislative process. I agree that there is a big issue with the directive and the reform agenda and that there is a battle going on. There is also a battle over trade policy. What is the right thing to do? It is to get in there and ensure that we win the debates. What is the right hon. and learned Gentleman's alternative? It is to embark on a policy of renegotiating the fundamental existing terms of Britain's membership of the European Union. What will that do? I do not often agree with the spokesman of the UK Independence party but I agreed with him when he said:

"The whole policy of renegotiation is, as far as the Tories are concerned, nothing more than self-delusion—and on the British public it's just a deception".

Dominic Cummings, the right hon. and learned Gentleman's former director of strategy, said a few months ago:

"the party"—

the Conservative party—

"is stuck on the question: 'what would you do if you can't get the new deal you want? ... The current situation of spasmodic lurches without a clear view ... is the worst of all worlds. It does not deal with UKIP, it does not change opinion, it does not improve the Conservative Party's reputation for seriousness."

I could not have put it better myself.

The Leader of the Opposition is saying that he will withdraw from the common agricultural policy, the social chapter, overseas aid, fisheries—

Mr. Howard *indicated dissent.*

The Prime Minister: It is in black and white. Let me tell him what his fisheries spokesman said on Monday.

The Conservative party's shadow Minster for Europe, when asked what he would do about the control of fisheries, said, "Let's look at what Iceland has done," and, further afield, "Let's look at what happens in the Falkland Islands."

Mr. Speaker: Order. May I gently say that we are discussing a statement, not the Conservative party's policies?

The Prime Minister: We are also dealing with choice and the choice is between being at the heart of Europe or on the margins. The idea that we could have the same fisheries policy as the Falklands Islands is an indication only of how utterly unserious the Conservative party is.

The truth of the matter is that there is a very clear choice, between going into the debates on economic reform and trade and fighting Britain's corner, or opting out, as the last Conservative Government did, leaving Britain defenceless and near the exit door. That would betray our true national interest. It is a strategy born of opportunism, it will fail, and the more it comes under scrutiny, so will the right hon. and learned Gentleman's leadership.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): I, too, thank the Prime Minister for his statement on the summit. On the issue of the liberalisation of the services market and the services directive, which is important because of its 70 per cent. contribution to European gross domestic product—so reform is clearly in Britain's interests—will the Prime Minister confirm that further steps towards liberalisation would increase standards, lower costs and help generate jobs? He said:

"The directive, inevitably and rightly, will be amended as it goes through its legislative process."

Why would it be right to envisage a watering down of the services directive, since that would reduce the benefits of liberalisation? He must find it a little embarrassing in the historical context that Mrs. Thatcher was much firmer in pushing through the liberalisation of the single market than he has been on this issue. Will he be emboldened in his future endeavours?

On the UK rebate, will the Prime Minister acknowledge that that will always come back to the argument that France would have to accept fundamental reform of the CAP before it could make progress by being critical and carping about the UK rebate? Given the domestic referendum concerns of the President of France, which we all recognise, does the Prime Minister hold out much prospect of being able to be a little more persuasive with him than was obviously the case in the past two or three days?

The Prime Minister did not mention the ongoing troop commitment in Iraq in his statement, but it is unlikely that some discussion of it did not take place, certainly at the margins, with some of his opposite numbers in the EU. Given that several of the allies have either withdrawn their troops or have indicated a willingness or a timetable to withdraw them, did he discuss those matters with any of his counterparts at the summit? In that context, will he take account of yesterday's all-party Defence Committee report, which acknowledges an ongoing British presence in Iraq, perhaps even at present levels, into the next calendar year? Will not withdrawal of further European Union countries maintain that position or indeed require our troop numbers to be increased? Did he discuss those matters with any of his opposite numbers?

The Prime Minister: In relation to the services directive, of course we support it. The only issue for the European Council, which is a discussion that produces conclusions, was whether we should withdraw the directive. That was firmly rejected by the majority of countries round the table. There will be a legislative process in any event, but the Council agreed that any changes have to be made in the course of that process. There will be some amendments, but they should not touch on the essential nature of the directive, which is right and necessary and will bring benefits.

In relation to CAP reform and the services directive, the point to emphasise is the importance of qualified majority voting. There is no way we would get any of the changes—on the CAP, on the services directive or on the single market—without QMV.

In respect of Iraq, I would point out that other countries—most notably, recently, Australia—have decided to put in troops. I can assure the right hon. Gentleman that the position of myself and other European Union leaders, except those with parliamentary resolutions to which they have to adhere—although they remain fully supportive of the mission in Iraq—is that we stay in Iraq until the job is done. The job is being done. Iraq is on its way to democracy, there is a huge spirit of enthusiasm there for the future, and the security problems are increasingly being dealt with by the Iraqis themselves. However, we must ensure that the security forces are in the proper position to be able to guard the Iraqis against the terrorist threat that they face. We must also ensure that Iraq can continue to make steady progress towards democracy. That is our position and, I assure the right hon. Gentleman, it is the position of the other European countries.

Keith Vaz (Leicester, East) (Lab): Recognising that the process of enlargement may have had an effect on progress on the Lisbon agenda, the Kok report is clear that Britain has done better than its EU partners in meeting the Lisbon benchmarks. My right hon. Friend will know that this spring marks the third anniversary of the initiative that he started with Chancellor Schröder on the wider reform of the EU. Will he confirm that substantial progress has been made since his letter of 25 February 2002, and that the wider reform agenda will be a theme of the presidency?

The Prime Minister: Yes, I can assure my hon. Friend of that. There is no doubt that the direction of travel for Europe now is towards reform. There are countries that will act as a brake on that, and that is why it is important that we argue the case and try to ensure that people understand that in the world of globalisation we protect jobs through investment in skills and education and active labour market measures, rather than regulation or protection.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I want to take the Prime Minister back to China. It has a terrible record, condemned by almost

[Mr. Iain Duncan Smith]

everybody, on democracy and human rights. Massive abuses take place every day. We also know that it has been hugely involved in the chain of proliferation of technology to North Korea. The Prime Minister knows that the present Government have a strong position on North Korea and are determined that it should rid itself of weapons of mass destruction, but China is behind much of their development. In the past two weeks, China has threatened Taiwan, overtly threatening to invade it if it takes decisions that China disagrees with. Why are the Government not at the very forefront of saying that we should not sell arms to China until major change has come about? We should lead on that and refuse to follow the others in Europe down a ridiculous road that will damage everybody.

The Prime Minister: It is important to emphasise that the idea in the abstract of lifting the China arms embargo has never been separate from the notion that it should be replaced with a strong code of conduct that should provide for a far more rational method of determining sales to China. I do not put the human rights considerations to the side: on the contrary, I think that they are very important. I would simply underline the fact that the debate in Europe has taken a different turn over the past few weeks. We are in the thick of that debate, trying to ensure that whatever Europe does, it does it with real sensitivity to the values in which we and our American allies believe, and that we introduce a system that is rational in the light of what is happening in China today.

Mike Gapes (Ilford, South) (Lab/Co-op): On China, may I draw to my right hon. Friend's attention the Quadripartite Committee's report, published today, in which four Select Committees express strong reservations about any premature lifting of the arms embargo? Was there any discussion in the margins of the meeting? Will my right hon. Friend be reinforced in his view by the unanimous view of all the members of those four Committees, based on our experience of talking to members of the US Congress and other discussions about the damaging impact on British companies of a premature lifting of the embargo?

The Prime Minister: I can assure my hon. Friend that we shall certainly pay careful attention to what he and his colleagues said. It was not raised either at the summit or at the margins—[HON. MEMBERS: "Why not?"] That is of significance in itself, because there may have been countries that wanted to raise the idea of lifting the embargo at present, but they did not do so. I think that has some significance.

Mr. John Greenway (Ryedale) (Con): Many British businesses are well placed to take advantage of the services directive, as and when we get it. Can the Prime Minister give an indication of the timetable that he envisages for the adoption of the directive? Does he really think that it will go through under QMV if the French are against it?

The Prime Minister: In exactly the same way, there was a lot of opposition to reform of the common agricultural policy. The reform has not been as great as we wanted, but the position is different from what it was a few years ago. Yes, I believe that the services directive will go through, but there will be a battle over it. My point to the Conservative party is not that there will not be a battle—there will—but that we must consider what is the best way to win it. My point is that the biggest change that has happened in Europe—I do not think people fully understand it yet—has been the accession of the new member states, which are our allies on both the transatlantic alliance and economic reform. That is why it would be so crazy to marginalise ourselves in Europe. With respect to the Leader of the Opposition, at the very moment when we are fighting those battles for the transatlantic alliance and economic reform, to start a debate about the renegotiation of Britain's membership—I cannot think of a crazier or more misjudged policy.

Mr. Dennis Skinner (Bolsover) (Lab): Does the Prime Minister agree that one of the reasons why Chirac has turned a bit nasty lately is that the French will soon be having a poll on the constitution and it looks as though he might finish up with a headache? In the Prime Minister's quieter moments, does he think that it might not be a bad idea if that happened? It would save us a lot of embarrassment here.

Finally, after eight years of a Labour Government, may I congratulate them on running such a successful economy—unemployment down, employment up and everything else—without joining the euro?

The Prime Minister: I thank my hon. Friend for his congratulations on our economic management. He asks about my quieter moments. I have to say that I have not yet had any.

Tony Baldry (Banbury) (Con): On Darfur, the Prime Minister will be aware that the African Union forces in Sudan at present have only a limited monitoring role. Is the House to understand from his earlier comments that the UK and the Security Council will support both a peacekeeping and a peace-enforcing mandate for the African Union? If so, will there also be funds to assist that objective?

The Prime Minister: We have to try to negotiate that in the Security Council, which is what we are doing at present. I return to the point that I made earlier—because I have looked at the situation in Sudan very carefully—as I did, too, when I visited the country. The Security Council and the resolution we have managed to pass there will be extremely important, but the only thing that will stop what is happening in Sudan is the presence of a sufficient number of well-armed people able to keep the combatants apart and—*[Interruption.]* Of course their mandate is important. That is why we must secure the right mandate, and we are working to do that, but in the end the most important thing is to ensure that that force goes to Sudan, and we and other countries have already said that we are prepared to help with funding that.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): Were there any discussions at the margins about collaborative education projects? My right hon. Friend

will be interested to know that there is real excitement at the Whitby high school in my constituency, where we are putting together such a project to form links, through the highest available technology, with a school in Budapest. The teachers are buzzing with excitement. We can do extremely well in that field, because of the importance of the English language to the rest of Europe.

The Prime Minister: My hon. Friend is right. I know of many such joint partnerships and ventures. They work extremely well, and it is certainly our intention to encourage them.

Mr. Richard Allan (Sheffield, Hallam) (LD): The Prime Minister rightly referred to the importance of telecommunications market liberalisation in the Lisbon agenda on competitiveness. Does he agree that although the UK market has been opened up effectively with the Communications Act 2003 and the creation of Ofcom, much more progress remains to be made in other EU countries, to the potential disadvantage of British businesses that want to invest in the European market? Will he ensure that telecoms liberalisation is given significant priority in the UK agenda for the EU presidency?

The Prime Minister: We will certainly do that.

Mr. Wayne David (Caerphilly) (Lab): I congratulate the Prime Minister on his statement. Was there any reference at the Council, either formally or informally, to the idea that Britain should have an associate relationship with the European Union? Does he agree that if we were to have such a relationship it would be extremely detrimental to the interests of this country?

The Prime Minister: It certainly would be, which is why under this Government it will not happen. The result would be that, on trade policy, the services directive and the whole reform agenda, Europe would be without the strong voice of Britain, and Britain would be marginalised in Europe.

Mr. John Randall (Uxbridge) (Con): Was there any discussion of what is to be done about Kosovo, and if not, why not?

The Prime Minister: It was discussed in the Foreign Ministers meeting, as I have just been quickly and reliably informed by my right hon. Friend the Foreign Secretary.

Mr. Kelvin Hopkins (Luton, North) (Lab): Does my right hon. Friend accept that there is deep and growing alarm at the march of neo-liberalism in the European Union? Working people and trade unionists are beginning to wake up to the threat to the welfare state and the worker protection they have enjoyed in the post-war world. That is the underlying cause of the Swedish no in their referendum on the euro, and the probable no vote in France on the constitutional treaty. What happens when the constitutional treaty is rejected? Will we have a fundamental rethink about the economic direction of Europe?

The Prime Minister: I am afraid that I cannot agree with my hon. Friend. I am not sure that the European economy can be described as marching towards neo-liberalism. It is important to open up the economy. There used to be a view on the right, held by the previous Government—indeed the Leader of the Opposition pioneered the idea—that somehow one had to choose between good, decent terms and conditions for the work force and economic efficiency. That is why the Conservatives opposed the minimum wage and the social chapter. In this country, we have shown that we can combine a minimum wage, the social chapter, help for people to get off benefit and into work and the work-life balance—measures that help people to combine their family life with work—and still have a successful economy. In today's world, it is a deception on our work force and our people to believe that we can isolate ourselves from the emerging economies in Asia—the Chinese economy and the Indian economy—when in fact we have to compete with them. The way to compete is to go higher and higher up the value-added chain, which is why it is so important to invest in skills, technology and education, but to combine that with a flexible and open economy. That is what we have to do. When we consider the difference between this country's economic performance and that of some comparable countries in Europe, I think we are doing extremely well.

Mr. Robert Walter (North Dorset) (Con): The Prime Minister referred to the relaxation of the growth and stability pact. When he agreed to that at the European Council meeting, had he taken the advice of the Governor of the Bank of England? When the Governor appeared before the Treasury Committee this morning, he was critical of that decision and said that if you want monetary stability you have to have a set of rules and stick to them.

The Prime Minister: Of course you have to have a set of rules, but you also have to have the right set of rules. We want to see changes in the growth and stability pact as it is now—as it is amended. We made a series of propositions for something much more akin to the British system, which works well for us. Obviously, that has to be agreed among all the European countries, but the greater flexibility in the growth and stability pact that was agreed makes sense.

Sir Teddy Taylor (Rochford and Southend, East) (Con): Did the discussions on the serious and worsening unemployment situation in Germany and France and artificial prosperity in Ireland persuade the Prime Minister that the single currency was not the best idea for Europe or for Britain? Will he condemn or at least deny the appalling story on the front page of *The Sunday Telegraph* last week that, in the unlikely event of the Government winning the election, he would be getting rid of the Chancellor of the Exchequer solely because of his lack of enthusiasm for the single currency?

The Prime Minister: On the euro, we have the best position, which is to have the five economic conditions that have to be met if it is right for Britain to join, but to keep the option open. The Conservative position is to close off the option. There is absolutely no sense in that whatever. Keep the option open. We can exercise it if we

[The Prime Minister]

want it, but we do not have to exercise it if we do not want it. In the meantime, we can ensure that we keep the economic conditions intact. That position has served us well both in Britain and in Europe and we should maintain it.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Given the Prime Minister's belief in Africa and his special efforts in that respect, does he agree that the mass killings in Darfur have gone on for far too long? What discussions did he have at the European Council about sending forces rapidly to deal with the situation? Or is the problem that the French are preventing NATO from going into Africa, because they think it should be a European army? When will the west take action on Darfur?

The Prime Minister: The hon. Gentleman's obsession with Europe has led him into a rather odd deviation from reality. No, the issue is not whether NATO or Europe sends in forces. We cannot send forces into Darfur. That would not be supported by the surrounding African countries, and it would not be practical. The main thing is to support the African Union in doing that. That is the only way that we will bring some semblance of peace to Darfur, and it is not NATO that will be able to do so, any more than Europe.

Mr. Mark Prisk (Hertford and Stortford) (Con): Last week, the Chancellor told us that more than 50 per cent. of regulations come from the Commission, yet the Minister for Europe now tells us that that is a myth and the figure is just 9 per cent. Who is right?

The Prime Minister: There are regulations that come from Europe, and a large part of the regulations—

Mr. Prisk: What percentage?

The Prime Minister: I am not going to get into percentages, but large amounts of regulation come from Europe. It is important, however, that we do not gold-plate those regulations. That is what my right hon. Friend the Chancellor was talking about when he made it clear that we should not gold-plate the regulations that come from Europe. But surely the most important thing is, again, that if regulations are coming from Europe, we should be part of that debate; we should not be opted out of it. That is why the position adopted by the Conservative party is so foolish.

Mr. John Bercow (Buckingham) (Con): When not discussing the crucial issue of economic reform, did the Prime Minister take the opportunity in the margins of the European Council to complain to President Chirac that Total Oil's $400 million investment in Burma is propping up the brutal military dictatorship there? Is it not now high time that the European Union resolved that its common position towards oppressive regimes should be driven by respect for human rights and democratic values, not by the pursuit of filthy lucre and narrow, short-term self-interest?

The Prime Minister: That is not something that I raised with President Chirac. We had other discussions, which we are continuing. However, the basic point that the hon. Gentleman makes is right.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Further to the comments of the Governor of the Bank of England this morning, and given that it is in no one's interest that the euro should be anything other than a hard currency, does the Prime Minister accept that the appearance of altering the stability pact for political rather than economic reasons undermines confidence in financial markets, and indeed much more widely? Can he give us any comfort following the meeting that the pact will not be further watered down when the more dominant nations in the EU feel constrained by it?

The Prime Minister: The most important thing in my view is to have a stability and growth pact that is actually based on a rational set of rules, and we have proposed changes—we have done so for a long period—to the pact that will allow us to take account, for example, of the need to borrow for investment over the cycle. We think that that is a more rational approach to deficits. We are also pushing for economic reform in Europe. I have to tell the hon. Gentleman that, yes, debates are going about these things the whole time, but the important thing is to be there and be part of them, and to ensure that we are not excluded from them and marginalised. I am sure that he would agree with that, which is why he should perhaps re-educate some of his Front-Bench colleagues.

Mr. William Cash (Stone) (Con): Does the Prime Minister accept that, in going along with the torpedo that President Chirac has fired at the services directive, he, by caving in, has also fired a torpedo at his own constitution, title III of which clearly reinforces the whole notion of the freedom of services? Does he not accept that, in seeking to renegotiate the stability and growth pact when there is no stability, no growth and no pact, he is in fact engaged in renegotiation? What will he do if there is a no vote in the referendum on renegotiation?

The Prime Minister: I am trying to unbundle that one. Should I understand the hon. Gentleman to be saying that he thought the constitution gave a big push towards the services directive?

Mr. Cash: Absolutely.

The Prime Minister: Okay. I assume that the hon. Gentleman is in favour of the services directive. The European constitution gives a push for the services directive. Is that not a good argument for the constitution? Have we got a bit of a mind change going on here?

Mr. Cash: No.

The Prime Minister: Possibly not. The issue at the summit was whether the services directive should be withdrawn, and it was decided that it should not be. There will be a process of amendment through the legislative process in the European Parliament. That will happen in any event, and in a sense the debate was neither advanced nor closed off at the European Council—it was merely transferred, obviously, to the European Parliament. The crucial thing was to prevent any suggestion that the services directive in its entirety should be withdrawn, because that would be disastrous. There will be a battle over it. That is the situation. We must ensure that the services directive survives and goes through, and that is what we will do.

Business of the House

1.56 pm

The Leader of the House of Commons (Mr. Peter Hain): The business for the week after the Easter recess will be:

MONDAY 4 APRIL—Second Reading of the Public Service Ombudsman (Wales) Bill [*Lords*], followed by a debate on Welsh Affairs on a motion for the Adjournment of the House.

TUESDAY 5 APRIL—Second Reading of the Equality Bill, followed by consideration of Lords amendments to the Mental Capacity Bill.

WEDNESDAY 6 APRIL—Opposition Day [6th Allotted Day]. There will be a debate entitled "Government's failure to control immigration" followed by a debate entitled "Government's failure to tackle crime", both of which arise on an Opposition motion.

THURSDAY 7 APRIL—A debate on defence in the UK on a motion for the Adjournment of the House.

FRIDAY 8 APRIL—Private Members' Bills.

The provisional business for the following week will be:

MONDAY 11 APRIL—Second Reading of the Finance Bill.

I should like to inform the House that business in Westminster Hall for April will be:

THURSDAY 7 APRIL—A debate on the national service framework for coronary heart disease.

THURSDAY 14 APRIL—A debate on the report from the Northern Ireland Affairs Committee on social housing provision in Northern Ireland.

THURSDAY 21 APRIL—A debate on the report from the International Development Committee on the Department for International Development's agriculture policy.

I wish you, Madam Deputy Speaker, right hon. and hon. Members, staff of the House and parliamentary clerks in Whitehall a happy Easter.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I thank the Leader of the House for telling us the business. May I thank the staff of the House for all that they do for us and join him in wishing them, Mr. Speaker, the Deputy Speakers and hon. Members on both sides of the House a happy Easter?

Will the Leader of the House arrange for three statements to be made in the week after we return? First, will he arrange for Health Ministers to respond to the many letters and approaches that have been made to them—so far without success—on behalf of multiple sclerosis therapy centres about the charges of more than £1,000 that they are forced to pay for inspections by the Healthcare Commission, which are about to rise by 50 per cent. and will quadruple by 2008? Those centres are paid for entirely by donations and are the only such voluntary arrangements to be charged for in that way. A campaigner said to me yesterday, "I don't call it a stealth tax—it's daylight robbery." May we have a statement about that?

[Mr. Oliver Heald]

Secondly, the Leader of the House will recall that, on three occasions in June last year, I raised with him the problems associated with postal voting. I cited examples of babies receiving ballot papers, heads of families filling in ballot papers for the whole family, employers threatening to sack staff unless they voted for a certain political party and other worrying abuses. I quoted the Labour leader of Birmingham city council, Sir Albert Bore, calling for a "national rethink". Conservatives and the Electoral Commission have called for individual voter registration to be introduced on the mainland as it applies in Northern Ireland. We have gone further and called for Government inspectors for the coming elections in areas where abuses have been alleged. What has the Leader of the House done about that in the past nine months? May we have a statement in the light of the comments of the judge in the Birmingham postal ballots case that the system is an "open invitation to fraud" and today's Select Committee report? If not, are the Government really satisfied about this country sliding back to the worst days of personation and electoral fraud such as were seen in the 18th century?

Thirdly and finally, the Modernisation Committee has now recommended that the European Scrutiny Committee should sit in public when deliberating European documents. I have been asking the Leader of the House for more than a year to make the necessary changes to Standing Orders. What action does he intend to take—or will it be left to me to make the change after our general election victory?

Mr. Hain: Dream on.

I shall certainly look into the issue of multiple sclerosis therapy centres, and the Secretary of State for Health will want to pay attention to what the hon. Gentleman says.

On postal voting, the simple fact is that we did not have a pilot in the west midlands, which is where the case of serious fraud arose—I share the hon. Gentleman's concern about that. The allegations there relate to the traditional method of postal voting, not an all-postal pilot. The Electoral Commission said in its evaluation of the June 2004 elections that postal voting should remain part of the electoral process. We accept its recommendations on strengthening the penalties for malpractice involving postal voting generally—for example, by establishing new offences involving electoral fraud and personation.

The truth is that postal voting is now increasingly popular among many honest and upright citizens throughout Britain, because they find it an easier way to vote, so more are taking advantage of it. The hon. Gentleman's suggestion that there is a return to 18th-century fraud is pre-election hype and exaggeration, and I am sorry that he has resorted to it.

We are examining individual voter registration, but it is quite a complex matter. We must consider the situation in Northern Ireland. We want to ensure that more voters are not discouraged from registering to vote, because there is evidence that the number of voters on the electoral register is declining. We should be careful not to introduce a system that is so complex that it effectively discourages higher turnout.

We will look at the recommendation to allow the European Scrutiny Committee to deliberate in public when the opportunity arises, and there is a chance to debate the Modernisation Committee's conclusions.

Mr. David Watts (St. Helens, North) (Lab): After raising the issue of school meals during business questions last week, I was delighted that the Government made a statement that they would do something about it. I was impressed by the wide-ranging measures that they announced. Does my right hon. Friend agree that it is also obvious that many of our children lack the skills to prepare meals themselves, and there is a lack of information given out in schools about the contents of food? Should we not address the matter through the national curriculum, and will he raise the idea on my behalf with his colleagues in the Department for Education and Skills?

Mr. Hain: I know that the Minister concerned will want to study my hon. Friend's points closely, and I agree with the spirit of them. I strongly believe that the nutritional value of school meals should be much higher. The kind of food that many children eat is worrying. As independent studies have confirmed, that will ultimately result in serious threats to their future health, which is why we have already announced massive additional investment, tougher standards for processed food, a new role for Ofsted to inspect and report on healthy eating, and investment to rebuild and refurbish primary school kitchens. As the Government have said, we welcome the way in which Jamie Oliver has driven this subject up the agenda and made it a big public issue, as Government Ministers could not have hoped to do. That will move the whole agenda forward.

Mrs. Angela Browning (Tiverton and Honiton) (Con): The Leader of the House said that the Mental Capacity Bill would return for its remaining stages a week on Tuesday. May we have sufficient time to consider that Bill, because he will know that the Government tabled important amendments in the other place, especially one relating to the Bournewood judgment—an important European Court judgment? I tabled amendments to close the Bournewood gap in Committee, and we will need time for a proper debate on the Government amendments.

Additionally, the Leader of the House will recall that on Report and Third Reading in this Chamber, there was considerable confusion and anxiety about the interpretation of the Bill in respect of euthanasia. The Minister concerned was incapable of answering straight questions on the Floor of the House. Will we have sufficient time to address that important aspect of the Bill? Many people want the Bill, including myself, but while the caveat that it may represent euthanasia by the back door hangs over it, it will continue to cause great concern outside this place.

Mr. Hain: The hon. Lady makes several important points that will be borne in mind, but I must ask her to withdraw the accusation that the Bill represents euthanasia by the back door, because that is simply not the case. She knows that the Bill was subject to extensive pre-legislative scrutiny—

Mrs. Browning: I was on the Joint Committee.

Mr. Hain: Indeed, and she performed a valuable role.

Mr. John Bercow (Buckingham) (Con): So was I.

Mr. Hain: Are any other hon. Members queueing up to admit to their positive role? *[Interruption.]* Ah, my hon. Friend the Deputy Leader of the House was not on the Joint Committee. The issues are difficult, but the Bill is important, as the hon. Lady says. We want to get it through as quickly and consensually as possible.

Mr. Paul Tyler (North Cornwall) (LD): Will the Leader of the House give an undertaking that when we return after the Easter recess, the Prime Minister himself will make an oral statement, and respond to questions from hon. Members, to substantiate the Government's response to the recommendations of the Butler inquiry? All hon. Members will be staggered by the mind-boggling cheek of producing such a short written statement on the response to such an incredibly important report yesterday—the day before the House rises for the recess. There has been media questioning, but Members of the House have had no opportunity to question the Government on important matters, including the machinery of government. What could be more important in a parliamentary democracy than the accountability of the Prime Minister and the Cabinet to Parliament?

The Butler report found sloppy decision making and inadequate lines of responsibility. It was a devastating attack on so-called "sofa politics". It defined precisely the corrosive tendencies to which that has led and highlighted yet another reason why the public are disillusioned with, and disengaged from, the political process. I shall quote a specific conclusion from the report:

"we are concerned that the informality and circumscribed character of the Government's procedures which we saw in the context of policy-making towards Iraq risks reducing the scope for informed collective political judgement. Such risks are particularly significant in a field like the subject of our Review, where hard facts are inherently difficult to come by and the quality of judgement is accordingly all the more important."

Last night's statement was a totally inadequate reply to that conclusion, and the apposite and well-informed criticisms made about the way in which Ministers used their judgment on intelligence issues. Both the Prime Minister and the Foreign Secretary were in the Chamber today. Were they too scared to answer questions from parliamentarians about such vital issues at the very heart of our political system?

Mr. Hain: As the hon. Gentleman says, the Prime Minister and the Foreign Secretary were here this afternoon to answer questions from both sides of the House. I simply do not accept the picture that he paints. A full statement was provided to the House in the proper way in response to the report, and its lessons will be learned. I do not understand why he has got into such a fuss about it.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): Can we have an early debate on adult numeracy and literacy standards, so that I might feel better equipped to explain to my constituents in Hall Green the ITN Osborneism that a £35 billion reduction in planned spending is actually an increase, rather than a cut?

Mr. Hain: I have to agree with my hon. Friend. It is pretty obvious that if you take 35 away from some number, you have less, do you not, Madam Deputy Speaker? If one has a number minus 35, one ends up with a lower figure—that is the point. I would have thought that even a primary school child taking the most basic maths class would understand that any number minus 35 is 35 less—so in other words, £35 billion of cuts are being suggested.

Michael Fabricant (Lichfield) (Con): The Leader of the House was present when the Foreign Secretary answered a question asked by the right hon. Member for Birmingham, Ladywood (Clare Short). He said to her that there had been opportunities to ask questions on the statement made by the Attorney-General, but as she sat down, she said that that did not happen, and that there was no opportunity to ask questions in Cabinet. The Leader of the House was present during that Cabinet meeting—so who was telling the truth and who was telling the lie?

Mr. Hain: I was indeed there, and there was no question of lies or the rest of it. Frankly, between "he said" and "she said" we might as well leave it at that.

Andrew Mackinlay (Thurrock) (Lab): May I take the Leader of the House back two weeks? On 3 March, I asked him, as is recorded in column 1110 of *Hansard*, if we could have a debate on the monarchy, and he replied that he had "absolutely no intention" of having such a debate. He went on to say that the Secretary of State for Constitutional Affairs had made a statement in which he explained the position on the royal wedding in two weeks' time. Can I draw to my right hon. Friend's attention the fact that it has since become quite clear that Clarence House did not understand the Government's position. Indeed, the spin doctors at Clarence House are, wrongly, blaming the Government for giving the wrong impression. We know from the reply to a parliamentary question this week that when Charles becomes king Camilla will become queen. As a consequence, in two weeks' time, when Camilla marries the Prince of Wales she will become the Princess of Wales. There is a genuine need for a statement. On 9 December 1992, John Major made a statement to the House at the time of the separation of Diana and Charles, and in December 1936, Stanley Baldwin—

Madam Deputy Speaker (Sylvia Heal): Order. I call the Leader of the House.

Mr. Hain: I have great admiration and considerable affection for my hon. Friend, but I cannot promise him a statement on that matter.

Mr. Bercow: Will the Leader of the House replace the debate on defence in the UK with a debate on the Floor of the House on the important subject of international development? I put it to him that the Government's tendency, whenever they have nothing better to table, simply to lob on to the agenda an Adjournment debate

[Mr. Bercow]

on Wales, the European Union, defence in the UK or defence in the world, is unsatisfactory. There are huge issues in the international development debate, including effective aid, good debt relief, the pursuit of trade justice and the fight for improved governance in Africa, and there is a compelling argument to debate those matters on the Floor of the House.

Mr. Hain: The hon. Gentleman may have a point about defence. We are obliged by convention and tradition to hold five debates on various aspects of defence policy. If the Conservative Front-Bench team is making representations to me that that should be handled differently—

Mr. Bercow: No, I am making the representations.

Mr. Hain: I have noticed that. If the Conservative Front-Bench team were to support the hon. Gentleman in that endeavour, that would be very interesting, and I would consider any such representations very sympathetically.

Mark Tami (Alyn and Deeside) (Lab): I understand that the Parliamentary Communications Directorate, which provides our computer equipment, is going to put out to tender the contract to provide hand-held devices for Members. Can the Leader of the House tell us what consultation has been conducted among Members? I am quite unaware of any.

Mr. Hain: I certainly have not been consulted on this matter, and although I have been advised that there have been some discussions, I am not satisfied that proper consultation has taken place. I hope that the House authorities will look at the matter carefully and consult in more depth to ensure that any decision will be made in the full knowledge of Members, and in the best interests of the House.

Mr. Richard Allan (Sheffield, Hallam) (LD): Many loyal and hard-working public servants in my constituency have written to me to express concern about possible changes to their pension schemes. They would expect a change of that nature that affects a large number of people and has significant impact on morale in the public services to be at the heart of the parliamentary agenda. However, if such matters are debated at all, it is done through statutory instruments. Can the Leader of the House ensure that when proposals are introduced to change public sector pension schemes they are given the due prominence in the business of the House that people would expect?

Mr. Hain: The hon. Gentleman makes a valid point. He will welcome the statement following the discussions between the Deputy Prime Minister and the local government unions that resulted in consensus on the way forward. Everyone accepts that the existing method for funding public pensions, particularly an unfunded scheme such as the local government one, is not sustainable and that we must find a way forward in the new circumstances created by an ageing society. If there is an opportunity for the House discuss these matters, we will obviously seek to use it.

Mr. Alan Hurst (Braintree) (Lab): My right hon. Friend will be aware of widespread concern about the draft guidelines from the National Institute for Clinical Excellence on drugs to treat Alzheimer's and related diseases. Sufferers and their families believe that medical advances can alleviate these heart-rending conditions and give people hope. Will my right hon. Friend arrange an early debate before a final decision is made?

Mr. Hain: The hon. Gentleman has raised an important matter. I cannot promise him an early debate, so he may wish to take advantage of the normal opportunities to try to secure one himself.

Bob Spink (Castle Point) (Con): May we have a debate on today's controversial report by the Science and Technology Committee on human reproductive technology and the law, to ensure that the House makes it clear that it rejects the extreme libertarian and deregulatory thrust of that report in favour of a precautionary, gradualist approach that respects the dignity of all human life?

Mr. Hain: I realise that there was controversy surrounding the report, which raises crucial and sensitive issues—which is why the Government will study it very closely indeed.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Is my right hon. Friend aware of the joint report on electoral registration published today by the Select Committees on Constitutional Affairs and on the Office of the Deputy Prime Minister? I doubt whether it would be fruitful to have a debate about electoral registration before 11 April—I noticed that my right hon. Friend did not mention 12 April or any subsequent dates when he announced the business—but after a general election, will he bear in mind the need to debate the matter fully, as both the Department for Constitutional Affairs and the Office of the Deputy Prime Minister need to respond? As I will not be here to contribute, could special attention be given to the evidence that I produced for the Committees? It was almost entirely ignored, but it was clearly the most incisive stuff presented to them.

Mr. Hain: It is outrageous that my hon. Friend's points should have been ignored. He has raised an important issue which, as I said earlier, Ministers are looking into. Extra business has not been announced for the week after Monday 11 April because it is normal practice, when there is a recess, simply to announce business for one full week and for the following Monday on a provisional basis.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): Further to the observations of my hon. Friend the Member for Alyn and Deeside (Mark Tami), in the nine years in which I served on the Information Committee, all key changes to the provision of services for Members and the development of the network in the House became subjects for our reports, which were laid

before the House. Has there been a change in that practice, and if not, can we insist that PCD does not go ahead with any procurement until such a report has been laid before the House?

Mr. Hain: I have received conflicting advice and information on the subject. I am advised that the issue has been discussed by the Information Committee and by the Speaker's advisory panel. On the other hand, it is clear from my hon. Friends' questions that there is still considerable concern about it. It is such an important matter that we would benefit from a little further consultation so that everyone can be satisfied that the right decision has been made.

Mr. Tony Banks (West Ham) (Lab): When we return from the Easter recess, would my right hon. Friend organise a short debate on the problems facing English football? I draw his attention my early-day motion 914 on the need to protect referees:

[That this House notes with regret and concern the growing tendency for football players to seek to intimidate and influence the decision-making of match officials during the course of a game; and calls upon the English football authorities to punish most severely any player who verbally or physically abuses the match referee or his or her assistants.]

I also draw my right hon. Friend's attention to early-day motion 956 on the extraordinary attacks by UEFA, the European football governing body, on Chelsea coach José Mourinho. Whether or not we have a debate, will he make sure that the business on 6 April is as light as possible so that he can go to Stamford Bridge with me to watch Chelsea play Bayern Munich?

Mr. Hain: I would love to have the opportunity to watch Chelsea secure another fine victory over a leading European club, but whether that is possible depends on my right hon. and hon. Friends. *[Interruption.]* My hon. Friend the Whip is discouraging me, but I will talk to him with my hon. Friend the Member for West Ham (Mr. Banks). As for the UEFA attack, I would call it a full frontal assault on José Mourinho. I find it extraordinary. The football authorities ought to conduct themselves with a little more dignity in these matters. When I look at the politics around international football, the politics around Government seems positively sombre and boring by comparison.

Point of Order

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Madam Deputy Speaker. During the proceedings on the urgent question, before you were in the Chair, there was an exchange when the right hon. Member for Birmingham, Ladywood (Clare Short) contradicted the Foreign Secretary very firmly from a sedentary position, stating that despite what he had said, there had been no opportunity at the Cabinet meeting for members of the Cabinet to question the Attorney-General on the legal advice that was given. Can you tell me whether Mr. Speaker has received any notification from the Foreign Secretary that he wishes to come to the Chamber to correct the record, in the light of that straight contradiction of what he told the House?

Madam Deputy Speaker (Sylvia Heal): I am fairly confident that Mr. Speaker has not received such a request. The point raised by the hon. Gentleman is a point for debate, rather than a point of order for the Chair.

ROYAL ASSENT

Madam Deputy Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that Her Majesty has signified her Royal Assent to the following Acts and Measures:

Constitutional Reform Act 2005

Income Tax (Trading and Other Income) Act 2005

Child Benefit Act 2005

Stipends (Cessation of Special Payments) Measure 2005

Care of Cathedrals (Amendment) Measure 2005

Church of England (Miscellaneous Provisions) Measure 2005

BILL PRESENTED

Anti-Social Behaviour

Mr. Frank Field, supported by Kate Hoey, Calum Macdonald, Tony Wright and Mr. Wyatt presented a Bill to make provision in connection with antisocial behaviour: And the same was read the First time; and ordered to be read a Second time on Friday 13 May, and to be printed. [Bill 99].

Adjournment (Easter)

Motion made, and Question proposed, That this House do now adjourn.—*[James Purnell.]*

2.22 pm

Mark Tami (Alyn and Deeside) (Lab): Last week the Upper Waiting Hall hosted an exhibition of manufacturing in north Wales in the name of my hon. Friend the Member for Vale of Clwyd (Chris Ruane). I hosted an exhibition some weeks earlier highlighting the importance of the aerospace industry in north Wales. Both exhibitions showed the strength and growth of manufacturing in the area and, importantly, that industry was innovative and planning for the future. The challenge for us as politicians and Government is how we build on that success and ensure that business and industry are there for many years to come, and that we attract new companies, particularly supply companies, to the area.

Just over 20 years ago, my area suffered the largest job losses ever experienced at a single plant in a single day, when more than 8,000 people lost their jobs at Shotton steel works—an event we never want to experience again. But Shotton steel works, now Corus, has survived, and I am pleased to say that it is investing again in the future. I am particularly impressed with the development of Living Solutions, a modular construction that can provide housing units quickly and effectively. I know that the Office of the Deputy Prime Minister is considering that for public sector workers experiencing housing difficulties, especially in the south-east. Recent reports have highlighted the sub-standard accommodation that our armed forces are obliged to endure. I urge both my right hon. Friends, the Deputy Prime Minister and the Secretary of State for Defence, to move the projects forward as quickly as possible.

I am privileged to represent an area that includes the jewel of British manufacturing—the Airbus plant at Broughton. It is the global wing centre of excellence, which builds the wings for all Airbus aircraft, and it fulfils one of the stated aims of the UK to attract the most innovative, high-tech and valued added parts of industry. The Broughton site has almost 7,000 employees and supports 19,000 jobs through the Welsh supply chain and in the local economy from induced employment.

Recent attention has understandably focused on the launch of the A380, the largest passenger airliner in the world. The first flight is expected in April this year, and the first commercial flight will be to Singapore from Heathrow. Special thanks are due to BAA for the work that it has done to adapt Heathrow airport for this new large aircraft.

The positive economic impact that the project has had on the UK economy is to be commended. Work valued at £7.5 billion has already been placed in the UK, and over the life of the programme that is set to double, to well in excess of £15 billion. In addition, the Rolls-Royce Trent 900 engines are set to generate work to the value of £11 billion over the life of the programme. More than 400 companies throughout the UK are contributing to the A380 programme, and the entire project is estimated to have created 84,000 jobs, direct and indirect.

The long-term outlook for Airbus is positive, as products last for over 40 years on average, which is good for job security. The company contributes more than £1 billion per annum to the UK trade balance each year, and with the A380 that is set to rise to more than £1.5 billion. Airbus UK has Investors in People status and is committed to developing a well trained and supported work force. The training programmes that it offers include adult skills training initiatives, young people development, and employee training and development, and the company has training partnerships at its sites.

With around 500 apprentices overall at Airbus UK, the Broughton site is believed to have the largest apprentice training programme at one site in the UK, with nearly 400 apprentices in training and annual intakes of up to 100 people. In addition, a direct entry graduate scheme is in operation and around 100 DEGs are undergoing training and development across the two sites. All this has been possible thanks to the positive contribution of the work force and their trade union representatives. They have responded to the new challenges and enhanced the partnership approach. I take this opportunity to pay particular tribute to Robert Dowie and the other convenors and shop stewards at the site.

It is vital that the UK, and especially Wales, continue to invest in the future. The A380 was a watershed. It has been said that it is second only to the space shuttle in terms of the new technology and engineering included in the product. It is certainly one of the most ambitious aerospace projects in recent years. Airbus is now considering investments for its newest product, the A350. Decisions on work-sharing activities and locations for this commercial aircraft for years to come will be taken in the near future.

It is well known that other Airbus countries—Germany and Spain—are keen to see this quality work brought to their sites. Brian Fleet, plant director at Broughton, is leading a project team putting together its business case to Airbus, and it is clearly vital that the UK provide support for that. It is worth remembering the statement made by the Chancellor during the Budget address last week, when he said:

"The key to a sustained improvement in manufacturing is the rising level of business investment"—*[Official Report,* 16 March 2005; Vol. 432, c. 257.]

There can be no better example than the Airbus facility at Broughton.

EU/US trade discussions about large civil aircraft put a particular complexion on the issue. I do not propose to go into the intricacies of that debate, which is being led by the European Commission on behalf of the member states. I wish Peter Mandelson all the best in these difficult and complex discussions. The most important point in the debate is that European support is not given up as a result of US sabre rattling. Repayable launch investment has been a very effective mechanism for supporting Welsh jobs and a good investment for the British taxpayer. The money has been repaid with interest, and royalty payments are made on every aircraft that is sold.

It is well known that Boeing has received huge support through tax breaks from Washington state. NASA has funded huge amounts of technology and

research, the results of which have been passed over to the Boeing engineers. Recently, the Japanese Government provided launch aid for the latest product, the 7E7. The Americans just do not like competition, especially when that competition offers a better product to the customer. Is it any wonder that it is now, when they have fully funded the 7E7 research, that they cry foul? As Corporal Jones in "Dad's Army" would say, "They don't like it up 'em."

Airbus UK has the leading role globally in wing design, technology and manufacturing, but the curreat leadership is based on "metallic" wing solutions. The future for Airbus and for all aircraft manufacturers is in composites. They have been used for many years in items such as tennis rackets and for marine technology. Their use is predicted to grow rapidly in the coming years in many engineering applications across a wide variety of industries. The weight saving made possible by the use of composites gives major benefits in aircraft design and helps to reduce environmental impact by increasing efficiency through lower fuel usage and the ability to fly further, or to carry a greater payload for the same amount of fuel.

The situation faced by Airbus UK is that capabilities in composite design and technology have been built up over the years by the French and German sites, mainly because composites are used in other parts of the aircraft structure. I am pleased to say that this Labour Government are well aware of the importance of composite technology, and that my right hon. Friend the Minister for Industry and the Regions opened an advanced materials research centre at Airbus in Bristol just last month. Government investment of £5 million was provided for that regional centre, and it is worth noting that an engineering centre for manufacturing and materials was opened in 2003 in Port Talbot. That was one of the first parts of the national composite network established by the Government.

The A350 will be the first Airbus civil product with the wing primary structure made largely from composite materials. In order for Airbus UK to win that vital wing business, there will need to be considerable investment in new engineering and manufacturing facilities, in work force training and in composite processes.

That is why UK repayable launch investment is so important and will play a key role in securing the requisite UK work share in that vital project. I am sure that our European partners will deliver that support. We need to show the same level of commitment.

The Government have demonstrated their support for Airbus in the past. I urge that we do so again. It would help to secure the future for many tens of thousands of British workers, providing quality and secure employment not just for today but for many years to come.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I remind hon. Members that Mr. Speaker has imposed a 12-minute limit on Back-Bench speeches.

2.31 pm

Sir Teddy Taylor (Rochford and Southend, East) (Con): As the indications are that we are likely to have an election soon, I thought that there would be no harm in using the Easter Adjournment debate to place on record a number of issues that we should pay attention to in the new Parliament and perhaps in the forthcoming election.

Five things concern me and I hope that people will think seriously about them. The first and most obvious one concerns where I used to come from, Scotland, where we have the problem of devolution. We hardly ever talk about devolution but it has an horrendous cost for Scotland, Wales and London. The least we should do, bearing in mind the fact that there has been a huge change of opinion on devolution since it was introduced, is to give the people of Scotland, Wales and London the opportunity to say whether they wish their devolved Parliaments and Assemblies to continue. .

I visit Wales, which is a lovely place. I also visit Scotland a great deal. I am certainly of the opinion that there has been a huge change of opinion. People feel that they have far too many politicians, that it is costing far too much and that something should be done. What worries me as we face the election is that I cannot identify a single party that says that the people of Scotland, Wales and London should have the opportunity to say whether they wish their devolved government to continue. We should give them such a chance, and I hope that whoever wins the election will make that clear.

The second problem is that of asylum seekers. It is a frightening problem. In some areas, because people have the impression, perhaps wrongly, that the Government have lost control of the asylum seeker problem, we find that race relations are deteriorating, which is bad for communities and for the country as a whole. I am glad to say that, in Southend, where I reside, we have good community relations, but in other parts of the country people feel that things are going wrong and that something should be done. The greatest danger of all is if the parties start shouting at each other about who is to blame for the problem. We should be looking at the real problem and seeing what can be done.

The Minister for Citizenship and Immigration, who is one of the most agreeable politicians I have come across, answered a question just last week that I put to him, asking how many people were told last year that they had to leave the country. The answer was 64,000. I then asked him how many had left and the answer was 4,000. That is not because of the inefficiency or incapacity of the Government. It is simply because of the basic problem that asylum seekers who come here have a habit of destroying their passports and all their papers. So when the Government say that they have to go back to their own country, their own country says that it does not want them because they do not have any papers or any proof of who they are.

I know that those figures are exact, because I was given them by the Minister. I have been told by others, although it has not been confirmed, that there are actually 250,000 people in Britain today who have no right to remain here and who should be back in their own countries. We certainly should show the utmost appreciation and help to people who are being persecuted, but when we have that massive number of people and nothing can apparently be done because of the problem of the absence of papers, we should face up to that. The most obvious thing is to have some initiative, taken perhaps by the United Nations, so that

[Sir Teddy Taylor]

when someone comes to our country from another country claiming asylum, there is a document that will enable them to be sent back if the Government decide that they should be.

If we do not face up to that, we will have the problem of a large number of people in this country who no longer have the right to benefits and who will look to other places to get money. It will not be good for anything, and I hope that the issue will be faced up to no matter who wins the election.

The third problem that we have to face up to is that of the European Union. It has haunted me for 25 of the 40 years that I have been here. What worries me immensely is the way in which democracy is being fundamentally undermined because of our membership of the European Union. When I came here, the MPs or the Lords decided all the taxes we had. Basically, the European Union is taking more and more power and the people's views are utterly irrelevant.

We sometimes forget that a good democracy depends on the people having a view and being able to express an opinion. For example, when a Conservative Government brought in a poll tax that people did not like, they were able to reject the Government and to get that changed. The people had power, but the number of people taking part in elections now is simply fading away, because a lot of them feel that there is little point in voting.

I had the pleasure of speaking to a lovely group of school children from London who were being shown around here. There were 70 of them aged 17. They were delightful. I talked to them about the political system and how it worked here. Then we talked about politics. It was quite disturbing. Seven of them told me that they thought we had a dreadful Government. They thought that the Prime Minister was a rascal, that the war in Iraq was shameful and that public services had gone to pot. That rather cheered me up as a Conservative. Then they talked about the Conservatives. They did not say a nasty thing about them. There was no capitalist pig stuff or anything like that. They just thought that they were totally irrelevant and they had no views on them at all. They then talked about Liberal Democrats. The only opinion expressed was that they were slightly nicer people but they had no policies.

I then asked those youngsters, "How are you going to vote at the next election? You will have to decide if democracy is going to continue." We had a poll. I asked how many were going to vote Labour and the answer was none; how many were going to vote Conservative and the answer was none; how many were going to vote Lib Dem and the answer was one out of 70. Although that may appear to be a victory to some degree for the Liberal Democrats, what should worry us is the number of young people who are simply switching off.

I went to the university of Aberdeen to speak to a meeting of 300 young people. It was beautiful and very exciting for me but what appalled me was that, when I asked, "How many of you are involved in politics?" the answer was: one out of 300. When I was at university, everyone was involved in a party or movement of some sort. The fact is that young people are switching off and the number of people voting is going down.

Why is that happening? It is happening because people can no longer express an opinion about the things that they care about. Take a basic issue of the old days like capital punishment or corporal punishment. We can no longer determine that because of the European convention. The treaty will confirm that if it comes in. The same applies even to things such as the export of live cattle. A group of five people recently called at my surgery, including a clergyman who brought a dog with him to show that he was fond of animals. The group asked me whether I would vote against the export of live cattle. I had to say that I was sorry, but there was nothing we could do about that. They asked whether they could go to their European MP. I told them not to waste their time, because if the European Parliament closed its doors tomorrow, nobody would notice apart from the taxi drivers of Strasbourg. They then asked me where they could go.

Similarly, some of my pensioner constituents asked me whether it was really true that the Government had been told that we had to pay the heating allowance to people in the overseas territories of Europe. I had to explain that, yes, we had to pay it to people living in Guadeloupe, Martinique or the Azores, where there is sunshine all the time, but that people living in Iceland or northern Canada, where it is cold, do not get it. They asked, "Why don't you do something about that as an MP?" The answer, of course, is that we have no power at all over such matters.

Some time ago, we had a debate about the age of homosexual consent—a big, vital issue—but it was pointless, because the European Court of Justice had decided on the matter 18 months before. There is a basic problem in Europe because of the destruction of democracy. The big problem ahead, which I hope people will think about and which has nothing to do with party politics, is what is happening to Europe's population. The United Nations has calculated that if trends do not change, the number of people living in Europe in 50 years' time will have declined by 100 million because of the way in which population numbers are going. We see that in Scotland more readily than elsewhere, and we see it throughout Europe. We will have a shrinking tax base, more demand for health care and pensions, lower inward investment and, frankly, heightening social tensions, given the number of people coming into these countries. It is a frightening situation and we have to ask whether Europe has the ability, without democracy, to resolve the problem.

In Southend-on-Sea, we worry about a fourth issue—the Government's ability to ensure that things done by organisations can be questioned. We have had a bit of a nightmare over the rates issue. In Southend, there was a relatively low increase—although it was an increase—of 4 per cent., but unfortunately we have had to cut back on public services because it has been calculated that the population has reduced from 180,000 to 162,000. However, as someone who lives in Southend, I can say that there has been no reduction in our population at all. The numbers attending local general practitioners' surgeries have increased, the number of houses has increased and our schools are busier than ever; and we think that the calculation is completely wrong. But what can we do about the situation? Home Office Ministers say, "It's nothing to do with us." Such issues must be resolved; if we cannot sort out problems, we will not sort out anything at all.

My last point concerns the Iraq war. I have often been in a minority in the House of Commons, unfortunately at times, although I find that opinions seem to change in my direction. I was one of those who opposed the Iraq war because I thought it pure hypocrisy on the part of the Americans, who, having supported Saddam Hussein and given him all the weapons of mass destruction for the invasion of Iran, then turned against him. The Government now have a terrible problem, although I do not mean to be unkind, as it will apply to all Governments in future. The statement that we heard today concerning the lady who resigned from a Government post and whose letter was not published suggests that faith in the Government is declining.

I have three children, one of whom is in the Army and was out in Iraq. I can tell the House that it is frightening for any parent to be in that position. I would say this to the Government: in this situation, where lives are being lost in the services, and Americans and the Iraqis themselves are suffering in huge numbers, the least that they could do is to explain the whole situation to the public and tell them the whole truth. Frankly, it is not enough for us to shout across the Chamber at each other about who is to blame; particularly when lives are at stake, we should do all that we can to tell the truth.

The crucial issue is what will happen in the future. I believe that in Iraq we have created an horrendous mess that will be difficult to resolve. Having been misled on Iraq, I hope that the Government will not make the same mistake on Iran, which is a country with many positive aspects that we should face up to.

Madam Deputy Speaker, you were kind to call me early in the debate; I appreciate that very much. I hope that Members of the House will think about the points that I have made; it is just possible that I might be right.

2.44 pm

Mr. Harry Barnes (North-East Derbyshire) (Lab): In response to the hon. Member for Rochford and Southend, East (Sir Teddy Taylor), I agree that young people are switched off by party politics, but they often have a great interest in politics in a wider sense. They are very much involved in a big campaign that is taking place at the moment—Make Poverty History. They have great concern about environmental matters, the quality of life generally, and issues of war such as the invasion of Iraq, which the hon. Gentleman mentioned. We need to realise that it is not the case that there is nothing out there as far as younger generations are concerned—there is a great deal, but politicians need to focus on making things seem relevant to them. I want to speak about young people, but in a different sense from their involvement in party politics.

When parents have their lives shattered by the actions or failures of others in relation to their children, they often experience a deep-seated need for a form of official recognition of their plight. When that is not forthcoming, the deep psychological scars that they have experienced can never be fully lifted from their lives. I shall give three examples of what I mean.

First, like many other hon. Members, I have a constituent whose adult son was killed by a reckless driver, but the courts did not deliver a significant decision against the culprits. My constituent now feels that his son's life was undervalued. I knew the son and was dealing with a Child Support Agency case on his behalf.

Secondly, I have parents in my constituency who, years after suffering the trauma of their child's death in hospital, discovered that Sheffield children's hospital held a wide range of slides and blocks of their late child, with other body parts having been disposed of following a coroner's post-mortem. Yet the official recognition that eventually emerges in hospital post-mortem cases has not emerged in their child's case, and they still therefore feel aggrieved. The mother once said to me that after her child's death she had the comfort of knowing that no one could take away her memories of him, but that is exactly what the body part revelations did to her.

The third case is the one on which I wish to concentrate—it is that of Christopher Butcher from Dronfield in my constituency, where I also live. Christopher is much the same age as my own son—approaching 37. In normal circumstances, they would have known each other, attending the same classes in the same school, but Christopher suffers profound disabilities and irreversible brain damage. Although he obtains day care from the social services of Derbyshire county council, his parents look after him, and as they become older the task becomes greater and they worry about his future. They have compelling reasons to believe that his condition was caused by the whooping cough vaccine—an issue to which they were alerted by publicity in 1977—when Christopher was nine years old.

I have been involved with Christopher's case throughout my entire parliamentary career of 18 years. Indeed, my predecessor, the late Ray Ellis, also dealt with it. I first met Mr. and Mrs. Butcher shortly after I first arrived here in 1987. I cannot use this Adjournment debate to help to open a door to obtain official recognition of the reasons why Christopher was robbed of his normal life, for each door has long since been firmly closed, although I, and especially Mrs. Butcher, kept trying to prise those doors open. All that I can now do, in what is probably my final Commons speech before retirement, is to put a few words on the record so that at least Mr. and Mrs. Butcher can feel that Parliament has heard something of their case.

Mr. and Mrs. Butcher have tried numerous avenues, including the family practitioner committee, numerous Ministers in Conservative and Labour Administrations, solicitors, the Association of Parents of Vaccine Damaged Children, the vaccine damage tribunal and the Solicitors Complaints Bureau—the latter because one of their solicitors had links with the consultant with whom they were in dispute. Their efforts always fell foul of a series of standard barriers. First, too much time was said to have elapsed since Christopher was given the vaccine in 1968. Secondly, the balance of arguments was said to go against them. Thirdly, new evidence was insisted on, but when it was provided, in what we called a leaked letter, it was dismissed for the balance-of-argument reason again.

I always thought that, in reality, the balance told in favour of Mr. and Mrs. Butcher's case. The timing of the vaccination shortly preceded the onset of brain damage. The leaked letter that I mentioned showed medical evidence that the probability was that an error had been

[Mr. Harry Barnes]

made in Christopher's hospital treatment, while the solicitor, who had links with Christopher's consultant, failed to advise Mr. and Mrs. Butcher of a closing date for applications to the vaccine damage tribunal.

In 2002, Mrs. Butcher wrote a letter to the *Whitby Gazette* about the whooping cough vaccine. She asked whether people were aware

"that in 1968 two batches (3741 and 3732), each batch containing an estimated 60,000 individual doses, never passed key toxicity tests. One batch was 14 times more potent than the British standard doses, the other batch 16 times more potent. A further 14 batches were not tested at all and some experts now believe these batches could be the reason for a massive rise in reported adverse reaction to whooping cough vaccine."

Mrs. Butcher's strongest point is that, as a baby, Christopher was in hospital with meningitis and made a good recovery. However, he was then immunised despite the fact that Department of Health guidelines, which she did not know about at the time, said that that should not happen in such cases. I quote from a letter that she wrote to me on 28 June 2000:

"Clear contra indications make this the worst type of vaccine damage because it could and should have been avoided. These contra indications set by the Department of Health came into being in 1956 to safeguard children like Christopher who suffered a serious neurological illness to protect them against vaccination. These safeguards were issued to all prescribing GPs in 1957. As you are aware, Christopher made a full and complete recovery from this illness"

and was then given the vaccination.

My files on the case are extensive, and in the time available to me today I have been able to give only a flavour of the matters involved. I just hope that Mr. and Mrs. Butcher will feel that a few minutes in the Commons, where they have heard about their son's plight and their grievances, provide something for them, and that they will recognise that their MP, having whittled away at aspects of their case over the years, felt it important enough to give it his final parliamentary spot for a full speech.

2.53 pm

Mr. Paul Tyler (North Cornwall) (LD): I am pleased to follow the hon. Member for North-East Derbyshire (Mr. Barnes), who has demonstrated yet again, after a distinguished parliamentary career, that speaking up for those who cannot speak for themselves is a very important role for every Member of this House. I am grateful to him for how he presented the case, and I have a similar task.

Following previous recess debates, the Deputy Leader of the House has been meticulous in obtaining answers to the questions that we have raised, even if some of those answers have been far from illuminating. He may recall that I have raised on several occasions the alarming case of Sergeant Steven Roberts, the first British casualty in the Iraq invasion, who came from Wadebridge in my constituency.

Today happens to be exactly the second anniversary of his avoidable, unnecessary and truly tragic death. Hon. Members may remember that Steve died because he had to give back his enhanced combat body armour—which, it is now accepted, would have saved his life—due to the Ministry of Defence's failure to ensure sufficient supply of that essential protection. All the evidence is that if he had been wearing the ECBA, he would still be alive today.

As I pointed out as long ago as the recess debate before Christmas in 2003—on 18 December 2003, at column 1753—the National Audit Office reported that no fewer than 200,000 sets of vital equipment had been "lost" by the MOD in the previous few years, and nothing had been done to remedy the discrepancy in the long months of preparation leading up to the Iraq war. I note in passing that today's report from the Select Committee on Defence points to yet more discrepancies and inadequacies in the preparations made by the Ministry of Defence both before and since the invasion.

Sergeant Roberts's family were told at an early stage that the fatal shot might well have come from a colleague's weapon—a sad case of so-called friendly fire. However, the fact that it was fatal was due entirely to the lack of effective protection.

On 19 January 2004—14 months ago—I took Steve's widow Samantha, his mother and his brother to meet the Secretary of State. We were given an explicit promise that the investigation would be completed as soon as possible, that he would meet us again when it was, and that the MOD would not dodge its responsibilities. He even accepted that he and the Ministry would face up to the consequences of the logistics failure.

Some 14 months later, that has not happened. Instead, there have been constant attempts to pass the buck and shift the blame. Talk of courts martial and of the Metropolitan police examining the case for a prosecution of the unfortunate other members of Sergeant Roberts's unit all have the unpleasant stench of a search for scapegoats. Meanwhile, his widow Samantha Roberts and her solicitor await confirmation of the previous informal hints of accepted liability.

All Members will recognise that I have a duty to demand a proper explanation from Defence Ministers to establish what is going on. The family have surely waited far too long for a full explanation and for justice. I know that they share my frustration that lessons still seem not to have been learned from the episode. We cannot even be sure that such an avoidable tragedy will not be repeated.

As it happens, I have also been involved as a Member in a number of exercises to try to support and assist service families. There are many in the south-west, but obviously other Members here will represent them, too. Successive Governments have not treated service families with the respect and consideration that they should have. For example, ever since the first Gulf war, there have been all too many examples of veterans whose health has been devastated by their service. My particular interest in the chronic long-term effects of exposure to organophosphate pesticides has led me to work for some years with the Royal British Legion to seek a fully independent and expert investigation. Whether the impact was simply from OP poisons, the combined effect with the cocktail of inoculations, or some other exposures, many troops—hundreds and possibly thousands—were sent to one of the most dangerous war zones on our behalf and placed at extra risk to their health by the MOD. Some have died, and many others have had their lives and livelihoods ruined as a result.

Surely that is no way to encourage recruitment to and retention in the armed forces. Is it any wonder that the armed services are having such difficulty in that respect? As we all know, it is service families who often provide new recruits, and the way in which they have been treated has done great harm to our national interest.

As it happens, we in the Gulf war group in the Royal British Legion eventually succeeded, despite rather than because of ministerial interest, in securing an independent inquiry into Gulf war illnesses, headed by Lord Lloyd. I have challenged the Prime Minister to permit Ministers and civil servants to give evidence to that inquiry, but without success. Although, clearly, its robust conclusions give victims at long last some sense that their fate and needs are being recognised, that is no thanks to the Ministry of Defence.

That group, of course, is a cross-party group, and from my experience in the House, I believe that many of us can perform an important function through cross-party work on such issues. My most constructive and rewarding preoccupations have been on a cross-party basis, and I like to think that such activity has been even more important than my contribution as a Front-Bench representative of my party and even as my party's Chief Whip. I am proudest, however, of my occasional role as a facilitator and catalyst for such cross-party initiatives. I hope that the House will forgive me if I comment briefly on the way in which we operate in that respect, as I suspect that, like other Members today, this speech will be my swansong.

In addition to the all-party organophosphates group that I formed and have chaired since 1992, which has made some progress, I have been a humble contributor to the Parliament First group, led by the hon. Member for Stoke-on-Trent, Central (Mr. Fisher), which has done important work in identifying the way in which Parliament can improve its scrutiny of the Executive. I have worked in the Modernisation Committee, which has made improvements, on a cross-party basis, to the way in which the House operates. I am also currently engaged in the Hansard Society commission, Parliament in the Public Eye, which is chaired by the noble Lord Puttnam. I hope that that will report soon after the election with helpful, positive and constructive suggestions as to the way in which Parliament can restore its authority and reputation.

As Members might know, I recently brought together a cross-party team of experienced parliamentarians, such as the right hon. Member for Livingston (Mr. Cook), the right hon. and learned Member for Rushcliffe (Mr. Clarke), the right hon. Member for North-West Hampshire (Sir George Young) and the hon. Member for Cannock Chase (Tony Wright), to kick-start again the movement towards reform of the other end of the building, which I believe to be both urgent and extremely necessary if Parliament is to re-establish its authority collectively.

I am devoted to this place and what it represents. I am even more convinced than when I returned here, however, that we must deal with the essentially wasteful, trivialising and disenchanting nature of a great deal of the confrontational exchanges here. The ritual of mock mediaeval jousting in a mock mediaeval palace should be put into the dustbin of history.

The main change in Parliament between my first brief appearance in 1974 and my return in 1992 was the emergence and evolution of Select Committees. The contrast between the proceedings in this Chamber and in the replica line-up in Standing Committees on Bills, and the more consensual work in which we are all involved, across parties, in the best Select Committees, is marked. Select Committees provide genuine and effective accountability. Any Member who might have doubts about that should read the annual report of the Liaison Committee, which shows that Select Committees are ensuring effective accountability and making sure that the Government are scrutinised effectively.

Bill Committees, however, are now certainly the weakest link in the whole process of legislative scrutiny. They cannot remain unreformed for much longer if we are to produce better legislation and enhance the reputation of Parliament. I spent this morning in the Inquiries Bill Committee, on which a Government Member sits who also happened to be a member of the Select Committee that has been considering those issues. The cross-fertilisation of such careful scrutiny does not come across into the consideration of legislation, however, which is surely a major weakness in the way in which the House operates.

Let us also contrast the absurd music hall performances at noon every Wednesday with the real interrogation of the Prime Minister in Portcullis House twice a year. That truly provides more light than heat, and shows Parliament operating more effectively. I give full credit to the former Leader of the House, the right hon. Member for Livingston, for persuading the Prime Minister to submit himself to those two-and-a-half hours of solo investigation, and to the Prime Minister for being persuaded. I suspect that any future Prime Minister who sought to step back from that would be held to ridicule.

I am also proud of my small role in the introduction of Westminster Hall sittings, which have enabled Back-Bench Members of all parties, and perhaps Government Back Benchers especially, to probe and question without the artificial us-versus-them bias that we enjoy across this divide. The shape of the room, as with Select Committees, reflects the multi-party, pluralist character of our Parliament, at long last catching up with the end of the two-party system in the country at large.

I am delighted, too, by the progress—still limited but useful—in improving access by the electorate to the decision-making process here. I do not mean the expensive, in my view, and certainly long-term development of a visitor centre, but the two-way, interactive electronic engagement that is now possible between our work and the work outside. The Modernisation Committee report, "Connecting Parliament with the Public", has some useful contributions to make to the process, and I hope that the necessary resources will be provided in the new Parliament.

I leave the House with mixed feelings—with some achievements, I hope, but much unfinished business. Having been heavily involved in every election since 1964, I will no doubt have terrible withdrawal symptoms. Indeed, I may need some clinical treatment to help me to deal with the political addiction. On that cheerful note, Mr. Deputy Speaker, I wish you, and all my colleagues—in all parts of the House—a very happy Easter and very best wishes for whatever lies in store for them in the next few weeks.

3.5 pm

Mr. Tony Banks (West Ham) (Lab): The hon. Member for North Cornwall (Mr. Tyler) is absolutely right—I have worked with him on a number of all-party initiatives, particularly on animal welfare, demonstrating that we are at our best when we work together.

This is probably the last occasion on which I will make a contribution in this Chamber. As ever, I am grateful for the opportunity to do so. Having decided to stand down after 22 years as an MP, I have been intrigued by the degree of surprise expressed by many colleagues at my decision. Of course, it is far better that people are surprised that one is going than surprised that one is staying.

One of my Labour colleagues, who will remain nameless, asked me, "How seriously ill are you?" I was tempted, as it is easy to give way to such temptation, to say that I had only a few weeks to live, but I thought that I might be tempting the fates were I to do so, although I might get run over on the way home this evening. It still took a while to convince him, however, that I was in the rudest health and looking forward to exploring new challenges and possibilities. Of course, it could all go pear-shaped, and I might end up busking on the underground. If that happens, I hope that colleagues will take pity on me and drop the odd guinea into my cap.

I want to use this Adjournment debate to draw the attention of the Deputy Leader of the House, and of the whole House, to some of the dangers and problems that I believe we face as MPs. The coming general election will be only the second in which I have not been a candidate since 1970. It will be an odd feeling to be on the sidelines, but not a wholly unwelcome one. It will be pleasant to think that the election campaign might be an opportunity for a searching and constructive debate on the big issues of the day. Of course, it will not be, any more than the preceding election campaigns have been. Individually, we would all wish for that rational debate, but when it kicks off, we will find ourselves drawn almost involuntarily into some fairly unseemly brawls.

Unfortunately, the more we kick lumps out of each other, the more those malevolent reporters of political events sneer, and the more our stock falls in the estimation of the electorate. Of course, we expect journalists to be snide and insulting—that is what they do. We also expect to be told by loudmouths in bars that all politicians are incompetent, venal and self-serving. In fact, I remain constantly surprised by the number of people who seem to know precisely how best to run the country, but unfortunately, they are either to busy writing for some two-bit rag or propping up a bar to find the time to get round to doing it.

As MPs, obviously, we have our political differences. We should not, however, sell each other short. Each and every one of us comes into this place committed to try to improve the welfare of our constituencies and our country. In the process, undoubtedly, we make mistakes. No one in his or her right mind, however, would seek election in order deliberately to make matters worse. We give succour to our enemies and further undermine respect for Parliament if we attempt to score political points by accusing each other of bad faith or venality. Parliament might seem a robust institution, but it is constantly being undermined by forces outside, and it would be a tragedy of epic proportion were we also to allow it to be undermined from within.In this country, we enjoy one of the least corrupt political systems in the world, but no one who reads our newspapers could be blamed for believing the complete opposite. We are not being incestuous when we stand up to defend our position as Members of Parliament. If we are not prepared to advocate the work that we do and the reputation of this place, how can we expect those outside to do it for us?

Every time we accuse one another of bad faith, we further undermine the already dangerously low levels of confidence in us among the electorate. We have not really enjoyed democracy for long enough in this country to be confident beyond any doubt that it is strong enough to withstand any attack made on it. In rightly exercising our political differences, we should never forget that part of our collective duty and responsibility relates to the protection and enhancement of this vital and still vulnerable institution.

It has been a privilege to serve in this place, and at times I have probably sorely tried the patience of both my constituents and my colleagues, but I also know that in politics we are never given the benefit of the doubt. Unless we tell people what we have done or are doing, they will presume that we have done little or nothing. I have therefore compiled, for the record, a short statistical account of my 22 years in the House.

Since my election in 1983, I have maintained a full-time fully staffed constituency office in the east end. Together with my fantastic staff, I have dealt with thousands of personal cases, not always with success but always with our best endeavours. There are those who maintain that I have only worked to ban hunting—a cause that I am proud to have played a part in achieving. Let me disabuse them. Since 1983 I have introduced 20 ten-minute Bills covering a range of subjects including fixed-term Parliaments, a ban on war toys, a compulsory national community service system, and the introduction of a directly elected mayor for London. A number of those Bills eventually surfaced as legislation, and I expect that a number more will do so in due course.

During the same period I have tabled 7,540 written questions and asked 719 oral questions. In fact, following the business statement it is now 720. I have tabled 340 early-day motions and made 1,383 speeches and interventions—1,384 once I have sat down, which I shall do shortly.

Without doubt there has been quantity in my endeavours. I will leave others to judge their quality. It has been an enormous honour to be a Member of this House, and I stand down with grateful thanks to my party, my constituents and all my parliamentary colleagues—and to you, Mr. Deputy Speaker.

3.12 pm

Mr. Peter Viggers (Gosport) (Con): It is indeed a privilege to follow the hon. Members for North Cornwall (Mr. Tyler) and for West Ham (Mr. Banks). Both have made a major contribution to the House in their different ways, and they have always done so with sincerity. I have always enjoyed the contributions of the hon. Member for West Ham. I particularly remember

the delight and surprise when he was made Minister for Sport: he seemed as surprised as the rest of us. He made a major contribution at that time.

I make no apology for raising the issue of the Royal Hospital Haslar. Colleagues whom I have met over the last couple of days asked if I proposed to speak about it, and I replied that I did. It is a source of amusement to some of my colleagues that I can go on pursuing such an issue, but I am going to do so now. It really matters to my constituents, and there is nothing at all amusing about it for them.

There are three strands to the issue. First, the Royal hospital Haslar is a military hospital. Indeed, it is the last military hospital in the United Kingdom. When it was announced that the hospital would close in December 1998 and move to a new centre for defence medicine, there was shock and disappointment in the area, and the announcement was greeted by a rally and march of some 22,000 people. The Royal Centre for Defence Medicine has indeed moved to Selly Oak hospital in Birmingham, and the planned development there of a £200 million new centre has been cancelled, leaving the Defence Medical Services spread across Birmingham in penny packets. They have no centre for messing and recreation, and are in different units of accommodation all over Birmingham. The key specialties—general surgery, orthopaedic surgery, general medicine and anaesthetics—are still seriously undermanned. There is a serious problem in defence medicine.

The second strand is the civilian strand. The overall plan in South Hampshire is to develop Queen Alexandra hospital in Portsmouth through a private finance initiative. It was initially thought that it would cost about £70 million; the latest estimate is about £200 million, and it is some 15 months late. There is no commercial or financial closure, and no immediate prospect of either.

The third strand is what is planned by the primary care trust in Fareham and Gosport, which has now been merged with East Hampshire. The PCT had planned to build secondary care around the PFI bid at Queen Alexandra hospital, but the bid is faltering. As I have said, it is 15 months late and nowhere near completion. The PCT presented plans based on a consultation process, which involved focusing on either the Haslar hospital or on Gosport War Memorial hospital. The PCT consulted widely, and held a number of public meetings. Throughout those meetings, it received feedback from the area that it wanted the Haslar hospital to continue, yet eventually, despite a public meeting of 700 people at St Mary's church, Alverstoke, which I chaired and which unanimously required the retention of the hospital, the PCT decided to press ahead with the proposal to close it and focus on Gosport War Memorial hospital.

The next stage was consideration of the PCT's decision by the overview and scrutiny committee of Hampshire county council. The committee decided to refer the matter to the Secretary of State for Health because he has the opportunity, if he so chooses, to refer the matter to an independent reconfiguration panel which can look at health care in the area as a whole and come up with conclusions. The panel has been invoked only once, in East Kent, where it decided that the focusing of all attention and resources on the PFI bid at a larger hospital was wrong and that existing hospitals should be used instead. The situation is very similar to that in South Hampshire, where we also maintain that too many resources and initiatives are being put into a PFI development. We need the reference to the independent reconfiguration panel. It is the only way in which the juggernaut of the PFI bid and the PCT's proposals can be derailed.

I asked for a meeting with the Minister of State for Health, and a meeting was eventually arranged for 22 March, last Tuesday. I proposed to take with me representatives of each of the parties from Gosport, which would demonstrate to the Minister that there was all-party support for the reference to the panel and an opportunity to examine the whole issue again. The Minister cancelled the meeting, with no more than a day's notice and giving no particular reason other than that he now had another meeting to attend.

This is the current position. A decision made by the primary care trust is widely unpopular in the area. It is believed that it will not be possible to continue with the PFI bid and the retention of Queen Alexandra hospital as the only main hospital in the area, which would involve fewer operating theatres and fewer beds than we currently have. We have no alternative date fixed for the meeting. I wrote to the Minister on Tuesday telling him that I proposed to raise the issue during this debate, and asking him for an early meeting. I drew his attention to the case of Wyre Forest, where an independent candidate stood for election on the basis of the campaign to save Kidderminster hospital. I need hardly remind the House what happened in that constituency, where the views of the local community were flouted and the Labour candidate was defeated by a massive majority.

It is monstrous that, as we approach the likely date of the election, we should have to deal with a cancelled meeting and no restitution of that meeting, and that my constituents do not know what will happen. I warn the Government that the issue of Haslar hospital will play a large part in the coming election, and I urge them now, even at this late stage, to rearrange that meeting so that people of all parties in my constituency can make their views known to the Minister and ensure that there is to be a reference to the independent reconfiguration panel.

3.19 pm

Mr. Alan Hurst (Braintree) (Lab): Before I start my speech, I should like to pay tribute to the hon. Member for Rochford and Southend, East (Sir Teddy Taylor), who is retiring. As he and other hon. Members will know, I have had some association with his constituency over a number of years, and I can confirm the enormously high regard in which he is held by people of all political parties.

I turn now to a matter that affects my own parliamentary division of Braintree, and it concerns a road. For a Member who represents a rural or semi-rural area close to a town, roads can be a plus but they can also be a minus. Many Members will have travelled along the M11 out of London towards Stansted or beyond, and many will have travelled along the A12 from London to the east coast. A large part of the area between those two roads is my parliamentary constituency. Joining those roads is another road: the A120.

[Mr. Alan Hurst]

I do not wish to exaggerate, but until recently, most of the A120 was little more than an improved country road. It is now right to say, however, that after many years, many deliberations and an extensive public inquiry, the road west of Braintree leading to Stansted is a modern, fast-moving motor road. Indeed, those who travel on it are amazed at how quickly Stansted is left behind and Braintree appears. On reaching Braintree—which, not many years ago, the old A120 used to go through—there is a bypass. The cars spin along it, their drivers thinking that they are going to the end of the land, as they travel in such speed and style. They then reach a landmark that has historically been known as Galley's corner, although some people now call it McDonald's corner or the "cholesterol roundabout", because it is surrounded by fast-food outlets, multiplex cinemas, designer fashion shops and every other attribute of modern life. The roundabout, though, was not designed to take such a throughput of traffic, and however quickly someone might leave Stansted and approach Braintree, they will soon hit an enormous tailback.

However, that is not really the point that I want to raise, because the Highways Agency is seeking to resolve that tailback problem by constructing the A120 east of Braintree through to the A12, thus joining the two cardinal routes. Every time we design or construct a road, there will be winners and losers. I went to see the Transport Minister, my hon. Friend the Member for Plymouth, Devonport (Mr. Jamieson) about this matter about 18 months ago, because a rumour was being circulated by one of the political parties in my division that the line of route was already known. These stories always spread like wildfire—there is always a conspiracy involved in anything to do with government. Those of us who have served in public office for a number of years performing various functions will know that the conspiracy theory is invariably not the one that holds water, and that another theory will always be much more apt.

I went to see the Minister, and he showed me on a map that there were about 13 possible routes—I did not count them—to take this road east of Braintree to join the A12. I was informed that there was no preferred route at that stage—they were all being worked on and considered—so I went away and told my constituents that I understood that either three or six options would be presented to the people of Braintree and the adjacent areas, to ascertain which route they would prefer. Indeed, I believe that that was the policy that was pursued on the western section.

My constituents and I were therefore somewhat surprised—to put it mildly—when it was announced in February that there was one preferred route. We were being given the Henry Ford option: "You can have any route you like, as long as it's this one." It is right to say that one or two other lines were sketched in on the maps as possible routes, but it is not for us humble members of the public to design roads. That is not our calling. The designers of roads are engineers and surveyors, and it is for them to put before the local people a number of choices about where a road should go.

The route that has been chosen gives great offence to the historic, tightly knit communities through which, or close to which, it will run. It will leave the roundabout that I have mentioned and sweep across country at elevated level past the villages of Tye Green, Cressing and Lanham Green. The fact that it will be elevated will make a difference, because people will be able to see the wretched thing from their back gardens. Not only that, but they will have the disadvantage of its being illuminated at night, and there will be a constant hum of traffic going through. They will experience a sudden change from living in an historic rural community to living by the side of a motor road.

After that, the road will skirt Silver End, which I have had occasion to mention here before. It is the model village that was built by the Crittall window-making company, and which produced the first Labour Member of Parliament for the county of Essex in 1923. The road will skirt close to the village before cutting across country between the town of Coggeshall and the village of Kelvedon, passing a little hamlet called Half Way, which might not be at the forefront of hon. Members' minds. I called a meeting at Half Way, a hamlet of about 40 residents, and we got a higher turnout than we do at most elections: I think that about 35 attended. They were very reasonable; they did not scream and shout. They discussed the reasons why it was inappropriate for this road to run right past their little hamlet to the next hamlet and the next village along before crashing down into the Blackwater valley.

The Blackwater river is not one of the great rivers of history—it is not the Mississippi or even the Thames. It is a river that runs across Essex and out into the North sea, with a number of tributaries, and it provides a real aspect of old England that is so often now missed and lamented: a river valley with water meadows. We read in the environmental magazines that one area of the countryside that has declined more than any other is the water meadow, yet in the Blackwater valley we have water meadows teeming with extensive wildlife that is native to old Essex. The new road will sweep down the valley, and rather than tunnelling under the river, it will go over the top of it. It will be quite hard to disguise a road bridge of that kind. Eventually, the road will make its way out through other fairly unspoilt countryside to the north of Feering to join the A12.

A resident who lives on the A12—a brave man, but he has jolly good double glazing on the front of his property—bought his bungalow many years ago and improved it over the years. He told me that he had bought a little field at the back of his property, and that the road would go across the corner of it. He said that there was also a railway line there. He told me that if the road was built he would no longer be able to sit in his back garden and look at the stars coming out in the clear sky, and that he would have to look instead at a sweeping bridge with traffic roaring across it, right at the bottom of his garden.

It is open to the Highways Agency to go back to their drawing boards and to conduct proper studies of alternative routes for this road. I do not think that they have carried out environmental surveys, or that they have fully assessed the social impact of a road of this kind sweeping through this part of Essex. I am pleading on behalf of my constituents. I want them to make representations to the Highways Agency—as I am doing

indirectly now, through the Minister—in their own handwriting, rather than ticking boxes on a standard questionnaire. Questionnaires are designed to elicit the answer that the designer of the questionnaire wants. I want to see as many letters as possible going to the Highways Agency describing exactly what the consequences of this road will be in blighting the lives and properties of so many people, and I want the Highways Agency to come back and say that it is going to offer us costed, planned, easy-to-understand options from which we can choose.

3.28 pm

Mr. David Atkinson (Bournemouth, East) (Con): In addition to following my hon. Friend the Member for Gosport (Mr. Viggers), it is a real pleasure to follow my hon. Friend the Member for Rochford and Southend, East (Sir Teddy Taylor), and perhaps to precede my hon. Friend the Member for Southend, West (Mr. Amess), should he catch your eye, Mr. Deputy Speaker. Coming from Southend myself, I once had my eye on both their seats. It is also a pleasure to follow the hon. Member for Braintree (Mr. Hurst). He may recall that he was the chairman of Southend's Young Socialists when I was the chairman of Southend's Young Conservatives. I wholeheartedly endorse the tribute that he paid to my hon. Friend the Member for Rochford and Southend, East.

As this is likely to be my last speech to the House, I want to refer to one of the principal interests that I have pursued since my election here in 1977, in addition, of course, to my constituency interests. As a student, I had hitchhiked to the Soviet Union, where I saw at first hand its appalling denial of human rights. A few years later, I saw hundreds of demonstrators in support of the Prague spring being shot in Wenceslas square.

The opportunity to do something came shortly after my election here, when Margaret Thatcher appointed me to the British delegation to the Parliamentary Assembly of the Council of Europe. As well as my hon. Friend the Member for Rochford and Southend, East, I note that in their places are the hon. Members for Reading, East (Jane Griffiths), for Finchley and Golders Green (Dr. Vis) and for West Ham (Mr. Banks), all of whom are on the current delegation. Incidentally, West Ham was the first seat that I fought, and it was also the first seat that my hon. Friend the Member for Southend, West fought. In addition, you yourself, Mr. Deputy Speaker, have been a valued member of our delegation in the past.

My membership of our delegation enabled me to produce several reports exposing the human rights situation in eastern Europe and the Soviet Union. When those countries became independent and free, I had the good fortune to be the chairman of the committee responsible for their accession to the Council of Europe. But my principal preoccupation has been as the rapporteur since 1989, first for the Soviet Union and subsequently for the Russian Federation, and at next month's part-session in Strasbourg the Assembly must decide whether my work should cease because Russia has honoured its commitments and has now reached acceptable standards of democracy, human rights and the rule of law.

I am under considerable pressure from our Russian colleagues to recommend that Russia should no longer be subjected to the humiliation of such detailed scrutiny, or "outside interference" as the ultra-nationalists describe it. I am told that just as—as I explained to the House in my Adjournment debate on 10 January 1996—I had recommended that Russia should join the Council of Europe with the argument that it would be better both for Russia and for Europe for it to be in than out, so I should now recommend the end of my detailed monitoring of its commitments to encourage President Putin to pursue his reforms against the darker forces that threaten Russia today, and, it is also said, encourage him to attend the Council of Europe's third summit on 16 and 17 May in Warsaw.

I cannot recommend the de-monitoring of Russia by the Council of Europe at the present time, and my latest progress report to the Assembly explains why. Russia has not met its obligations to be a free democracy. It has yet to hold elections that are fair. As the most recent parliamentary and presidential elections demonstrated, Russia does not have a national television broadcasting system that is unbiased and free of state influence and control. Thus I am insisting that at least one mainstream channel that is politically neutral and impartial should be established, which is also the recommendation of the Committee of Ministers.

The independence of the judiciary is another basic obligation of membership of the Council of Europe. I welcome the considerable reforms that introduce the presumption of innocence, juries and magistrate courts, and the requirement of court orders for search and arrest warrants, which was not the case at the time of the Soviet Union. But recent court cases, such as those concerning the physicist, Valentin Danilov and the scientist, Igor Sutyagin, and the current Yukos trial, suggest that Russia does not yet have a rule of law that is firmly entrenched.

With regard to the detailed commitments that Russia made upon accession in 1996, I welcome the considerable reduction in the number of prisoners, the introduction of community service and non-custodial sentences for juveniles, and the undoubted commitment of the Ministry of Justice to improving prison conditions and to constructing new facilities. But needless to say, there are no votes in prison reform, and it will take years for sufficient resources to improve or replace the totally unacceptable conditions that I have seen in Russia's prisons, which were built to serve the tsars.

Other outstanding commitments are the reform of the office of the prosecutor general, whose powers of oversight remain far too wide, and of the Federal Security Bureau, the successor to the KGB, which continues to refuse to transfer the running of the Lefotovo detention centre to the Ministry of Justice.

Last year's report by Human Rights Watch entitled "The Wrongs of Passage" shows that Russia's armed forces continue to fail to exercise a duty of care towards their young conscripts, hundreds of whom commit or attempt suicide each year, and who are subjected to degrading and brutal treatment known as dedovshina, or hazing. I am insisting that the Russian Government and the Duma get a grip on that wholly unacceptable situation.

[Mr. David Atkinson]

Freedom of religion is not yet enjoyed throughout the Russian Federation, as I heard when I met Jehovah's Witnesses and other religious organisations whose churches or prayer houses are regularly attacked or burned, with pastors beaten, meetings disrupted, often without any response from local law enforcement agencies. Regrettably, such campaigns are led or encouraged by the Russian Orthodox Church. I want zero tolerance of such harassment and persecution of people seeking to exercise freedom of worship.

Russia continues to interfere in the internal affairs of other member states that were formerly part of the Soviet Union, contrary to its commitment to abandon a policy of having a zone of special influence, which it calls its "near abroad". The personnel, arsenal and equipment of the 14th Russian army remains in Transnistria, thus contributing to a divided Moldova. Russia maintains an active presence in Abkhazia in Georgia and encourages separatism by issuing dual passports to its citizens. That is not peacekeeping, but a long-standing policy of divide and rule, which is unacceptable in today's Europe.

Another major commitment remains the signing of the European social charter and the convention on the transfer of sentenced persons, while the European charter for regional and minority languages has yet to be ratified. Above all, Russia has not yet abolished the death penalty, which I view as essential before I can recommend de-monitoring.

I have not referred to the situation in Chechnya because when the Assembly accepted Russia in 1996, it agreed to my amendments providing for a separate monitoring mechanism for Chechnya, which introduced an international dimension into seeking a political solution. Until recently, Lord Judd undertook that onerous task. We continue to make it clear to our Russian colleagues that as long as civilians disappear or are kidnapped and the military act with impunity, without being held to account, we cannot accept the claim that life in Chechnya is returning to normal.

There is a great deal more in my report to the Assembly, which extends to 90 pages, describing the spheres in which Russia falls short of our standards. I accept that what I have said today is more appropriate to a single-subject Adjournment debate, but I have been unlucky in the ballot for several weeks, so I am grateful to the House for listening to what I have had to say today.

Given what I saw on the streets of Leningrad 40 years ago, I am sorry that I cannot say that the Russian people today enjoy the same freedoms and rights as most Europeans. For the sake of the Russian people, I hope that the Council of Europe will continue to hold Russia to account for those standards, as I have tried to do, and I look forward to hearing in the Minister's response that that is the Government's approach, too.

3.38 pm

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I want to raise an issue of enormous concern to my constituents; it is about our local league one football team, the Milton Keynes Dons. The House will be relieved to know that I do not intend to rehearse all the old arguments about the events that led to Wimbledon football club relocating to Milton Keynes in late 2003 and taking, in July 2004, the new name of Milton Keynes Dons.

I accept that some people—possibly some in the House—objected to the move and argued at the time that it set a dangerous precedent. A section of Wimbledon's supporters, including their supporters association, chose to transfer allegiance to the newly formed AFC Wimbledon, which is based in Kingston. Other Wimbledon fans followed the club to Milton Keynes.

Obviously, my constituents and I take a view of events different from that taken by those who support AFC Wimbledon. Wimbledon FC was without a ground of its own, had been based outside its borough for a decade, and was faced with bankruptcy. The move to Milton Keynes was the only viable option, and it met the long-term aim originally set out by the Milton Keynes development corporation of ensuring that the new city had a Football League professional team of its own. The Football Association sanctioned the move, recognising the unique situation of Wimbledon FC and of Milton Keynes, and also agreed the name change in 2004.

Milton Keynes Dons is now well established in Milton Keynes, playing at its temporary base of the National Hockey stadium. Crowds are getting larger, reaching about the average for league one, and there is a very active new supporters association. Work has begun on the new purpose-built stadium at Denbigh, and I was pleased to join Pete Winkelman in cutting the first turf there. I am pleased that the team's performance is taking the club away from the relegation zone, as it has remained unbeaten in the past eight games.

The Milton Keynes Dons supporters association was established in May 2004. It is very active in all things usual for such an association, including holding a very successful appeal for the tsunami in support of a local charity that works in Sri Lanka. The association is anxious to ensure that fans have a strong voice in the plans for the new stadium and for the club's future. Immediately after its formation, it took steps to form a supporters trust. It approached Supporters Direct for help and advice, which, fortunately, that organisation has been extremely helpful.

First, the MK Dons supporters association applied to Supporters Direct for financial assistance in establishing a supporters trust, as it was entitled to do. At the request of Supporters Direct, it clarified with the Football Association that

> "the team who moved to Milton Keynes was officially considered a continuation of Wimbledon FC, and would retain its share in the Football League and its league place."

However, Supporters Direct refused to fund the MK Dons association on the grounds that it had funded a supporters trust for Wimbledon already. That decision had been taken before the club moved to Milton Keynes, and before AFC Wimbledon was formed. The money involved was spent before the original supporters trust transferred its allegiance from Wimbledon FC to AFC Wimbledon.

The MK Dons supporters association reluctantly accepted that ruling, but asked instead for practical help from a liaison worker, as is normal when a trust is established. Subsequently, it requested access to the

model constitution for trusts and asked Supporters Direct to sponsor an application to the Financial Services Authority for recognition as a supporters trust.

Through the good offices of my hon. Friend the Member for Leigh (Andy Burnham), a member of the Supporters Direct board, we persuaded that board at least to consider the request. Supporters Direct has made the model rules available, but it has declined to sponsor the MK Dons' application to the FSA, or to sponsor the supporters association's application to join Supporters Direct.

My constituents and I are extremely angry about what we believe to be the improper and discriminatory decisions made by the Supporters Direct board. Regardless of the events surrounding the move to Milton Keynes, MK Dons is recognised by the FA to be the continuation of Wimbledon FC. The current members of the MK Dons supporters association had no involvement in the club's move to Milton Keynes. They are merely football supporters who wish to exercise, through a properly constituted supporters trust, some control over their club's future.

I have read the aims of Supporters Direct, and my understanding is that that organisation was established precisely for that purpose—to promote and support the concept of democratic supporter ownership and representation through mutual not-for-profit structures, and to promote football clubs as civic and community institutions. That is what the MK Dons' supporters wanted when they asked to have their own supporters trust.

Supporters Direct is an industrial and provident society, and its members are the existing supporters trusts. As someone formerly active in the co-operative movement, I know that that movement is well aware of the danger, for co-operative and mutual societies, of becoming exclusive rather than inclusive. I suggest that the members of Supporters Direct should remind themselves of their obligations under the equal opportunities legislation, and of the inclusive nature of a true co-operative and mutual society.

However, Supporters Direct is in receipt of significant public funding—£325,000 in 2004–05 from Sport England and £90,000 from Sport Scotland. That funding is given on the basis that it should be available to help any supporters who fulfil the eligibility requirements and wish to form a supporters trust. My constituents in Milton Keynes, whose taxes, with everyone else's, are funding Supporters Direct, do not understand why they, uniquely, seem to be barred from gaining access to those funds.

The reasons given by Supporters Direct for refusing to help MK Dons supporters seem to be based not on a fair and balanced assessment, but on prejudice and persistence in fighting a battle that was lost when Wimbledon moved to Milton Keynes. Many of those who were most active in founding Wimbledon AFC are involved in Supporters Direct either as board members or on the staff. They are entitled to their views, but they should not abuse their position to discriminate unfairly against my constituents who also want to form a supporters trust and have a voice in their team's future.

The Football Association is clear that MK Dons is the successor to Wimbledon FC. Supporters Direct used that to justify not funding a second trust linked to the same club, but then took no action against the original trust, which switched its allegiance to

"a club other than the one it was originally set up for"—

that is, Wimbledon AFC—in clear breach of Supporters Direct's rules. What authority does Supporters Direct have to set itself up against the Football Association and other bodies concerned with football?

My constituents have been extremely patient and have tried to be accommodating, but their patience, and mine, is running out. I hope that at the end of this debate my hon. Friend the Deputy Leader of the House will pass on to my right hon. Friend the Minister for Sport and Tourism the points that I have made. I shall certainly ask him to intervene to ensure that the public funds given to Supporters Direct are in future allocated fairly and without prejudice and that my constituents do not continue to be discriminated against.

3.47 pm

Mrs. Angela Browning (Tiverton and Honiton) (Con): Two years ago the Secretary of State for Trade and Industry attempted to come to Cornwall for a holiday. That was an excellent choice, but her plans were thwarted because she found that the transport system into Cornwall was not working as well as it should and she was forced to fly. As a result, she made many public statements in the west country about the Government's commitment to improve the road and rail infrastructure in and out of the south-west. She said:

"What I know as Secretary of Trade for Trade and Industry is that when you are looking at the South West, getting the transport system right is one of the most important things you can do to help grow new businesses, to help those businesses to be more successful and bring in new investment to the region."

The Secretary of State is persuasive and speaks, as we all know, in dulcet tones. When I am in a telephone system, having made my sixth selection of number to press with Brahms' second symphony playing in the background and a voice comes on the line and says, "Your call is important to us; we will answer your call as soon as possible," I could swear it is the voice of the Secretary of State. She has a persuasive tone that suggests that if we hang on, our call will definitely be answered. In the south-west we have been hanging on for two years waiting for her support for some of the issues concerning our roads.

The hon. Member for North Cornwall (Mr. Tyler) is in his place and I know how hard he has worked. With the hon. Member for Plymouth, Sutton (Linda Gilroy), we have made a three-party attempt to persuade the Secretary of State to support, for example, dualling of the A303, which goes through my constituency and is of strategic importance to the whole south-west peninsula.

Unfortunately, as I have said many times in debates, the Secretary of State for Transport has decided not to dual the A303, so we have only one strategic route in and out of the south-west peninsula—the M5 as far as Exeter and then other roads further into Devon and Cornwall.

All three Members of Parliament I have mentioned received representations from the Devon and Cornwall business council and we all wrote, in a collective exercise, to get the Secretary of State to support us. We

[Mrs. Angela Browning]

had hoped that she would make representations to the Department for Transport, but disappointingly we can only conclude that she did not press the case for dualling the road, as she had promised in 2003, for the business interests of the south-west.

Even more worryingly, I recently came across a map of the south-west and the south of England which showed that, according to the Government, there were no roads west of Bristol regarded as of strategic national importance. I tabled parliamentary questions to ask Ministers to list all the trunk roads, which include the A30, the A38 and the M5, which goes on past Bristol down to Exeter. I was astonished to find that a major motorway was not regarded as of national importance. In answer, the Government said that they had divided all the roads in the country into two groups, those of strategic national importance and those of regional importance. As far as the Government are concerned, there is nothing of national importance west of Bristol. They say that the classification is to enable local decision making about those roads in the future and that funding will be allocated at local levels rather than through the Government budget for the Highways Agency.

The Government's reason sounds persuasive and I can just hear the Secretary of State for Trade and Industry, in her dulcet tones, telling us how wonderful that will be. But in reality it means that some of the bigger issues, such as road maintenance for the M5 and some of the structural changes that will be needed, will no longer have the backing of a national Government budget but will come out of the much stretched resources of the region. That will affect various junctions along the M5. For example, at the exit to the services at Exeter, a whole new town is to be built, and the junction will therefore almost certainly need major restructuring and investment. As my political colleague, John Penrose, in Weston-super-Mare, pointed out on hearing the news, junction 21, the Weston-super-Mare turn-off, will almost certainly need more investment.

I do not know why the Government regard the south-west peninsula as a second-class region of this country, but inward investment and important industries rely on good road infrastructure. That is self-evident in the case of tourism, but we also have successful manufacturing businesses throughout the area. When a company is deciding where to relocate, the Government's view of the strategic importance of the road and rail network is one of its considerations. Inward investment in the south-west will therefore be seriously compromised by the fact that the Government are cutting off the south-west from what they see as the important areas of the country. On this issue, I feel like a grumpy old woman—[Hon. Members: "Never!"] In fact, I am hopping mad about it.

People in the south-west, and I speak personally about my constituents in Tiverton and Honiton, are hardworking. They come from mainly rural backgrounds—even the towns in my constituency are rural market towns—where people are very self-sufficient and prepared to work hard. Yet somehow, their area is regarded by London as a second-class area with second-class citizens. We have seen the effect that has on some of our indigenous industries, especially farming.

Farming has taken a real knock in my constituency, which is primarily made up of mixed, small, family farms. There have been changes in the countryside, but in my constituency, the perception is that the Government regard us as second-class citizens, in second-class communities.

When we were going into the last election, foot and mouth was with us. None of us who lived through that time will forget it, yet four years later we have still received no definitive answers from the Government about the cause of the outbreak and the lessons to be learned. There have been many inquiries, but none of them seems to have been joined up. As a member of the Public Accounts Committee, I recently had the opportunity to question the permanent secretary at the Department for Environment, Food and Rural Affairs, the chief vet and others. The Government say that they believe the index farm, which belonged to Mr. Bobby Waugh, was where animals were fed unprocessed catering waste; but what they have not told us—and I have pressed them on this in the Committee recently—is that it was not simply the fact that animals on that farm were fed unprocessed waste but that such waste was kept on the farm at all. It is illegal to have unprocessed food on a farm, yet recently the DEFRA permanent secretary wrote to the national co-ordinator of Associated Swill Users:

> "Some unprocessed catering waste was held temporarily in barrels on a hard standing in front of Burnside Farm, before being removed for processing."

If we are to learn lessons from the last outbreak of foot and mouth, it is important to identify where and why it broke out. The consequences of another outbreak, in slaughter and further losses in the rural economy, will not just be felt in pound note terms; the emotional stress of the farming community cannot be quantified.

I want the Government to treat rural communities and farming areas such as mine more seriously and not take them for granted, discarding them as second-class citizens or areas. I was not born in Devon. I have lived there for only 35 years so I am not local yet, but the people of Devon are the salt of the earth. They make this country what it is. They believe in fair play and in straight talking—sometimes their straight talking is very straight indeed. They want to know that in Parliament, whoever is in power, they will receive a fair deal and that they will get straight answers to their questions. They want to feel that our democracy will treat them fairly and not discard them.

As we end this term of Parliament and, I hope, go into a general election, I make this plea. The rural communities of this country must change—we all understand that—but equally the Government of the day must understand that rural and urban communities are different. Rural communities have sound values and their people are independent-minded. Those people make me proud to represent them and I hope that the Government, too, will be proud of our rural communities and make sure that they get fair play.

3.59 pm

Ms Julia Drown (South Swindon) (Lab): This is my last opportunity to address this Parliament. I am proud to represent both rural and urban communities and I must say that I see no great distinction as I move from

one to the other. There are different flavours and different policy aspects and it is important that policy be rural-proofed, but I am pleased that on so many of the issues that I have raised on behalf of my constituents there is consistency of view.

People in the rural and urban communities of my constituency were pleased that I lobbied successfully for a new hospital in Swindon, which has modern facilities and more beds than the old one, and is able to treat many more patients. Next month, we will see the opening of our treatment centre, which can accommodate a further 128 beds and five operating theatres, so we can hope for even more improvement in the town's health services.

I am also pleased to have lobbied successfully to get money into our schools, including the replacement of the wartime huts in which our pupils previously had to learn their lessons; instead, they are now in modern accommodation. I have also been successful in lobbying the Government on some of the crime and antisocial behaviour issues that my constituents have raised with me. What has happened in Wiltshire is a good story. It is now the safest county in the country, and I pay tribute to the work of our police force. We have had a number of community support officers because of Government investment, and street wardens have made an enormous difference to the town as well.

All those people working together have been able to tackle crime. From April to December last year, we saw crime overall drop by more than 5 per cent. and a 1 per cent. increase in the detection rate. Robberies are down by about 13 per cent.—burglaries similarly—and violent crime has been reduced by 2 per cent. That is a comfort to my constituents. Although the perception is often that crime is still increasing, the reality is the other way round. Some of our legislation on antisocial behaviour is incredibly important in getting across the message that, if the community works together, we can tackle crime and make us all feel safer.

I have had to pursue in Parliament antisocial behaviour issues associated with Travellers. I am pleased that the Anti-social Behaviour Act 2003 includes legislation to deal with those issues and that additional stop notices have been introduced this month. Central Swindon has a problem with prostitution, and again, antisocial behaviour orders have given the local community and the local authority, with the police, the power to improve neighbourhoods.

On general antisocial behaviour issues, I am pleased that, in the past couple of weeks, an interim antisocial behaviour order on a youth in Freshbook in my constituency has been confirmed as a two-year order. It was great to see local residents coming out to talk to the local newspaper and saying, "The interim order has made an enormous difference to our lives." Local publicans are saying that people can walk out without fear of intimidation and that they can bring back a sense of community. That makes a real difference to the quality of people's lives across the board—young and old—and I congratulate the Government on responding to pressure from Back Benchers to introduce that legislation.

Our understanding of the community contrasts strongly with some Conservatives' activities, certainly on the ground in Swindon, where the local council has recently produced a budget in which there are massive cuts to our voluntary sector. Those involved say that they support the voluntary sector, yet they withdraw grants of £50,000 to advice points, saying, "Oh, there is a duplication of provision," when there are massive waiting lists for advice. Those advice points serve the most disadvantaged people in our community and people absolutely depend on them to deal with financial and housing problems. I suspect that, if those places really do close down, it will end up costing the council more in the long run. So there is a contrast between what we have done and how we have responded to communities and what we have seen from the Conservatives.

As this is my last chance to comment on some issues, I particularly want to look at some of the ways in which we work in the House, because a lot of what we do we do inefficiently. Although I appreciate and support all the work of the Modernisation Committee, much more needs to be done if we are to make our democracy more effective, to get the public to relate better to Parliament, to reduce the cost of Parliament and to improve MPs' lives, which is particularly important because, if we improve the job of being an MP, we can get more of the very best people in the country to become MPs. That is in itself important for democracy.

I know that people straightaway talk about the hours of the House, which are important. There is a huge danger, because it is always easy to vote for more hours of debating time, but hard to ask for them to be reduced so that we can spend time more efficiently. However, we clearly could do that.

There have been more than 1,200 Divisions during this Parliament, but we could have the predicted the results of virtually all of them before they were held. *[Interruption.]* Yes, all of them, except for a few. However, most of us have been here to vote in those Divisions. Anyone who has not taken part in a debate has had to stop what they have been doing—perhaps rudely having to say goodbye to constituents whom they have been seeing—to traipse over here and go through the Lobby. Some people might say that we are sent here to vote, but we could vote electronically. As happens in some councils, we could tell Mr. Speaker before a debate whether we wanted to abstain or vote against our party line. We could have a named vote, if that were needed.

I calculate that each of us wastes an average of 15 minutes during each Division. An average 436 Members have voted in each of those 1,200 Divisions, so an average of three weeks of work time is wasted for each Division. So far, this Parliament has wasted 70 years of work time voting. If Ministers and Members had voted efficiently, we could have spent that time on our constituents, or even with our families. We all say that families are important, so we could improve Westminster and make life more sensible. We have each wasted an average of eight weeks of time during Divisions that we could have spent better.

I support the point made by the hon. Member for North Cornwall (Mr. Tyler) about Prime Minister's Question Time. It is not a useful addition to our democracy. It is no wonder that seeing that sparring match turns many young people off, so I would like that to be addressed too.

[Ms Julia Drown]

It is daft that we are not allowed to sit and work in the Chamber while other people are speaking. The idea that Members cannot do a bit of work or read while listening to a debate is wrong. We all have to do that during our lives because we all have too much to do, so the problem should be addressed.

We still have not done anything significant on child care. We have more bars than I have cared to find out during my time here, and we have restaurants, a hairdressers and a gym. Yes, there are about 10,000 people working in Westminster, so why not have those facilities; but should we not address the question of nurseries, too?

During debates on modernisation, I have always been identified as the breastfeeding MP because I have rightly promoted breastfeeding. It is good for mums and good for babies. I thank Mr. Speaker for providing facilities for breastfeeding mums, but there is no reason why we should not be more positive about breastfeeding. One million babies throughout the world die every year because of low breastfeeding rates, so we should do more to promote it. It is ludicrous that members of the public cannot sit in the Gallery behind that screen and breastfeed. What problem would it cause?

It was sad for democracy that a decision was made to ban breastfeeding from the Committees of the House. Every single professional organisation wrote in to say that breastfeeding should be allowed and the majority of Members made it clear that they supported it by signing early-day motions. If all those people support breastfeeding, why not go ahead and allow it?

There seems to be a sensitivity to the effect that if we change things in the House, it will somehow fall apart and destroy itself. We should be more willing to experiment and relax. We are too defensive. If we cannot properly debate and decide things in the mother of Parliaments on the basis of professional advice and what most people want, it is a sad day for democracy. Mr. Speaker himself said to me, "Julia, you should just have gone ahead and done it. You shouldn't have asked." That is crazy—I do not want to put the staff of the Serjeant at Arms in an embarrassing position. We should be able to listen to professional organisations and do what is right. I remember Tony Benn saying to me, "Julia, the only way to get a crèche in this place is to go round, get nice big A4 posters, shove them on the front of a bar and turn it into a nursery. That's the only way you're going to get it done." I look to hon. Members in the next Parliament to do better and achieve what we should be able to do: talk about such matters and vote on them.

I have been pleased to represent South Swindon, which is a fine place in which to live. All hon. Members are invited to an exhibition in the Upper Waiting Hall in the parliamentary week starting 4 April at which Swindon Dance will exhibit its fantastic work. I am grateful to all my constituents, who have thanked me and pointed out how much we have been able to achieve by working with activists in many organisations throughout the town. I am pleased to have done that work, and my constituents have noticed the difference between a hard-working Labour MP and an inactive Tory MP who did nothing for the town. I thank activists and volunteers in the Labour party and other groups, and I also thank my staff. Democracy is wonderful, but it needs to improve in this country. I am pleased to have played my part in it—and you never know, Mr. Deputy Speaker, in future, I may be back.

4.10 pm

Alistair Burt (North-East Bedfordshire) (Con): I do not agree with everything that the hon. Member for South Swindon (Ms Drown) said, but her contribution demonstrates the value of these Adjournment debates and the way in which we can raise many different things at the end of term. I was disappointed, however, that she had to end on a rather unpleasant note. Many of us worked with her predecessor and thought well of him, and a generous comment at the end of her speech might have served her rather better in the House.

My constituents would like four issues to be aired before this Session is completed. I shall explain the first briefly, then try to lump the remaining three together. May I make a plea to Ministers on behalf of my constituents to tackle the refitting of the St. Pancras Thameslink rail terminal? For 35 weeks, commuters from Bedford travelling on the Thameslink midlands main line into St. Pancras have endured without complaint what they call "the blockade". Thameslink used to run right through the centre of town, and people could travel from Bedford to Brighton, but they have been prevented from doing so by the works at the new Eurostar terminal at St. Pancras. By and large, the works seem to have gone well, but commuters have been told that the Thameslink station, which should have been completed with the rest of the terminal by June 2007, will not be ready then.

That is a tragedy, as it would prevent interchanges between the Thameslink line and European services, between the proposed Olympic service to east London and the Midland Main line, and with the Great Northern suburban services. It is like building a motorway without junctions. Would the Deputy Leader of the House kindly talk to the Minister of State, Department for Transport, who is responsible for rail transport, to see whether we can secure a commitment to complete that work? In commuters' minds, the issue is coloured by their concerns about Thameslink 2000, which is now known as Thameslink 3000, because it has simply not happened. Completion would be a gesture of good will towards commuters, who pay over the odds for fares with rises that exceed inflation. Thameslink makes a contribution with a premium payment to the Strategic Rail Authority, so there is no shortage of cash and completion would be a great help. I am grateful to Andrew Long of the Bedford Commuters Association for the support and information that he has provided.

I shall group the next three items together, and would be grateful for the assistance of the House in helping me to create an interactive event. Imagine that we are presented with a form from Her Majesty's Government for the new citizenship test, albeit one at an advanced level. We are asked what we would do in three situations and in which one we would expect the Government to intervene. The three situations arise in my constituency, but they could occur elsewhere. First, situation A: Swineshead is a village in the north of my constituency. It does not have any shops, and it no longer has a village pub, but it does have a village hall which, along with the church, is the only place where people can gather in large

numbers. Twice a month, the village hall provides an opportunity for people to get together and use its bar, which makes modest profits of £300 to £400 a year. Those profits are used for the benefit of the village to assist with small repairs and so on. The village hall and the village pay £30 every three years for the licence or £10 a year. Under the Licensing Act 2003, there will be a charge of £190 for the transfer to the new system, followed by a regular charge of £150 a year. That is 15 times the current charge—money that will be taken out of the modest profits and cannot be used for village purposes. It is a payment to bureaucracy resulting from the new Licensing Act. Would the Government intervene to assist that village in retaining its funds for village purposes?

The second situation concerns the multiple sclerosis therapy centre in Bedford, which serves Bedfordshire. It is one of 36 centres in England and Wales. They are all voluntary, run for charitable purposes and staffed by volunteers. A couple of years ago the centres came under the Healthcare Commission for inspection. They did not mind. They had previously been self-regulated, but they accepted the need for regulation and inspection. Even so, some odd requirements were added—for instance, the centre in Bedford is required to have a protocol for what happens when the toilet rolls run out. For 20 years the centre was run without that, but we will let it pass because the centre is letting it pass.

The inspection charge at first and for this year is £1,080. This year it is proposed to increase it by 45 per cent., and by 2008 the charge will be £4,000 a year. That is what the Healthcare Commission has been told to charge, because it must make ends meet and be self-financing, by order of the Government. The voluntary centre says that the money is being taken out of the funds used to provide for patients and their friends, and it is money that can be raised only by volunteers standing on a street corner and shaking a tin. Would the Government intervene to prevent that 300 per cent. increase in charges, to help multiple sclerosis sufferers and their families?

Or take situation C—Mid Bedfordshire district council, a low-charging district council. It charges the 10th lowest rates out of the 238 district councils in England and Wales—£90.18 per year is a typical charge. The council is under pressure to provide more services and works closely with the Government. It identified £2.4 million worth of savings over the past three years, but this year it must increase its charges by 13.3 per cent., which equates to £1 per month.

I have put to the House three situations, A, B and C. Will the Government intervene in situation A, where villages are asked to pay more money for licensing bureaucracy? Will the Government intervene in situation B, where multiple sclerosis centres face an increase of 300 per cent. in their inspection charges for the Government inspector? Or will the Government intervene in situation C, in order to safeguard the ratepayer from a rise of £1 per month from a district council?

I know the answer: it is situation C, where the Government have already decided to intervene and are rate-capping Mid Bedfordshire district council for the appalling crime of charging an extra £1 per month on its council tax in the coming year. They leave aside the several hundred per cent. increase in licensing charges for Swineshead village hall. They are not interested in the 300 per cent. increase in inspection costs for the multiple sclerosis centre. No, they have decided to bring the might of Whitehall to bear, and have capped Mid Bedfordshire district council for charging an extra £1 a month.

Yesterday in the Chamber I was very cross with the Minister for Local and Regional Government. I spoke and behaved in a way that I do not normally do, because I am a moderate sort of chap, as the Whip, the hon. Member for Eastwood (Mr. Murphy), knows full well from our frequent games of football together. Today I am not cross. I just find it ridiculous. That is why I present the three situations to the House and ask what we would do, were we the Government. Which one would we choose to intervene in?

What does the choice tell us? It tells us that the Government have lost their compass—their sense of proportion. Village halls across Britain face increases of the sort that I described. It seems to them nonsense that they should needlessly have to pay more to a licensing authority—money that would otherwise be used in the village for communal purposes. Why can they not be relieved of the burden?

Multiple sclerosis therapy centres are providing a free service to the national health service, doing work and raising their own money, with volunteers standing on street corners, going to shopping centres and running bring and buy events. If they downed tools and did not do that, who would pick up the responsibility? To be facing the same inspection charges as a BUPA therapy centre may face is nonsense, but the Government have not listened.

Two months ago, I and my constituents in Swineshead wrote to the Government to get an answer on the licensing. We have not heard anything. The multiple sclerosis centres have written to the Minister. They have had an answer but no assistance. Mid Bedfordshire district council has certainly heard from the Minister for Local and Regional Government, who has decided to cap it for £1 a month.

I was a member of a London local authority in 1982. I know what rate capping was designed to do. Businesses were driven out of London boroughs because of the high rate increases that were introduced by a few very high-spending councils. We all know that the world is different now. Labour is in government because the loony left was dealt with. That was what the power of rate capping—the power of this place to intervene in local democracy—was about. It was not about dealing with the Mid Bedfordshires of this country or about dealing with low-charging authorities spending an extra £1 a month but finding that converted into a percentage that makes the Government step in and use their power. It shows that the Government have lost their sense of proportion, lost their moral competence and lost the plot.

I leave those questions hanging. What would hon. Members do if they were facing the citizenship test? Most of us in the Chamber would find a better answer than situation C. I appeal to the Minister—I know that he will have only a short time to wind up the debate—to answer the question: why, of the three situations, is only one attracting direct Government intervention? Will he

[Alistair Burt]

please go to his colleagues and ask them to deal with the other two on behalf of the therapy centres and village halls around the country, not least because of the district councils that are doing their best and facing that ridiculous power of capping for a very small degree of hurt?

4.21 pm

Mr. Mike Hall (Weaver Vale) (Lab): May I start by referring to the 1992 general election? If the House will bear with me, it will see the point that I am trying to make. My agent was called Tom Sherrett and he was always against campaign visits. I eventually persuaded him to allow me to have a campaign visit. My right hon. Friend the Member for Dewsbury (Ann Taylor) and my hon. Friend the Member for West Ham (Mr. Banks) came along. We had a fantastic campaign visit and, a week later, I won with a grand majority of 191. I thank my right hon. Friend the Member for Dewsbury and my hon. Friend the Member for West Ham, who will both stand down at the general election when it is called, for their help during the 1992 election and for their contribution to the workings of the House since then. I wish them both well in whatever life form they find themselves in after Westminster.

I want to raise with the Deputy Leader of the House a number of issues which are constituency-related but on which the Government may be able to offer some help. For the past two years, an event called Thundersprint has taken place in Northwich town centre in my constituency. It is a great razzmatazz, a fantastic spectacle where people from across the country demonstrate their prowess on motorbikes, which can be vintage bikes or state-of-the-art formula 1 racing bikes.

Because of the way the current law is worded, the event has to take place on a car park. Last year, 60,000 people attended Northwich town centre to witness that spectacle. This year, on 8 May, when I hope to be the guest of honour, the event will probably attract up to 100,000 people.

We have to modify the way in which the event takes place because Northwich town centre is being stabilised. I have mentioned it in the House before. The town centre is built over four disused salt mines, which are in danger of collapse. A Government-funded project of £32 million is starting to stabilise the town centre. We are having to organise the Thundersprint event around the obstacles that the stabilisation project has placed in the car park.

A far better solution, which would be safer for cyclists, for spectators and for everyone else involved, would be to allow the event to take place on the highway. Of course, we would have to close it for a few hours on the Saturday and Sunday for the event to take place, but it would be far better. I was heartened when on 6 July last year Regent street, here in the capital, was closed so that Formula 1 cars could be demonstrated on the highway, one after the other, racing up and down the street, and then taking part in a grand parade. If it is possible for Formula 1 cars to do that on one of the main roads of the capital, why cannot the same be done over 500 m on Barons Quay road in Northwich town centre? I have raised that issue with the Under-Secretary of State for Transport, my hon. Friend the Member for Plymouth, Devonport (Mr. Jamieson), and with the Secretary of State for Transport, and even at this late stage I am hopeful that they will be able to bring forward a solution that will allow that fantastic event to take place and thousands of people to come to Northwich town to enjoy themselves.

I turn to the Telecommunications Act 1984. I had not been aware that that Act allows telecommunications operators the statutory right to have access to erect their equipment on adopted highways. I do not pretend that they actually put their masts in the roadway, but one operator proposes to put a telecommunications mast on a grass verge that is part of the adopted highway in the Leftwich estate in my constituency. It wants to erect a 12 m parallel column with three 2G/3G dual-band antennas within a GRP shroud—whatever that may be—and radio equipment and ancillary development. The grass verge is less than 1 m wide and is next to a bus stop and a telephone box. That is totally inappropriate, but under the 1984 Act the highways authority does not have the right to object to that access, nor even to charge the telecommunications company rent for the land that it uses. Everybody on the Leftwich estate knows that this is a barmy idea, and fortunately, on Tuesday night Vale Royal borough council rejected the planning application for this telephone communications equipment to be sited there. I pay tribute to my friend and constituent, Allan Lamb, who presented a passionate case on why that application should be refused. The residents of Leftwich will be very relieved about that.

Hon. Members will not know this, but a couple of weeks ago, Rebecca Watts, a baby girl under two years old, died from the very rare acute myeloid leukaemia, which normally affects much older people, usually aged over 50. To make it worse, exactly 12 months ago another baby girl aged under two died of the same condition in the street next door. There was already grave concern about public health among people on the Leftwich estate, and the last thing that they wanted or needed was the erection of a telecommunications mast in the green spaces in their area and the creation of further public health fears. I can report to the House that Central Cheshire NHS Primary Care Trust, the Health Protection Agency and Vale Royal borough council are doing their level best to look into the epidemiology surrounding those two incidences of acute myeloid leukaemia to see whether they are connected and whether a cause can be found. Those agencies are fully committed to keeping my constituents in the Leftwich area of Northwich fully informed of developments, and I am working closely with them to make sure that my constituents are given the reassurances that they want.

I want to move on to another planning issue, which has not been resolved to my satisfaction. On 30 June last year, Vale Royal borough council granted temporary planning permission for an anemometer on Aston Grange farm, which is in one of the most beautiful parts of my constituency. We objected to the application more than 12 months ago because an anemometer measures the power of wind, and we saw it as a precursor to a planning application for a wind farm, which would despoil one of the most beautiful rural parts of my constituency in the Weaver valley. Sadly, our fears have

come true because Tegni Cymru, the Welsh private electricity company installing the anemometer, has put forward proposals to place four 125-m-high wind turbines on Aston Grange farm. I am determined that we must fight the application when it comes forward, because it would despoil the most beautiful part of my constituency, be a blot on the landscape and represent the loss of a superb visual amenity. Having fought the proposals by Network Rail and the National Grid Company to put a substation and trackside feeder station on the green belt in Weaverham and Acton Bridge in my constituency, I will do all that I can to ensure that that planning application goes no further forward.

I now want to deal with a completely different issue: Cheshire county council's ill-thought-out proposals to slash the salaries of teaching assistants in my constituency. The council has introduced proposals that will mean that teaching assistants will see their pay cut by £2,000 per year, or £40 a week, and that other professionals in the county council area will lose up to £6,000 a year. The county council introduced those cuts as part of its single-status proposals, and the House will not be surprised to know that Unison has rejected the proposals outright because of the effect that they would have on teaching assistants.

There are teaching assistants in every part of my constituency, and the county council is trying to say that they are part-time employees who work only 32 hours a week and not during school holidays. It is clear that the county council does not value the work that they do, so schools such as the Russett special school in Weaverham will lose its teaching assistant, who will look elsewhere for employment because she cannot afford to take the cut in wages that the county council proposes. There are 1,900 teaching assistants in my constituency. I would like the county council to look again at the proposal, and value the work that the assistants do throughout the county to improve education in my constituency.

In the time that I have left, I want to mention the need for a new crossing over the River Mersey. My hon. Friend the Deputy Leader of the House would be surprised if I did not raise that issue—I have done so on a number of occasions. If we are to develop the full economic potential of the north-west and deal with the severe congestion in the borough of Halton, we need a second crossing over the River Mersey—we need the new Mersey gateway.

Halton borough council, together with Liverpool city council, Knowsley metropolitan borough council, Warrington borough council and Cheshire county council, local businesses and the Northwest Development Agency have all said that a second crossing is essential to the north-west. The documentation and paperwork have already been submitted to the Department for Transport, and we are eagerly awaiting an announcement. I hope that one can come soon. I am not exercised by the fact that we might not have a lot of time after Easter, but the crossing is something that we need.

In conclusion, I want to refer to the Riversdale footbridge across the Weaver navigation in the Northwich part of my constituency. In November, British Waterways, which is responsible for the footbridge, closed it without any consultation, announcement or precursor on the health and safety ground that it was structurally unsafe. Ever since, I have been pressing British Waterways to try to resolve the problem. The footbridge is an integral part of the footpath networks around Northwich town centre, and it is part of one of the safe routes to Sir John Deane's sixth form college, primary schools and other schools in the area. It is essential that the footbridge opens.

British Waterways says that it has no statutory responsibility to open the footbridge and does not have the £500,000 needed to carry out the repairs. I urge British Waterways, and Cheshire county council as the highways authority, to come forward with a solution that sees the bridge opened at the earliest opportunity.

4.33 pm

Mr. Richard Allan (Sheffield, Hallam) (LD): It feels like only yesterday that I was standing here making my maiden speech, and in parliamentary terms it was, as it was only eight years ago. However, like other hon. Members who have spoken today, I am grateful for the opportunity to make my final speech, as I am also planning my escape at the next election. I have the fake passport printed and the tunnel dug; I am just waiting for the balloon to go up.

I would like to pay a slightly warmer tribute to my Conservative predecessor than I did in my maiden speech, as I have got to know him better since then. That has happened because he is a prominent member of the local synagogue in Sheffield, which has a good civic service every year at which it raises funds for the hospital. As he was a prominent member, I kept away for the first few years, thinking that that was polite, until it was made clear to me that my absence had been noted and I would be very welcome.

I did not expect that, the first time that I turned up, I would be sat next to Sir Irvine Patnick. He leant over to me and explained that the organisers had thought that, as the current and previous MP, we would have lots in common and would like to chat to each other, ignoring the fact that we had had a fairly intense election campaign and that there were party differences between us. He was brilliant about it, and we have met each other every year since. I pay tribute to the work that he did in his decade as MP for Sheffield, Hallam.

I want to raise a couple of issues that have remained on my agenda, and that I want to leave on the Government's agenda, as I would feel guilty for not doing so if I do not get another opportunity. They are quite different issues.

The first relates to the comments made by the hon. Member for Rochford and Southend, East (Sir Teddy Taylor) about the difficulties of dealing with European Union legislation. Members might be aware that I have spent a lot of time in the House dealing with information technology issues. The plain fact is that most of the issues with which we deal in relation to information technology are proposals and directives emanating from the European Commission. That is entirely sensible—very few issues relating to telecommunications or the internet can be dealt with sensibly at a national level, and they are properly dealt with at European Union level. Indeed, if there is any complaint to be made, it is that we cannot involve countries such as the United States, Russia and China in a common decision-making framework.

[Mr. Richard Allan]

Our ability to deal with European Union legislation, however, has been almost inversely proportionate to its importance and significance. We deal with it in funny little Committees, of which most people are not aware, in obscure parts of the Palace of Westminster. It rarely comes to us for consideration at a time when we can influence it; it comes to us when the directive has been signed, sealed and delivered and we are simply translating it into UK law.

My political direction might be different from that of the hon. Member for Rochford and Southend, East and some of his colleagues, in that I think that the European Union method of decision making is appropriate for many of the matters with which I have been dealing. There is a big gap in scrutiny, however, and I would be unhesitating in my criticism of a failure to scrutinise and the potential negative impact that that has on the democratic system in the United Kingdom.

The Government could deal with this issue: it relates essentially to the balance of power between the Executive and Parliament. The Executive goes to European Councils, and in the form of the Minister, signs up to all the directives at the point at which they can be influenced. In the UK parliamentary system, however, the Executive chooses not to come to Parliament and debate openly the choices that it will make when it goes to the Council. It chooses to keep that in its own private domain. Plenty of other European countries, particularly Scandinavian countries such as Sweden, choose not to do that, and Ministers who are going to the European Council to sign up to important measures engage with their Parliaments at a time when the directives are still potentially changeable.

On the current agenda, there is an important technical directive on computer-implemented inventions, on which Members on both sides of the House will have been lobbied under the banner headline of software patents. That directive is very significant for a very large number of people in the IT industry. It is a contentious matter of great interest to many people, and yet there have been attempts to deal with the Commission's proposals through the Council of Agriculture Ministers and all sorts of other inappropriate parts of the European Commission machinery. I hope that the Minister will be able to examine now and in the future how such a directive—on which hundreds of thousands of letters will have been written from across the United Kingdom to both MPs and MEPs—can be dealt with in the House with the kind of prominence that it deserves, rather than being in the Executive's private domain.

We have had a good tour around England today, with the hon. Member for Tiverton and Honiton (Mrs. Browning) describing the Government's "League of Gentlemen" style of policy for roads in the west country, where local roads are only for local people. In relation to the second issue that I want to raise, I want to follow the example of the hon. Member for Bournemouth, East (Mr. Atkinson) and take us further afield: in particular, to the republic of Colombia in Latin America, a country in which I have taken an interest as a Member of Parliament.

I sought a debate on Colombia, unsuccessfully, in recent months, following a visit there in September last year. I want to put on record my thanks to the staff of the embassy in Bogota, particularly Susan Le Jeune, and the ambassador, Tom Duggin, to whom reference has been made, who organised an excellent visit for me. I was given the opportunity of sitting in on one of the meetings that the President of Colombia holds every Saturday, in locations around the country. He sits in a village hall or equivalent for seven hours, answering questions from the ordinary public about the drains, the state of the local roads and so on. He drags half his Cabinet out with him every Saturday—I witnessed the 70th such meeting in two years.

It was a busman's holiday for a Lib Dem to go off and watch a kind of town hall meeting, but it might be a good idea for the UK Government to emulate that, with the leader of the country in the chair listening to the concerns of ordinary people in that way. We have our surgeries, of course, but the Colombian President has taken access for ordinary people to the nth degree.

I had a fantastic visit. It demonstrated the importance of the Colombians' problems, many of which are directly related to activities in other countries including our own. The Colombian Government claimed success recently in reducing the murder rate to just over 20,000 a year, and that is in a country smaller than the United Kingdom. There are hundreds of kidnappings every year, and significant human rights abuses are perpetrated by all sides. All the illegal armed activists in the conflict, paramilitaries and guerrillas, are responsible for serious abuses of that kind, fuelled by narco-trafficking. Drug money goes into Colombia from countries including our own. There are drug production industries which use precursor chemicals, again from European countries—from most countries that have chemicals industries. There is more that we could do about that.

I want to raise a couple of issues that will, I think, continue to be valid issues for the Foreign Office to raise. A number of individuals have recently been targeted. It is shocking, having visited a country and met people who are involved in human rights organisations, to hear a little later that other people have turned up at their door and told them that unless they cease their activities they will be killed. I want particularly to mention Yolanda Becerra of the organisation Feminina Popular in Barrancabermeja. I visited her. She does tremendous work in promoting the rights of women in particular, but has been subjected to paramilitary threats recently. I think that the UK Government have a role to play in making requests of other Governments, and that in this instance they should request the Colombian Government to ensure that people like Yolanda Becerra can operate with some security.

The other serious human rights crisis in Colombia recently was the murder of a group of leading activists in a peace community called San José de Apartado, which has been trying to stay out of the conflict. Armed people have gone in—there are suggestions that they are associated with the Colombian military—killed a number of leading activists and left the whole region in terror. That is another issue that the UK Government could raise with the Colombian authorities.

Other Members have spoken of the importance of ensuring that people, especially young people, remain engaged in politics. I agree. It is one of the major challenges for us, and I think that the key word is relevance. We must not let this place become a sort of

magic circle using its own language and doing things in ways that people outside simply do not understand, because that creates a barrier. It may be comfortable for us, and make us feel somehow special or different, but it gives people out there a sense of difference that they do not experience in a positive way. Our connections with the outside world are all-important. There is, or should be, a revolving door between ordinary people and this place. We should always remember that we are representing people out there rather than the class of politicians as a whole.

I intend to use the revolving door on the way out. Others will come in. I hope that the House will be positive about the new skills and experience that others will bring here, and take advantage of them to continue the process of modernisation that has been mentioned today. There is always more that we can learn, and more that we can do to improve the workings of the House. In general terms, the opportunity that I have had is one that I have very much appreciated.

4.43 pm

John Cryer (Hornchurch) (Lab): I think that seven Members speaking in the debate are retiring at the general election. I pay tribute to them all. I know that they will all be missed, especially my hon. Friend the Member for West Ham (Mr. Banks) and the hon. Member for Rochford and Southend, East (Sir Teddy Taylor). They are not immediate but fairly close neighbours of mine, two of our constituencies being in Essex and the other in east London.

The opening remarks of my hon. Friend the Member for West Ham reminded me for some reason of a story I heard recently about Clement Attlee. When he reached the age of 80, he was asked what it was like. He replied, "Well, it's better than the alternative."

Let me now continue with whingeing gits day, as I affectionately refer to these Adjournment debates. Like most Members, I have a number of constituency issues to raise. The first relates to the channel tunnel rail link, which runs through the south of my constituency, through Rainham. The Bill that paved the way for the link took many months to complete its passage in the House, and that is part of the problem with which a number of my constituents are living today. A baffle has been erected between the houses of some of my constituents and the new channel tunnel rail link, but, between the baffle and the houses is a smaller railway line used by c2c on the London, Tilbury and Southend line, which goes through my constituency and ends in that of the hon. Member for Rochford and Southend, East. The problem is that the noise from the smaller, suburban line reverberates off the baffle. The noise level has actually got worse since the baffle was erected.

Union Rail, the main contractor, has refused to do anything about this; it has refused to change the design and structure of the baffle. The problem originated in this place, in that these issues were not properly addressed when the Bill to create the channel tunnel rail link was going through Parliament—there should have been specific measures in the Bill on how these baffles were to be constructed—but Union Rail is now being obstructive about the problem.

The issue of mobile phone masts has already come up today. This is an issue that many of us deal with on a regular basis, and I have recently been involved in two campaigns against such masts. I see that the hon. Member for Southend, West (Mr. Amess) is in his place. He regularly complains about having to deal with these unplanned erections, as they have been called. That is very worrying for him, and very worrying for the rest of us.

As I was saying, I have recently been involved in the defeat of two plans for mobile phone masts, and before that I was involved in four or five other successful campaigns. It is convenient to use the Stewart report in this context. It forms the basis of most of these campaigns, and I am sure that every hon. Member here today is familiar with it. It is very handy, but we have all come across examples of plans that have been submitted to a local authority that the authority finds difficult to turn down despite local popular pressure.

There have been a couple of private Members' Bills on this issue, but we should consider the possibility of strengthening our planning law and guidance, to enable local authorities to resist these masts more comprehensively. There has already been some strengthening of the planning guidance on the back of the Stewart report, which is a very good piece of work. It was brought out under difficult circumstances, because the exact consequences of the masts are not yet known and probably will not be known for some years. Nevertheless, we should be looking at strengthening the planning legislation. We should actually return to the pre-1980s situation. In the 1980s, the Tory Government weakened our planning legislation to allow big companies to ride into towns and more or less throw up whatever they wanted to. We need to return to a situation in which local authorities have more power.

I turn to an even more parochial issue. One of the problems that I have with my council, the London borough of Havering—which, naturally, is Tory-controlled—is that it is building up large cash reserves while turning down every request for traffic calming measures, crossings and so on. In my constituency, there are one or two examples of areas that badly need such schemes because the traffic travels very fast and is becoming dangerous. The main one that springs to mind is Newton's corner, in Rainham, where a crossing—preferably a pelican crossing—is badly needed. I have been trying to persuade the local authority to put one in for the past three or four years, but it keeps turning the proposal down while amassing great reserves of cash.

The next issue that I should like to raise is the proposed motocross track in north Rainham in my constituency. It is planned to construct it on land largely owned by the Thames Chase community forest, an area that is being turned over to cyclists, pedestrians and horse riders and on which thousands of trees are being planted. Yet, in the middle of it, there is an attempt to put a great big cyclocross track. This would ruin the area, which is also very close to housing. Two plans have already been turned down, but I suspect that the applicants will come back. They will either appeal or come back with a third plan, and they will keep going until they imagine that they have got what they want. My main objection is to the noise disturbance, and evidence presented by the applicant seeking to argue that that issue has been addressed and will not be a problem might have convinced my local authority, but it has not convinced me.

[John Cryer]

All-postal ballots are a local and national issue, and they have been discussed a great deal, including in a series of Question Times on the Floor of the House. My borough was a pilot area for an all-postal ballot in the last local elections, and I am convinced that those elections resulted in at least some questionable activities. All-postal ballots are open to all sorts of abuses, and the House must send out a message to anyone who stands as a candidate at the next general election that anyone who takes part in fraud will be dealt with very severely. For my part, because of my past experience, details of which I have sent to the Electoral Commission, I shall be watching the situation extremely carefully, and if I discover anyone taking part in any suspected fraud, I will have no hesitation in putting the evidence before the police.

The hon. Member for Rochford and Southend, East referred to the plummeting numbers of people, particularly young people, taking part in elections. At the last election, it was down to 58 per cent., although I agree that that is not because of a lack of interest in politics. I visit on average a school a week in my constituency and I find that people as young as nine and 10 are a lot more interested in politics than I probably was at their age, but that does not translate into an interest in party politics. I suspect that that is because there is a fairly undefined but general feeling that we have lost the ability to influence our destiny, and the hon. Gentleman is right to say that the EU has played a part in that. If we go down the path that some hon. Members want to go down of joining the euro so that we lose control over interest rates, we will then lose some control over taxation because we cannot run a single currency without a single tax-gathering mechanism, and that is mentioned in the Maastricht treaty.

Two years ago the Chancellor of the Exchequer was told by the European Commission to cut £10 billion from public spending, as though that had anything to do with it. He said no and told it to get lost and it could do nothing about it. But if that happened after we had signed up to the constitution, the European Commission could take the Chancellor and the British Government to the European Court of Justice, and as sure as eggs is eggs the Court would rule in favour of the Commission, as it does year in, year out.

If we went down that path, we would have to go to the electorate and apologise for any problems that arose, whether they were the result of a crisis in public spending or an economic crisis, but we would have handed over all the levers of economic power to unelected and unaccountable people in Brussels or Frankfurt. How would people react? They would not say, "Oh, brilliant. We will take part in the election." They would say, "Well, stuff the mainstream. We will move to the fringes." The number of people voting would plummet even further than it already has, and increasing numbers of people would move to the fringes, particularly the far right. That is my suspicion, and I have a vested interest in this because I have been a lifelong anti-racist, and I can see a nationalistic backlash resulting from going down the path of the EU straitjacket.

With that, I wish you, Mr. Deputy Speaker, all right hon. and hon. Members and the staff of the House a happy Easter.

4.53 pm

Bob Spink (Castle Point) (Con): It is a pleasure to follow the hon. Member for Hornchurch (John Cryer), who is an assiduous constituency Member of Parliament, even though his father used to keep me up late at night in the early 1990s. I forgive him for that and I wish him well. I am particularly pleased to follow him because I agree with what he said about the euro. If we lose the pound and move to the euro, that will sound the death knell to Britain's sovereignty, so I stand shoulder to shoulder with him on that. Europe remains one of the defining issues. In Essex it will be a key issue in the general election, and I hope that no one is seduced to vote for the UK Independence party, which would betray Britain. I see hon. Members agreeing with their smiles and nods.

Having got that off my chest, let me return to the real debate this afternoon and go straight to the key subject of hospice funding. This country's funding of adult hospices from Government sources stands at about 20 per cent. or a little lower, yet children's hospices are funded at a miserly rate of 5 per cent. That is far too low. Yet set against the 1.8 per cent. that Little Haven hospice in my constituency received from Government funding last year, the average 5 per cent. for children's hospices looks downright generous. I shall now look at the Minister and establish eye contact with him—I know that he expects me to raise this matter, as I always do. He has his answers written down and I hope that included in them, will be an undertaking to tackle the strategic health authority in Essex and the primary care trust to ensure that for this year and next, Little Haven receives at least the average 5 per cent. funding that other children's hospices receive.

Depriving children's hospices of reasonable funding is to betray the wonderful people, the dedicated staff, who work in them, and the volunteers who raise money for them. Very much included among those are the three Conservative clubs in Castle Point—the Hadleigh club, the Benfleet club, where I shall go immediately after this debate, and the Canvey club. I know that the Minister is listening; he is a jolly good man. Finally, I want to say that I am proud to be a Conservative on this issue, as my party's policy is for the Government to fund both children's and adult hospices at the rate of 40 per cent. a year. That sounds to me like an election-winning policy if ever there was one.

I now move on to a matter of serious concern in my constituency and the south-east generally—development. The overdevelopment of my constituency, without any infrastructural provision whatever, is irresponsible. Fortunately for me, the people in my constituency understand that the problem has been forced on Castle Point by the Deputy Prime Minister, who has set a target of building 4,000 extra houses. I wish he could visit Castle Point so that he could show my constituents where he wants those houses to go, and answer their questions about the lack of infrastructure.

I have fought every major planning application in my constituency. I have fought to stop the overdevelopment of my beautiful borough and the destruction of our green belt. I have fought to secure decent infrastructure in the area, and I hope that my constituents will bear this issue at the forefront of their minds at the coming general election. It is an issue that affects the quality of their lives. When I raised the matter with the Deputy

Prime Minister himself two or three months ago, he referred to my constituents as nimbys. They were outraged and the local press were outraged. I am sure that my constituents would have a word or two for the Deputy Prime Minister if he ever ventured into my constituency.

Another major issue in Castle Point is infrastructure. We need to do something at Saddlers Farm on the A13 to achieve grade separation and improve the traffic flows on that major road. We also need to improve the junctions at Tarpots and in Hadleigh.

However, our major problem is that we lack an additional access road to Canvey island, where more than 40,000 people live. If—God forbid!—the island ever had to be evacuated, those people could not be removed in good time. Safety is one of the issues, but there are also questions of convenience and quality of life. My constituents often wait for hours when there is an accident, or if the main access road is closed for some other reason. That does not happen only a few times a year: it happens almost every month, and sometimes twice a month. It is a major problem, and we must tackle it seriously.

An equally important problem is the c2c rail line, to which the hon. Member for Hornchurch referred. My hon. Friend the Member for Rochford and Southend, East (Sir Teddy Taylor) probably referred to it too, as he is a great fighter on behalf of the commuters who use that line. About 4,000 of my constituents use the line to commute to London.

Benfleet station is the busiest station on the c2c line. Peak-time trains are often full and overcrowded when they stop there, so my constituents get a bad deal, as they have to stand up for the 35 or 40 minutes that the journey to London takes. That is unsafe, and not very nice; I know, as I have to do journey myself, from time to time. Therefore, I was disgusted when five train sets were removed from the line last September. With other MPs, especially my hon. Friend the Member for Southend, West (Mr. Amess), I ran a campaign to get the trains back. The local *Yellow Advertiser* newspaper also ran an important campaign to the same end.

I am delighted to be able to congratulate the Secretary of State for Transport, who gave me an undertaking in this House just a week or so ago that those five train sets would be returned to the c2c line sometime this year. However, I am slightly disappointed, as "sometime this year" is not good enough. I want those train sets back on my line so that my constituents do not have to stand, which is generally what happens, as that is unsafe and inconvenient. Moreover, I want them back before the summer. That is what I shall press for, if I am fortunate enough to be re-elected.

I want to say a few words about the need for more police officers, community support officers and special constables. The police have a very hard job, and they do it extremely well in my constituency. However, they need more resources to keep police stations open so that they can do their job properly, and they need a lot less bureaucracy.

In addition, we need more facilities for kids, to get them off the street by offering them alternative things to do. We need to tackle asylum abuse too, but there is clearly not time to deal with that today.

Finally, I want to say that I represent a very beautiful area of south Essex. My constituency nestles on the Thames, and Canvey island is actually part of the Thames estuary. The area has a remarkable heritage, but most importantly, its people are really good and self-reliant. They love their country and their community, which they want to be protected and improved.

An election is due. More than most, I know that this may be my last speech in this House. I accept that: I am a democrat and have been humiliated by the electorate before. I also know that I have four excellent candidates up against me in Castle Point, and I wish each of them well. They are good people.

I want to end by saying that I have worked hard for my constituents, country and community. I have worked especially hard to protect Britain, in Europe and in an uncertain world. I have very much enjoyed being an MP. There is no greater privilege or honour than to be elected to represent the community in which one lives. I therefore thank all my constituents—even those who seem to write to me every day.

5.4 pm

Dr. Rudi Vis (Finchley and Golders Green) (Lab): I have spoken about Cyprus in previous Adjournment debates, but I shall not do so today, given the very sensitive negotiations that are being held in respect of Turkey's possible accession to the EU on 3 October. I shall turn instead to the proscription in the United Kingdom, the European Union and the United States of the People's Mujaheddin Organisation of Iran—the PMOI—in the review of the Terrorism Act 2000.

Obviously, no one wants to undermine effective and lawful measures against terrorist organisations, but the PMOI is a legitimate resistance movement with the aim of establishing democracy and respect for human rights in Iran. Yesterday was new year's day for Iranians the world over, and two days ago I attended an international symposium of parliamentarians and jurists in the assembly hall of Church House in Deans yard, where I spoke in much the same terms as now.

The PMOI has ceased all military activities since June 2001. More importantly, its activities, which were confined to Iran and never took place outside, were aimed at the repressive regime of the mullahs. The proscription of the PMOI and another 20 organisations was discussed in the House for one and a half hours, and no evidence against the PMOI was forthcoming in that debate. The proscription seems to be a legal construct, but in reality it is a political construct, so it can be done and undone.

Mrs. Rajavi, who is seen by the PMOI as the president elect, and directs a large administration in France in preparation for and in the hope of a takeover in Iran, recently spoke in the European Parliament. She rightly rejects the appeasement approach that France, Germany and the UK want to follow. She also rightly rejects the war option. She presented a third option—change brought about by the Iranian people and the Iranian resistance.

It is difficult to understand the appeasement road. Why would anyone be in favour of a regime that has no human rights, has a nuclear weapons programme, exports terrorism and fundamentalism and has killed 120,000 of its own people? It is also difficult to

[Dr. Rudi Vis]

understand the war option, particularly after Iraq. I would add that there are few similarities between the societies of Iran and Iraq.

Mrs. Rajavi's third way is surely the preferred option. It requires the proscription of the PMOI to be lifted as soon as possible. Doing so would be part of bringing much of what is now so dangerous and difficult in the middle east to an end. I ask my hon. Friend the Deputy Leader of the House to put my request to my right hon. Friend the Foreign Secretary, for an answer based on real evidence.

I wish all hon. Members a tranquil Easter.

5.8 pm

Mr. David Amess (Southend, West) (Con): I wish all those who are leaving the House voluntarily a long and happy retirement. The House will miss their contributions for various reasons, and I am sure that their constituents are grateful for what they have been able to do for them.

I want to raise a number of issues before the House adjourns for the Easter recess. They all involve injustice. In this country there is increasingly a feeling of unjust treatment. The unborn child is treated unjustly under existing legislation, and that would increase if the Science and Technology Committee report were implemented and parents were allowed to choose the sex of their children.

Only this week I was lobbied by the Fire Brigades Union, which believes that its members' pensions have been dealt with unjustly. It advised me that the Government plan to close 46 local emergency fire control rooms and replace them with only nine regional control centres. That is unsafe and unjust.

Only a few days ago, all Members were lobbied by an Alzheimer's group. In Central Lobby, I met a constituent called Mrs. Glassbrook. Baroness Chalker is a relative of hers, and together we have been trying to deal with the case of Mrs. Glassbrook's husband for five years. I asked how her husband was and she said that sadly, he died last month. I have just part of the file that I have on her husband before me now, but the help that he needed came too late. I vow to that lady to get justice for all those who suffer with Alzheimer's.

I also seek justice for Southend council tax payers. Just a few weeks ago, I raised the issue in an Adjournment debate. The present leader of Southend council is standing down in May because of the stress that he has suffered trying to make ends meet. He wrote a brief letter to me saying that in response to the debate, the Minister talked

"about percentages rather than money. He failed to say that most of the 4 per cent. increase had to go to Education and that what was left over did not even cover the pensions deficit that they insist we pay. Once these issues are addressed there is a minus score to cover inflation and job evaluation which is also a government ruling."

As the leader of the council puts it, 4 per cent. of nothing is nothing.

It is crazy that the Office for National Statistics should claim that the population of Southend has fallen by some 20,000. When one adds up the number of electors in both constituencies and includes the number of those aged under 18, one gets more than the 160,000 figure reached by the ONS. I said to the Minister that perhaps we could set aside some time to count all the human beings living in Southend on a particular day, and he is going to come back to me on that point. I have made an appointment with the ONS to go through the figures in great detail.

There is further injustice in the way in which law and order is being dealt with at the moment. Most hon. Members saw the BBC programme "Drunk and Dangerous", which contained appalling scenes. I hope to meet the programme producers shortly, but the programme ended with details of the action taken against some of the individuals shown. One got a £35 penalty ticket and another got an £85 penalty ticket. One gentleman was so severely injured that he lay in Southend hospital for five weeks, but no action was taken against his assailant.

Hardly a week goes by that I do not get a letter from a constituent about unjust sentencing. Recently, we all read about Jamie Mason, a 12-year-old boy who was killed in January by someone who should not have been in Britain in the first place. That gentleman was sentenced to eight weeks in jail.

In December, a young man was found dead outside the nightclub featured in "Drunk and Dangerous". All the police resources were concentrated outside the nightclub, while no doubt the rest of the town was open to all and sundry. Who decides how forces are deployed? Why are nightclubs never challenged? How is it that the general public have to pay for the disorder outside such places?

I was drawn to a recent article headed, "Where are the Police when you need them? Fewer crimes than ever are being solved. What's gone wrong and how can we rebuild a force to be proud of?" The most reliable figures for Essex show that crime detection is down 19 per cent. and the number of people brought to justice is down 8 per cent. The article ends with four suggestions: follow the example of West Midlands police and free-officers from paperwork; spend more time on foot patrol, solving the crimes that concern the public most; be accessible, even in rural areas—the number of police stations has dropped from 2,700 to 1,900 since 1990; and improve police officers' customer relations skills. I hope that the newly appointed chief constable of Essex has time to read that article. If he does not have a copy, I will send him one.

I hope that a few Members listened to the "Today" programme this morning to hear of the plight of my constituent, Maajid Nawaz, and the two other detainees. It is an absolute disgrace. They are serving a five-year sentence, which in Egypt really means five years, and have already done three years. Maajid's mother came to see me in great distress, because the men were deprived recently of many of the human rights that we expect. The families would very much welcome a further meeting with the Foreign Secretary to talk about the men's welfare. There must be an arrangement whereby the Government can ensure that the men serve the rest of their sentence in the United Kingdom.

A local fisherman came to see me recently, because he was concerned about fishing quotas for smaller vessels, and I shall raise the matter in Brussels next week. He was

concerned about the allocation for the non-sector group, which comprises about 240 boats of under 10 m and about 24 boats of over 10 m. It was announced that the quota for the under-10s would be 1 tonne of sole a month for nine months. The fishermen could not survive on that amount, so after some lobbying they were awarded 2 tonnes a month for nine months—but that is more per boat than the yearly quota for the whole of the over-10 m fleet, so those who work those boats are undoubtedly being treated unjustly.

On 4 April, at Southend United football ground, I am proud to say that we shall be launching a strategy to tackle obesity. Sporting celebrities and people from the health and education services will attend the conference. My final remarks are also about Southend United. Last year the team reached the final of the LDV Vans trophy in Cardiff. Everyone said, "David, you've got to go along. You'll never see Southend in a football final again in your lifetime." What happened? The team reached the final again this year. I wish the manager, Steve Tilson, and the director, Ron Martin, the very best of luck for Sunday 10 April, when they will again be travelling to the Millennium stadium for the final against Wrexham. I hope that on that occasion justice will be seen to be done, the best team will win, and that the best team will be Southend United.

5.18 pm

Jane Griffiths (Reading, East) (Lab): I am grateful for the opportunity to make a contribution to the debate. It will not surprise Members that I shall mention Crossrail, for which I have been campaigning for many years.

I was disappointed at the lack of local co-operation on that campaign, but I am glad to say that that has now been reversed. I am delighted that the hybrid Bill on Crossrail has been published and even more pleased that it will be subject to a carry-over process so that whenever the election comes—possibly in May, who knows?—the measure will not be lost. As Members who have been in this place for longer than me will know, the Bill was lost once before.

The announcement about Crossrail was both good news and bad news for my constituency. The bad news was that the western terminus is still proposed to be Maidenhead—Maidenhead!—not Reading; but the good news was the announcement that there would be consultation on safeguarding the route to Reading from Maidenhead, which we hope will prohibit development that might prevent the extension of the route to Reading. The cross-party group of Reading political candidates learned of that when they accompanied me to a meeting with Crossrail in December 2004. I always like to work cross-party when I can, and it is surprisingly often possible to do so.

I am pleased that the hon. Member for Gosport (Mr. Viggers) referred to the cross-party work that he has been doing. I am pleased that, since 1997, I have worked with him on the all-party Japan group, and I hope that that work has been productive for both. My hon. Friend the Member for Braintree (Mr. Hurst) also referred to cross-party working, and I feel that our constituents respect cross-party working where it is possible. It goes a long way to combat the widely held cynicism felt among people who perhaps only see Prime Minister's questions and nothing else of what happens in the House.

Mr. Viggers: I should like to take this opportunity to say that the hon. Lady's speech in the House on the subject of the Emperor of Japan's visit was exceptionally valuable and well worth while, and I congratulate her again on it.

Jane Griffiths: I thank the hon. Gentleman for that intervention, which has rather moved me.

I want to raise quickly in the short time that I have left a couple of issues that have emerged recently in my constituency. It is painful to say it, but after the 2004 local and European elections, there was some concern about the possibility that large numbers of postal votes were not all done correctly. That is certainly a concern that I raised in respect of Redlands ward of my constituency, but we in Reading are not alone in having that experience. A police investigation has been carried out. An internal audit by Reading borough council has also considered the matter, and both investigations have uncovered serious irregularities.

The findings of the internal audit investigation were given to Thames Valley police, who carried out their own investigation, the outcome of which was a determination that voting fraud had been widespread in Redlands ward, where people had voted either using the identities of people who had moved away, or had invented the identities of people who simply did not exist. It has not been possible for the police to find evidence against any individual, but the fact remains that we are left in a situation that will not inspire confidence in any future election.

I understand that a petition to rerun an election must be presented within 21 days, so there is no way for the courts to become involved in the matter. The local Liberal Democrat and Conservative parties have called for the election in Redlands ward to be run again, and today's *Evening Post*—the local paper in Reading—has as its headline, "Resign in the Name of Democracy". In the spirit of cross-party working in most unfortunate circumstances, I must agree with all three and say that the three councillors elected last June in Redlands ward should resign and let us run the election again.

It is disappointing that the chairman of Reading Labour party, Stuart Singleton-White, has said that he does not think that there is a case for re-running the election because of the majority involved and the fact that the number of votes was so great. He does not feel that the outcome would be influenced thereby. I am sorry, but if one ballot paper is fraudulent, the election should be run again. I hope that the three councillors will listen to reason in their interests, in all our interests and in the interests of democracy, because as the saying goes, "You can't be a little bit pregnant"—there is either fraud or there is not.

It has been determined that there was fraud, so the people of Redlands ward in the heart of my constituency have the right to believe that, when they cast their votes, the councillors that they elect—or, indeed, the Member of Parliament whom they will elect in due course—have been elected freely and fairly. I have been part of election teams in six different elections, mostly in the former

[Jane Griffiths]

Soviet Union, and I take that responsibility very seriously. We are always very frank in the reports that we make following our observations. How can I return to my constituency and say, "Oh well, of course, we wagged our fingers in Ukraine, Azerbaijan and Armenia, but it is okay in Reading."? It is not okay. I am sorry that both Reading borough council and Reading Labour party are not yet with us on that, but I think that they will be; I think that they will see sense.

I wish to raise another slightly painful issue. A recent libel case has involved two hon. Members—not me—on opposite sides of the House: my hon. Friend the Member for Reading, West (Mr. Salter) and the hon. Member for Woodspring (Dr. Fox), who is not in his place. As that action was at least in part based on a letter that I wrote to a constituent who had questions for me, I feel that I must, painful though it is, mention the matter today.

I will not regale the House with the details of everything in the letter and everything that has been said because most of them, in any case, are in the public domain. However, I must say that I spoke the truth and wrote the truth in the letter. I hold no brief for the hon. Member for Woodspring, but what he has said publicly has been the truth. I hope that the matter can be set straight.

I will not stand by and see untruths perpetrated. I will fight against corruption and bullying wherever I see them. I am quite sure that my successor in Reading, East—I wish him well, whoever he might be—will have that same battle to fight. I hope that he succeeds. I hope that he will not tolerate bullying. I hope that more people will not have to be the victims of it in the way in which too many have been. I hope that no one in the future will tolerate that corruption—I am sorry to have to use that word, but it is the word that must be used—and that it will not be allowed to continue.

I thank you, Mr. Deputy Speaker. May I wish friends, colleagues and all hon. Members here a happy and tranquil Easter, and a peaceful and better future for all of us?

5.26 pm

Dr. Julian Lewis (New Forest, East) (Con): This has certainly been a valedictory debate, in more ways than one. We are closing this particular part of the parliamentary year for the Easter recess, and as we have heard time and again, many hon. Members have been taking the opportunity to make what will almost certainly be their final contributions in the House if, as we expect, a general election is called shortly after our return.

Once again, the Deputy Leader of the House and I face the unenviable task of trying to summarise many speeches in a relatively short time. I believe that 19 speeches have been made during the debate: 10 by Labour Members, seven by Conservative Members and two by Liberal Democrats. I cannot but observe that the two Liberal Democrats who contributed to the debate are both retiring. I suppose that we must all draw our own conclusions about where their colleagues are at the moment, but they are certainly not in the House of Commons earning their money.

In preparation for these debates, I always seek inspiration from the news of the day, or at least any other electronic communications that come my way. Hon. Members can imagine my chagrin when, as I checked my e-mails before coming into the Chamber for the start of the debate, I found that a single e-mail had arrived. I do not often get spam, so I fear that someone is trying to tell me something. The e-mail was from an organisation called Skills Train and had as its subject, "Train for a new career today". I am not sure what the organisation has in mind, although it says that any one of a wide variety of career paths could be mine. However, if the good electors of New Forest, East do what I want them to do, I hope that I will not have to take up that offer for at least a few years to come.

The custom at such times has been to pay tribute to colleagues who are retiring, and I know that the Deputy Leader of the House intends to do that to at least some such Labour Members. I know that more than a dozen of my colleagues will be stepping down at the election, so I would like to say a brief word about a few who have especially touched my life during the course of a political career that went on for a considerable time before I was fortunate enough to be elected.

Top of the list must be my hon. Friend the Member for Broxbourne (Dame Marion Roe), who brought more than a dash of glamour to the Conservative Benches during her distinguished career. I include her on the list because she has never been known to be stumped by a constituency case. I have always borne in mind the example she gave me of a sad lady who visited her. The lady was quivering and extremely nervous and agitated as she explained that she was constantly being zapped by rays coming from the men of Mars via the medium of her television screen. For a brief moment, my hon. Friend was stumped, but inspiration struck, and she said to that poor lady, "This is quite simple to deal with. Every time you watch television, put on a pair of rubber boots, which will prevent the rays from being earthed and the problem will go away." The lady never returned to see my hon. Friend, but whether that was because the prescription worked, or because her bluff had been called, or because it was an episode of "Candid Camera" that was never shown, I do not know. However, if I remember my hon. Friend for nothing else—and I shall remember her for a great deal more—I shall certainly always keep her wise ability to deal with a constituency case diplomatically and effectively in the forefront of my mind.

My hon. Friend the Member for Rochford and Southend, East (Sir Teddy Taylor) made a significant contribution to today's debate. For three decades or more, he has fought the battle for British sovereignty both inside and outside the House. His campaign against the European Union's assumption of powers that ought to remain in the grasp of our country, Parliament and electorate is unparalleled. It is a source of shame to me as a Conservative that for a brief period the Whip was withdrawn from him for continuing to say on that vital issue what he had said all his political career. I can assure him, although I am sure that he does not need reassurance, that such a thing would never happen in today's Conservative party.

Right to the end of his political career, my hon. Friend the Member for Chipping Barnet (Sir Sydney Chapman) has assiduously participated in Question

Time after Question Time, and has shown throughout that courtesy and gentility are alive and well in the House of Commons. My hon. Friend the Member for Windsor (Mr. Trend) is also retiring. The House should be aware that he did an enormous amount of cross-party work with the Westminster Foundation for Democracy to bring the benefits of training in democratic techniques to the new democracies that were formerly part of the Soviet and eastern European bloc. They have benefited from his guidance and advice. When I was a recalcitrant official at Conservative central office, I benefited from the wise and kind advice that he gave me as deputy party chairman.

My hon. Friend the Member for Bournemouth, East (Mr. Atkinson) will probably not remember this, but when he was chairman of the Young Conservatives he took the time in the midst of a busy party conference in Blackpool to give encouragement to a young state school boy—myself—who was attending his first ever national Conservative conference, and to give advice about how to conduct oneself at such events. I am sure that many of us have had similar experiences—we know how much it means at the outset of our political careers to receive advice from people whose own political careers are well advanced, and we appreciate their taking the time and trouble to do so. Finally, my hon. Friend the Member for Ruislip-Northwood (Mr. Wilkinson), who had a distinguished front-line career in the Royal Air Force, has been committed to the defence of the United Kingdom for decades. I have found his career and principled adherence to the promotion of this country's defence inspirational over the years.

Before I come to the contributions to our debate, I should like to make one more point. We have all, not least myself, spent a great deal of time talking about Members who are leaving the Commons, but we should bear in mind the situation of the young hopefuls in every party who, even as we speak, are gearing up to try to enter the House of Commons for the first time. Who can forget the ordeal of the selection process? Who can forget the task of forging a campaign team from a variety of volunteer activists? *[Interruption.]* Hon. Members say that they wish that they could forget, but I am sure that it is burned indelibly on their souls, just as it is on mine. Who can forget what it feels like stepping into the unknown for the first time on polling day? Like other hon. Members, I have personal friends standing in seats from Bournemouth and Brighton to Harlow and Worcester, from Eastleigh and Romsey to the Forest of Dean, from Weston-super-Mare to Mid-Dorset and North Poole and many, many more. I wish them well in the ordeal that they face, as I am sure hon. Members in other parties wish their friends, whom no doubt they are encouraging, as I would wish to encourage mine.

Once again, this end-of-term debate shows the value of the single Member constituency. Who can doubt for a second that the speeches that we have heard today showing the depth of knowledge, commitment and understanding about local issues are a direct result of the way in which the individual Member of Parliament is allocated an individual geographical area and a particular collection of citizens of the United Kingdom to represent?

I begin by mentioning the first speaker, the hon. Member for Alyn and Deeside (Mark Tami), whose contribution showed his intense commitment to the manufacturing and aerospace industries as they are represented in his constituency. I would expect nothing less from a former head of policy for a major trade union and a former member of the TUC general council, as I know he is. He clearly has a tremendous commitment to Airbus and to his constituency work force, but I would like to pay tribute to him for something else. He was the first speaker in the debate, and he remained in the Chamber throughout the entire debate till the very end, listening to every other contribution. I take my hat off, metaphorically speaking, to him for doing that.

Then my hon. Friend the Member for Rochford and Southend, East spoke in detail about devolution and said that now that it has been tried for a considerable time, people should be given a chance to have a say once again, but this time with the experience and ability to judge whether they consider it has worked or not. I cannot think of any reason to oppose such a suggestion. He spoke also about asylum seekers who abuse the system by deliberately destroying their papers after entry. He referred, as I would have expected, to the EU and to the Iraq war, and he said that many young people are switching off politics. That theme recurred in many other contributions.

No one could fail to be moved by the contribution of the hon. Member for North-East Derbyshire (Mr. Barnes), who spoke in great detail about a case on which he had been working for 18 years. The fact that he chose to use his last contribution in the House to bring what comfort he could to the family whom he represented so assiduously shows a great nobility of spirit. I am sure that that family will treasure the words that he had to say about their case.

The hon. Member for North Cornwall (Mr. Tyler) is an extremely assiduous parliamentarian. He once again returned to the Steven Roberts case—the terrible case of the soldier who told his wife before his death occurred that he had been forced to give up body armour, and then indeed lost his life in Iraq as a result. I add my own tribute to the extremely brave campaign that his widow, Samantha Roberts, has been waging to get justice for his memory.

I am not entirely sure that I agree with the hon. Gentleman on his dislike of jousting in the Commons Chamber. It is a fact that if we were to remove from the parliamentary process the adversarial system, and substitute for it a system where politicians of all parties were effectively in each other's pockets, democracy as a whole would be the loser. The way in which corruption is dealt with in a democratic system is for people who err to know that if they err, their political opponents will be on to it like a shot. Woe betide us if we ever get to a situation where all politicians are chums not just personally, as many of us are across the divide of the House, but politically. I have had dealings with people who live in societies that are run by constant coalitions. They tell me that they can never really have confidence in going to a member of the opposition in order to criticise the Government because they can never be sure that, the next day, that member of the opposition will not be in alliance with that Government. Therefore they will always pull their punches. In a democracy, we do not want politicians to pull their punches.

[Dr. Julian Lewis]

The hon. Member for West Ham (Mr. Banks) also shared the view of not liking combative politics.

Mr. Banks *indicated dissent.*

Dr. Lewis: I am glad to see that the hon. Gentleman is dissenting. I am put in mind of one memorable Adjournment debate, when he was a Minister responding to a colleague of mine. The debate was about bell ringing. He opened his remarks by saying that that colleague, whose name I will not mention, was the man who had

"put the camp back into campanology."—[*Official Report*, 20 May 1998; Vol. 312, c. 1080.]

[Laughter.] It is great when I get a laugh for someone else's joke. If that is not a little bit of jousting, I do not know what is.

My hon. Friend the Member for Gosport (Mr. Viggers) has made the case for saving Haslar hospital a cause célèbre at Westminster. It is synonymous with his name. No one could have fought harder for a constituency cause than he has on that issue, and I wish him every success.

The hon. Member for Braintree (Mr. Hurst) is clearly determined to do the best for his constituency in terms of communications by road and the blight on the lives and homes of his electors that ill advised road planning measures can inflict. He impressed the House with his mastery of detail on the issue. I hope that his campaign likewise meets with success.

My hon. Friend the Member for Bournemouth, East, who is retiring, gave strong evidence of his commitment to human rights in the Soviet Union and eastern Europe. It was a fascinating insight for me, because the work for bodies such as the NATO Parliamentary Assembly and other transnational assemblies on which he has been our representative are not always sufficiently represented in the House. I was glad that he had not had the wool pulled over his eyes as to the state of affairs in Russia today, although naturally, like him, I welcome all steps in a democratic direction in that much benighted country.

The hon. Member for Milton Keynes, South-West (Dr. Starkey) managed to do something that is extremely clever for any politician, and that is to combine their political causes with the cause of benefiting, backing up and supporting anything to do with football. I have found from my experience that I can struggle with what I regard as the most important political cause going, but it will never be reported half as much as when I say a single word about safe standing in football stadiums. Then I can be assured of blanket coverage.

My hon. Friend the Member for Tiverton and Honiton (Mrs. Browning) spoke with great feeling and affection for the countryside and made it clear that people in the countryside hate to be considered second-class citizens. The hon. Member for South Swindon (Ms Drown) spoke about her work on hospital provision and antisocial behaviour. I was a little surprised, however, that she did not refer to her work on international development and some of the causes that she has supported in other parts of the world for the underprivileged and downtrodden. Over the years she has been here, I have noted her great interest in and effective spokesmanship on behalf of those causes. I for one, if I am fortunate enough to be back here after the election, will miss what she has to say on those subjects in particular.

My hon. Friend the Member for North-East Bedfordshire (Alistair Burt) spoke about the problems of the rail link from St. Pancras and the heavy-handed Government pressure on his local authority. The hon. Member for Weaver Vale (Mr. Hall) expressed grave concern about public health in his constituency, telecommunication masts and ghastly wind farms, a subject on which I share his doubts.

The hon. Member for Sheffield, Hallam (Mr. Allan) paid tribute to his predecessor, Irvine Patnick. I am sure that his successor, Dr. Spencer Pitfield, the Conservative candidate, will earn equal plaudits. The hon. Member for Hornchurch (John Cryer) made a typically principled speech on Europe and on postal ballot corruption. He often says things with which I entirely agree—that will probably not do his electoral prospects any good—and today was no exception.

My hon. Friend the Member for Castle Point (Bob Spink) is a cheery soul, but cheeriness can be carried too far when wishing one's opponents the best of luck in an election campaign.

I should like to have said a little more about the contributions of the hon. Members for Finchley and Golders Green (Dr. Vis) and for Reading, East (Jane Griffiths), and of my hon. Friend the Member for Southend, West (Mr. Amess), but my time is up.

As this is such a friendly and jolly debate, I shall conclude with a word of kindness even for the Chancellor of the Duchy of Lancaster, who is quoted in today's papers as being worried about the contribution that Lynton Crosby, an Australian, is making to the Conservative election campaign. I assure him that we deliberately have an Australian making such an important contribution, because at the general election the Conservatives intend to turn the results of the last general election completely upside down.

5.46 pm

The Deputy Leader of the House of Commons (Mr. Phil Woolas): The hon. Member for New Forest, East (Dr. Lewis) should keep digging, Mr. Deputy Speaker.

It is a pleasure to wind up the Easter recess Adjournment debate and to thank the hon. Member for New Forest, East for his kind remarks about Members who are retiring from this House; I echo those sentiments. On a second note of consensus, I strongly agree with his point that this debate, above all others, shows the value of our single-Member constituency system.

I shall try to respond to the points made by hon. Members and commit myself to taking up issues to which I am not able to reply directly. My hon. Friend the Member for Alyn and Deeside (Mark Tami) raised the issue of manufacturing in his constituency and the benefits that the Airbus A380 has brought to his constituents. I echo his comments; I am aware that he is a champion of manufacturing industry and of that project in particular.

As usual, the hon. Member for Rochford and Southend, East (Sir Teddy Taylor) made a strong and feisty speech. It is a great sadness that he will not be able to join us for future Adjournment debates, but I wish him every good fortune for the future. He made three points: something should be done; something should be done; and "We're doomed!" He said that devolution to Scotland and Wales was regrettable. I should point out, to make a partisan point, that the hon. Member for Leominster (Mr. Wiggin), the shadow Welsh Secretary, is in favour of abolishing the Welsh Assembly, yet Mr. Nick Bourne, the Conservative leader on the Welsh Assembly wants—surprise, surprise—to increase its powers. The hon. Member for Rochford and Southend, East needs to square that circle. Nevertheless, we will miss him and his speeches, particularly his campaigning against the European Union.

Similarly, we will miss my hon. Friend the Member for North-East Derbyshire (Mr. Barnes). I echo the serious remarks that he made. To use what is perhaps his last speech in the House of Commons to give comfort to a family is very honourable, and I will ensure that my right hon. Friend the Leader of the House writes to him about the case of Christopher Butcher.

The hon. Member for North Cornwall (Mr. Tyler) also raised a constituency issue. I undertake to write to the Secretary of State for Defence to ask for the completion of the process that he asked for. The hon. Gentleman is a member of the Parliament First group, and he is a parliamentarian who does put Parliament first. He understands the difficulties that Governments of all political colours have in reconciling differences between Parliament and the Executive, and has been a great advocate of the modernisation of Parliament, but in a cautious way. I hope that some of his campaigns will come to fruition in the years to come; I am sure that they will.

My hon. Friend the Member for West Ham (Mr. Banks) made a typically forthright, robust and humorous speech. He had gone to the trouble of calculating how many times he had intervened in the House and noted that he had tabled 7,514 written questions and 720 oral questions. He forgot to point out that he was a Minister for part of that period, and a very successful Sports Minister at that. Most of us had forebodings that a Chelsea fan would not know anything about sport, but he has a lot to look forward to in his retirement, if indeed that is what it is. I suspect that it will not be a retirement, but he will have more opportunities to watch his beloved football team. We all wish him the best.

The hon. Member for Gosport (Mr. Viggers) again mentioned the Royal Hospital Haslar. It may help him if I inform the House that my right hon. Friend the Secretary of State for Health is currently considering the letter from Hampshire county council health review committee requesting that the primary care trust decision on service changes in Fareham and Gosport be referred to the independent reconfiguration panel. My right hon. Friend will announce his decision in due course, and I pay tribute to the hon. Gentleman for raising the matter on behalf of his constituents.

As he always does in such debates, my hon. Friend the Member for Braintree (Mr. Hurst) painted a picture of his constituency to make the House familiar with the issues in it. He raised the problems of the consultation—or the lack of meaningful consultation as he and his constituents see it—on the development of the A120 and one roundabout in particular. I am informed that my right hon. Friend the Secretary of State for Transport is awaiting the outcome of the consultation, but I will ensure that my hon. Friend's point about its inadequacy is passed on.

I pay tribute to the hon. Member for Bournemouth, East (Mr. Atkinson) for his work in the House, particularly on the international stage and in the process of bringing democracy to the eastern European countries. Our abhorrence of the Berlin wall and everything that it stood for is one thing that unites us in this House, and I remember as a young student being aware of his work, many years before I was elected. I pay tribute to him for that. I can give him the assurance that he asks for, and I will bring his comments to the attention of the Foreign Secretary.

As has already been said, my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) is a very clever politician, and she raised the important point of her football team—the MK Dons—and the problems that she has experienced with Supporters Direct. She has asked written questions about Supporters Direct, and the Minister for Sport and Tourism will respond to the points that she has raised today.

The hon. Member for Tiverton and Honiton (Mrs. Browning) raised a number of constituency points, as she did in the last recess debate. I say to her in all seriousness that it is regrettable if the impression is given that the Government see the south-west of England as second class. It is not the intention at all. The policy of devolving transport decisions to regions is intended to help them to plan and provide better, and not, as she may have implied, to reduce the funding available. Her point about the A303 is important. It is a cross-party point, and I will bring her views to the attention of the Secretary of State for Transport.

My hon. Friend the Member for South Swindon (Ms Drown) made a strong speech, and I know that she is held in high regard by Members throughout the House for her work for the people of Swindon, and South Swindon in particular. She will find that her legacy will be as a moderniser not just in this place. It is no surprise that she was an accountant in the national health service—she was, of course, one of the so-called bureaucrats that the Conservatives would abolish if they had their way. However, I suspect that she has probably saved the NHS more money in her professional work by pointing out how efficiencies could be made, thereby releasing money for patient care, than the rest of us put together. She brought her eye for figures to the debate and pointed out that collectively we have wasted at least 70 years in the Division Lobbies. I am sure that hon. Members will continue her campaign for modernisation.

[Mr. Phil Woolas]

My hon. Friend the Member for South Swindon also raised concerns about cutbacks in advice services, family centres and other services in Swindon. She will see her legacy when she travels round her constituency and sees the new hospitals, schools and developments that were made possible because of her election and the changes that were brought about. I wish her all the best for the future.

The hon. Member for North-East Bedfordshire (Alistair Burt) raised some important constituency points about St. Pancras and Thameslink. He made some political points about the choices that the Government could make. It is not the intention of the Government's policy, of course, to hinder in any way the good people of Swineshead or the multiple sclerosis centre, which was a matter raised in business questions. He asked us to make a choice: he has a point on the first two, and I will raise those points with the Ministers concerned.

My hon. Friend the Member for Weaver Vale (Mr. Hall) used the Adjournment debate to raise important constituency matters, such as the Thundersprint event on 8 May, at which I hope to join him. He raised important points about the Telecommunications Act 1984, wind farms, teaching assistants, pay cuts from the county council, and his campaign for the new crossing of the Mersey. I can inform him that the relevant Department is now considering the revised appraisal and bid, and an announcement will be made in due course.

The hon. Member for Sheffield, Hallam (Mr. Allan) made important points about the scrutiny of European issues, many of which are contained in a Select Committee report published this week, and raised again his concerns abut the future of the republic of Colombia. I can inform him that the Under-Secretary responsible has written to all Members this week about Government action over Colombia, partly in response to his and others' campaign. He is also a valuable member of the Speaker's advisory panel, and his work on that on behalf of all of us should be noted. I thank him for that, and wish him all the best for the future.

My hon. Friend the Member for Hornchurch (John Cryer) made a typically articulate common-sense case on behalf of his constituents. A number of hon. Gentlemen have raised the issue of the c2c line. I know that there have been improvements, but there is still some way to go, as the old adverts used to say. He raised his important concerns about postal voting, of which I know that the Deputy Prime Minister is aware.

The hon. Member for Castle Point (Bob Spink)—the "shadow Minister for Adjournment debates"—managed to score highly by mentioning a number of constituency issues. I hope that he makes it to the Benfleet club this evening. I will take up his specific point on the hospice—his request for an increase of the 1.8 per cent. for the Littlehaven hospice to the average of 5 per cent. from his primary care trust. I could, of course, point out the increases in funding that the Government have provided for hospices, and I have just done so. *[Laughter.]*

My hon. Friend the Member for Finchley and Golders Green (Dr. Vis) moved off the issue of Cyprus, on which he has spoken with great authority and passion for many years, and took us towards the policy on Iran. I think that he is aware of the policy towards the People's Mujaheddin, but I will make sure that my right hon. Friend the Foreign Secretary is aware of his comments, and I thank him for the intelligence and insights that he has brought to the debate.

The hon. Member for Southend, West (Mr. Amess) made a number of constituency points, some very powerfully, particularly in relation to his fears about drink-driving incidents. We all share his outrage in that regard. I wish that my team, Oldham Athletic, were joining his in the final, but unfortunately we were beaten by Wrexham in the semi-final. I suppose, therefore, that I will support Southend. I wish him good luck.

My hon. Friend the Member for Reading, East (Jane Griffiths) made a speech about Crossrail. I congratulate her on her campaigning on that issue, and take her point about where the end of the line should come. I know that the Secretary of State is aware of those points, and perhaps I shall pass over the other points that she made about local issues, as that is not territory into which I should tread. I wish her all the best for the future, however.

May I take this opportunity, Mr. Deputy Speaker, of wishing you in particular, and all right hon. and hon. Members, a very happy Easter? I look forward to a vigorous new beginning of the Session, after the recess, on 4 April.

Lord Commissioner of Her Majesty's Treasury (Mr. Nick Ainger): I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

Mr. Giles Carlyle-Clarke

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

5.59 pm

Mr. Robert Walter (North Dorset) (Con): I shall speak about just one gentleman, my constituent Mr. Giles Carlyle-Clarke, and about his impending extradition to the United States.

I know that the Minister had reservations about this debate, because she feels that she may have been operating in a quasi-judicial role, but I believe that she is responsible to Parliament for the decisions that have been made, and that it is therefore appropriate for those decisions to be questioned here. I will, however, seek reassurance from her on one aspect of the process, which I hope she will be able to give me. She was the Minister who made the final decision to accede to the wishes of the United States authorities, and authorise the extradition to the United States of my constituent. As his case is now being reviewed by her Department, it is her decision that is under review. I hope that she can reassure me that any decisions that are made are made not by her alone but by the Home Secretary himself. Otherwise she would be reviewing her own decision, and there can be no justice in that.

The subject of this debate, however, is the fate of my constituent, Mr. Giles Carlyle-Clarke, who is wanted by the Government of the United States in relation to four charges involving the smuggling of cannabis into the United States—and the possession of cannabis there—between 1983 and 1988. The charges therefore relate to events that took place some 20 years ago. I do not intend to deal with the guilt or innocence of my constituent, because this is not a court of law, but I will make the House aware that he protests his innocence, and I have no reason to doubt him. He has led an open and blameless life, and his family have lived at the same address for several hundred years. He has given that address as his principal residence for at least the last 26 years. He is a single parent with two children aged nine and 12.

My case to the Minister is a simple one. To extradite an individual for alleged crimes that the authorities claim took place between 17 and 22 years ago is unjust and oppressive when that individual has been living openly and not as a fugitive. This is an unprecedented decision, as it seems to ignore article 6 of the European convention on human rights, which states that

"everyone is entitled to a fair and public hearing within a reasonable time".

The Americans have not given credible evidence that my constituent should be extradited. Their evidence is based on statements made by hardened criminals as part of plea-bargaining deals.

Mr. Joel Cohen, an ex-district attorney in the United States, says:

"In my opinion, the methods employed by the Government of the United States through Agent Baker and others in obtaining these three affidavits were not only quite wrong, but rose to the level of egregious misconduct."

Joel Cohen has said that the effect of the American authorities' actions

"has been to effectively destroy the fairness of any trial that Mr. Carlyle-Clarke may face."

Moreover, if convicted my constituent would face a mandatory life sentence in Alabama with no possibility of parole.

Mr. Carlyle-Clarke has lived and travelled openly—that includes visiting the United States since the alleged crime—and he has a clean record. The American authorities claim that they did not know where he was until the end of the 1990s. New evidence, which is before the Minister, proves that the American authorities have in fact known of his identity since 1988 and of his whereabouts since 1989. He has in fact served a sworn affidavit on the American authorities in May 1989, in which he gave his address—the address in Dorset, in my constituency—where he has continued to live. I have seen a copy of that document. It is inhumane to take away a sole parent from an eight-year-old child, and a child psychologist has given evidence outlining the horrendous and irreparable psychiatric damage that this extradition could have on his young child, Max.

The basis of the case is that, in the past few weeks, Giles Carlyle-Clarke's lawyers have made a new submission to the Home Office, based on dramatic new evidence that has recently emerged in the United States. His lawyers believe that this new evidence means that the Home Office must reverse its decision to permit his extradition to the United States of America, as its decision made in November 2004 was based on information that now turns out to have been untrue.

This new evidence reveals that the US authorities have, in fact, misled the Home Office. They claimed that they had no photographic means of identifying Giles Carlyle-Clarke until 1995. As he has claimed all along, it has now been confirmed that they had a photograph of him as long ago as May 1988. I have seen a copy of that photograph, which was acquired from the United States state attorney. Accordingly, the US authorities' reason for delay in extraditing Giles lacks any credibility. There now seems to be no explanation for the US authorities' delay in applying for the extradition of Giles Carlyle-Clarke until 1998 for alleged crimes that were committed between 17 and 22 years ago, when they knew of his identity in 1988 and his address in 1989.

In their new submission to the Home Office, Giles Carlyle-Clarke's lawyers are also requesting that, under the Freedom of Information Act 2000, the Home Office must release the full correspondence between itself and the US authorities in this case. I have also written to the Minister to make that same request, and I would be delighted if she could give me an answer to it this evening.

The new evidence is that Mr. Jefferson Dean, a US lawyer who has been retained by Mr. Carlyle-Clarke, discovered quite recently that a photograph of Mr. Carlyle-Clarke had been in the US authorities' possession since 1988, not 1995 as they had previously asserted. In addition, as I have said, Giles Carlyle-Clarke signed a sworn affidavit which was served on the US authorities and gave his home address in 1989. This was in connection with charges against another gentleman, who is not particularly relevant here, relating to the smuggling of cannabis. The US authorities have therefore been able to identify Giles Carlyle-Clarke, and known of his whereabouts, since 1988 and 1989 respectively. On the back of the new submission, the Home Office will be considering the papers relating to his case.

[Mr. Robert Walter]

The background relating to the new evidence is that the Home Office has been led to believe by the US authorities that they were only able to identify Giles Carlyle-Clarke from that photograph in 1995 and, therefore, progressed the extradition in the belief that the delay for the extradition request was acceptable.

The US authorities claimed that as they had no photograph of Mr. Carlyle-Clarke before 1995 they had no means of identifying him and circulating him as a wanted criminal before then, and therefore could not find him for three years. If they had been able to do so, they could have put him on a red Interpol list and, given his extensive travels in the intervening years, which are apparent from the photocopy of his passport that I have seen, he would have been apprehended much earlier. But the authorities made no attempt to do that, despite the fact that he maintained that the photograph had been in the possession of the US authorities since 1988 and so they must have known his identity for at least seven years before they said they had.

During a period of over six years since 1998, the legal process in this country required the Home Secretary to consider the representations of both the US authorities and Mr. Carlyle-Clarke on the question of delay. But the Home Secretary at the time persistently rejected Mr. Carlyle-Clarke's version of events. In November 2004, he was informed of the Home Secretary's decision to extradite him to the US. Also in November 2004, Mr. Justice Pitchford held in the High Court that the Home Secretary was fully entitled to find on the evidence before him that the US authorities did not come into possession of the photograph until 1995 or thereafter, and that Mr. Carlyle-Clarke's defence team was wrong to suggest that there was any evidence to the contrary. As Mr. Carlyle-Clarke's lawyers had not expected this interpretation of the evidence, they decided to instruct a US-based attorney, Mr. Jeffrey Dean III, with a specific brief to find out what the truth was. During his investigation, Jeffrey Dean discovered the new evidence.

Giles Carlyle-Clarke maintains that he is innocent. He has been living an open and blameless life based at the same address in Dorset for over 25 years, and not as a fugitive. He has travelled extensively, including to the US. He is the sole parent of Max, aged eight, and father to Jessica, aged 12. He knew nothing of these allegations until he was arrested by the Dorset police in December 1997.

In summary, can the Minister tell me why she is content that the US authorities did not seek the extradition of Giles Carlyle-Clarke until January 1998 on charges that related to events that took place between 1983 and 1988? Why, after a decision by the courts in this country to allow the extradition in November 1999, did it take the Home Office two and a half years until July 2002 to respond?

It is, to use a legal phrase, unjust and oppressive, by reason of the passage of time, for Giles Carlyle-Clarke to be extradited to the US. I understand from leading Queen's Counsel who specialise in this area of the law that if the case related to an extradition between Commonwealth countries it would be held to be unjust on the basis of his inability to deal with events so distant in the past, and oppressive because he has lived a new and blameless life in the intervening period.

I hope that the Minister can reassure me now that Mr. Giles Carlyle-Clarke can get on with his life as a free man without these charges hanging over him.

6.13 pm

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): I congratulate the hon. Member for North Dorset (Mr. Walter) on securing this Adjournment debate. He is obviously doing what he should be doing on behalf of a constituent as a constituency Member of Parliament, and I understand his concerns for his constituent and his constituent's family. As I have already made clear to the hon. Gentleman, I take no issue with his setting out his reasons for believing that Mr. Giles Carlyle-Clarke should not be extradited to the US, but I should like to put the context of the case before the House this evening.

The context is that Mr. Carlyle-Clarke is wanted by the US authorities in the state of Alabama on serious charges concerning the importation and possible distribution of marijuana. The accusations involve the smuggling into the US in 1986 and 1987 of several thousands pounds—in weight—of the drug. He is also alleged to have co-ordinated delivery and distribution of a further quantity of drugs in Alabama in 1988 and to have received payments then worth more than $1 million for those services. In other words, he is wanted for very serious offences. Government Members know that the Conservative party takes the issue of cannabis and marijuana very seriously indeed.

Before proceeding any further, I should like to explain my specific difficulties with today's Adjournment debate, about which I wrote to Mr. Speaker. I copied the letter to the hon. Member for North Dorset and I hope that he will not mind me repeating some of the content for the House, which I believe is important.

The difficulty arises from the present circumstances of the case. The applicable current resolution about sub judice matters was passed on 15 November 2001. It sets out in clear terms that a criminal or civil case should not be referred to in any motion, debate or question. However, extradition cases are slightly different from all other cases heard by our courts, because they involve both the courts and my right hon. Friend the Home Secretary in the decision-making process. An extradition case is not concluded until a final decision is made by my right hon. Friend, so in taking this decision, he is acting in a quasi-judicial role. He must weigh up the case for and against the making of an extradition order, taking into account any representations made to him.

In the case of Mr. Carlyle-Clarke, the matter is currently before the Secretary of State for consideration of fresh representations made on 15 February 2005 by his solicitors. So, while the matter is not strictly sub judice under the terms of the 2001 resolution, the case has not yet concluded. I cannot anticipate my right hon. Friend's decision and there remains the possibility of further legal proceedings in the form of an application for judicial review.

In summary, I inquired of Mr. Speaker whether, in those circumstances, this debate should go ahead. He felt that it should, and I have accepted his decision. However, I can say very little publicly about the case until my right hon. Friend has taken his decision, and

until that decision has been communicated to Mr Carlyle-Clarke. As I have assured the hon. Member for North Dorset, throughout the decision-making process, Home Office officials are maintaining appropriate contact with Mr. Carlyle-Clarke's legal representatives. I shall provide only a brief history of the case, about which the hon. Gentleman has already spoken, and restrict myself to a few general comments.

As I have explained, the alleged offences go back 17 years. An arrest warrant was first granted against Mr. Carlyle-Clarke by the district court in Alabama in 1992. There are some issues about the time taken before the US issued a request to us for his arrest that I cannot, for reasons that I have already explained, enter into here. Under the terms of the Extradition Act 1989, he was provisionally arrested for extradition on 9 January 1998 and remanded on bail. That date of arrest is now quite some time ago, but I can assure the House that the case did move on in the interval.

On 4 January 1999, Mr Carlyle-Clarke was committed at Bow Street to await the decision of my right hon. Friend the Member for Blackburn (Mr. Straw), the then Home Secretary, as to his return—a prima facie case having been found against him, based on documentary evidence and witness statements. He then applied for habeas corpus, but withdrew from that line of legal challenge on 10 November 1999.

Under the Extradition Act 1989, it then fell to the Home Secretary to decide whether to make an order for Mr. Carlyle-Clarke's return. Mr. Carlyle-Clarke was advised through his solicitors that he had the right to make representations to my right hon. Friend against that surrender by 2 December 1999. Under the procedures of the Extradition Act 1989, in making such a decision on surrender, the Secretary of State has to take into account not only statutory restrictions on return, but, in exercising his discretion, any other reason why it would be wrong, unjust or oppressive to order return. That can involve a very wide range of matters indeed. The deadline for representations was subsequently extended by the agreement of my right hon. Friend the Member for Blackburn, and they were received from Mr. Carlyle-Clarke's solicitors on both 13 December 1999 and 1 February 2000. They covered a wide range of matters.

Considerable inquiries were then made of the US authorities, followed by a very careful consideration of the representations, including a review of the case law cited in them. In due course, my predecessor as Minister with responsibility for extradition, my hon. Friend the Member for Coventry, North-East (Mr. Ainsworth), signed an order for surrender on behalf of the former Home Secretary, my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett), on 3 July 2002. The period of two and half years may seem unduly long, but I am satisfied that the time taken was unprecedented neither under the terms of the extradition legislation that applied at the time, nor in the specific context of this matter.

The solicitors then requested to be allowed to make further representations. That was agreed, given all the circumstances of the case. Extensive further representations were received on a number of occasions, and further information from the US was also received before reconsideration of the case could be completed. In due course, on 27 November 2003, I confirmed the earlier decision to surrender made by my predecessor. I do not believe that the fact that I dealt with the matter at that time precludes me from dealing with it in future, when new information would allow me to make a fresh decision.

In due course, the case came before the courts once again. On 26 November 2004, the High Court dismissed Mr. Carlyle-Clarke's application for judicial review. In giving judgment, Mr. Justice Pitchford considered all the arguments relating to delay in this case. Both Ministers and the courts had considered the case presented on behalf of Mr. Carlyle-Clarke in appropriate depth, and at that stage had been satisfied that no injustice or breach of human rights would occur, notwithstanding the contentions advanced as to passage of time. No statute of limitations applies, and the charge is a serious one. The overall time spent since the arrest involves time allowed for Mr. Carlyle-Clarke to make representations, as he is entitled to do, extensions granted by the Secretary of State to enable him to make those representations, and the time which has been needed for their due consideration.

In terms of general questions about the passage of time precluding extradition, it may help if I quote from the judgment of Lord Justice Simon Brown in the case of Woodcock *v.* Government of New Zealand, cited at 2004/1/WLR1979. He said:

> "In my judgment, there can be no cut-off point beyond which extradition must inevitably be regarded as unjust or oppressive. It hardly needs me to point out that trial after 20 years or more is far from ideal. Sometimes, however, it may nevertheless be appropriate to extradite an accused for that purpose."

The case has again come before the Home Secretary, and it would not be appropriate for me to go into further details, but I will just add that I have noted the comments from the hon. Member for North Dorset about the position of Mr. Carlyle-Clarke's family. Extradition, by its nature—even more than other criminal proceedings—necessarily involves separation from loved ones. I recognise that, and such matters are taken into account

There is one other matter that I must mention. The hon. Member for North Dorset and the solicitors representing Mr. Carlyle-Clarke have both asked in recent weeks that specific papers in relation to the case should be disclosed to them. The hon. Gentleman repeated that request again this evening.

The request is being considered under the freedom of information procedures, but questions to do with international relations require further analysis before we respond, which we are trying to do as quickly as possible. There is nothing sinister about that: it is simply a question of respecting legal confidences between states. I can assure the hon. Member for North Dorset that no information has been withheld that is prejudicial to his constituent's case, but I hope he will forgive me if I cannot comment at this time. However, I have written to him, and I also faxed a letter to his office yesterday to confirm that we have set a deadline of 14 April for reply. I hope that his staff have alerted him to that fax, and I assure him that receipt was confirmed.

In passing, I note that the difficulties arising in this case, and the time that has elapsed while it has been processed through the Home Office and the courts, seem to me rather illustrative of why it was necessary to

[Caroline Flint]

review extradition procedures. The Extradition Act 2003 has greatly rationalised the process, and placed most decision-making on extradition before our independent courts, where it rightly should be.

I am well aware that certain current cases even under the new Act are controversial, and I do not intend to stray beyond the scope of this debate by discussing them. However, early indications are that the new procedures will, over the course of time, prove to be much quicker than those under the old Act. That will serve the interests of justice and the fight against international crime. By no means least, it will serve the interests of defendants facing the uncertainties of extradition proceedings, as they will still have appropriate protections available to them.

In conclusion, I hope that what I have had to say will have been of some assistance to the hon. Member for North Dorset. It is our intention that the decision currently awaited in the case will be reached as quickly as is consistent with a proper and just consideration of the latest representations.

Question put and agreed to.

Adjourned accordingly at twenty four minutes past Six o'clock

House of Commons

Monday 4 April 2005

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Incapacity Benefit

1. **Bob Spink** (Castle Point) (Con): How many incapacity benefit claimants there were on average in (a) 1997 and (b) 2004. [224409]

The Secretary of State for Work and Pensions (Alan Johnson): In 1997 2.54 million people of working age were receiving incapacity benefit. At the end of 2004 there were 2.64 million. The substantial growth of that number during the 1980s and 1990s has been brought under control with the inflow reduced by one third. The latest statistics show a small but significant fall of 22,000 in the total number of people on incapacity benefit over the past year.

Bob Spink: But is the number of working-age claimants higher or lower than in 1997?

Alan Johnson: I believe that the number of working-age claimants is marginally higher, but I will check that statistic. The point is that if the trend in the growth of the number of people going on to incapacity benefit had continued, more than 4 million people would now be on that benefit. The fact that we have reduced the inflow by one third and reached that significant figure—the total figure—with a small but significant improvement must be a cause for celebration on both sides of the House.

Kali Mountford (Colne Valley) (Lab): I am grateful to my right hon. Friend for that information on the trend of incapacity benefit claims and the welcome news that it has fallen, but should we not be doing more by ensuring that people who need benefit in the long term are properly supported with incentives and supporting those who may, in the short term, be able to work again and return to the productive life that they should be used to?

Alan Johnson: I agree with my hon. Friend. We must not be complacent. I am not complacent about simply reducing the inflow by one third or about the small but significant fall. That is why pathways to work is so important. When it is rolled out throughout the whole country we can build on that with radical reform of the incapacity benefit system so that future generations never get into the same position of being written off for the whole of their lives as passive recipients of benefits. We can do more and we have set out radical proposals in our five-year strategy to meet those objectives.

Sir Archy Kirkwood (Roxburgh and Berwickshire) (LD): Does the Secretary of State accept that the success or otherwise of pathways to work rests on the effectiveness of personal advisers or disability advisers, particularly in areas with more incapacity benefit recipients, as there are regional disparities in some parts of the country? Is he satisfied that enough support and personal and disability advisers are available to do the job properly, even if the policy is right?

Alan Johnson: No, the number is not adequate and we need another 10,000 people in front-line personal adviser roles. We are learning lessons all the time from pathways to work—it covers only 10 per cent. of the country at the moment but is being extended to one third of the country—about the package of support we need to provide for personal advisers. It would be disastrous to reduce the number of personal advisers and go backwards.

The hon. Gentleman may be attending his last Department for Work and Pensions questions. May I pay tribute to him for his work with the Work and Pensions Committee on this subject?

Angela Eagle (Wallasey) (Lab): May I welcome the imminent arrival of pathways to work on Merseyside? One of the more interesting aspects of our experience of the pathways programme to date is that many people who have been on incapacity benefit are volunteering to join the programme because they want the chance to get back into meaningful work. Does he agree that that is one of the most interesting and significant aspects of what we have learnt from the process?

Alan Johnson: I agree with my hon. Friend. Ten per cent. of those coming on to the pathways to work scheme are not supposed to be covered by it because they have been on incapacity benefit for long time, but are asking to take part. When we look at the success of placing in work those who are on the scheme—the number is double that in non-pathways areas—we see that a large proportion of them are volunteers who have been out of the work force for a long time.

Just last month we introduced that part of pathways that brings in those people who have been on incapacity benefit for three years, having initially started with those in their first 12 months. Although it is early days, we are already, and once again, seeing that people with genuine medical problems want to work. Given help and encouragement and the brilliant work of our personal advisers and the national health service condition management advisers, we can really crack the problem and transform those people's lives.

Mr. Paul Goodman (Wycombe) (Con): We have announced that our opportunity first scheme will get 400,000 people off incapacity benefit and back into work

over the course of a Parliament. Will the reforms that the Secretary of State has announced get more people or less people off incapacity benefit and back into work?

Hon. Members: Fewer people.

Alan Johnson: We are reminded to use the correct grammatical term.

The hon. Gentleman asked that very question at the last Department for Work and Pensions questions. I do not doubt for a minute that Conservative Members really want to take 400,000 people off incapacity benefit and put them into work. However, the problem is that it is difficult to take their proposal seriously, and I am sorry about that. It is not just their record in government that was appalling—from 700,000 to 2.6 million people on incapacity benefit—but also the fact that one struggles to think how one could get 400,000 people off incapacity benefit and into work while simultaneously cutting the number of staff by 50 per cent., closing 600 jobcentres, cancelling the whole new deal and privatising Jobcentre Plus. I would like to have a modicum of faith in what the hon. Gentleman says, but I do not believe it and I am pretty sure that the British public will not believe it.

Mr. Bob Blizzard (Waveney) (Lab): I can tell the House that I have not had to claim incapacity benefit in the past two and a half months while I have been away from this place.

In my constituency, as in many others, there are people on incapacity benefit who definitely want to get back into work. There are also constituents of mine who tell me about people who are on incapacity benefit and who, judged by the activities that they are seen performing, are perfectly capable of going back to work. However, they stay on incapacity benefit. What will my right hon. Friend do to tackle both types of people so that we get both back to work?

Alan Johnson: There are two issues. First, we independently measured the amount of fraud with incapacity benefit in about 1998–99. It was tiny; it was infinitesimal. However, there is no doubt that in the 1980s and early 1990s—we all know this from experience in our constituencies—many people who should have had an active working life in front of them were encouraged to move on to incapacity benefit. That group presents the greatest challenge because, in a sense, those people—and sometimes it is whole generations of the same family—have got used to being out of work. That is why the success of pathways in dealing with the most difficult-to-reach people is so encouraging.

The lessons for both groups are the same: to offer personal assistance; to offer them help and support to get into work, including the £40 a week in-work credit; to offer NHS condition management; and to give these people the confidence and dignity that they often lack and to help them in the process. The message for both groups is the same, but the challenge of one group will be much harder than that of the other.

New Deal

2. **Patrick Mercer** (Newark) (Con): if he will make a statement on the effectiveness of the new deal 25-plus. [224410]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): Our successful economic and labour market policies have cut long-term unemployment by three quarters to its lowest level for 30 years. New deal 25-plus has played an important role in this success, so far helping more than 210,000 people into work. I suspect that the 1,650 people who have been helped into work through the new deal in Newark, including 250 people through new deal 25-plus, will be disappointed to learn that their Member of Parliament supports a plan to scrap it.

Patrick Mercer: I am particularly grateful to the Minister for illustrating his reply with points from my constituency. The fact remains that, in surgeries in both Newark and Retford, I find that a number of people are being readmitted to the scheme for a second time. That is borne out by the fact that about a third of people nationally have to come back to the scheme for a second go. Could the Minister confirm that the scheme is designed to introduce people to permanent employment and not simply to act as a revolving door?

Mr. Pond: There is one very effective way to prevent people from going back on to such schemes, and that is to scrap them altogether, which is, I assume, the hon. Gentleman's proposal. We do not propose to do that. Given that we are talking about people who face some of the greatest barriers to entering and remaining in work, inevitably, in a dynamic labour market, some of them will need continuing help before finding themselves in long-term sustainable employment. Our commitment is to ensure that we reach out so that even the hardest to help get the help that they need to join the growing ranks of people in long-term sustainable employment.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): The Minister is probably aware that my constituency has one of the lowest levels of GDP per capita of any in the UK, yet more than 91 per cent. of people on long-term unemployment benefit since 1997 have been found employment in Barnsley, East and Mexborough. Will he ensure that successful schemes, like the new deal 25-plus, will continue under his watch?

Mr. Pond: I can certainly give my hon. Friend that reassurance. Indeed, he will know that we have extended the help for new deal 25-plus even further. Last year, we extended early entry to the scheme to more disadvantaged groups, including lone parents, people with basic skills, ex-service personnel and refugees. Frankly, we have no intention whatsoever of scrapping such a scheme, which has helped hundreds of thousands of people, or the new deal as a whole, which has helped 1.2 million. I can reassure him that that help will continue.

Mr. Quentin Davies (Grantham and Stamford) (Con): Has the Minister plans for compelling mothers whose children are below 16, with the youngest reaching perhaps 14 or even 11, to leave income support and go on to jobseeker's allowance?

Mr. Pond: No. We are looking to give that group of people additional support because many of them want to get back into the labour market. We have no intention, however, of making that compulsory. We will ensure that they get all the help necessary, and we will make a proper assessment of their needs to see what help they need to get into work.

Mr. Frank Field (Birkenhead) (Lab): Does the Minister accept that although it is natural for us to argue over figures, our electorate will be much more interested in the fundamental change that the Government have been trying to make of moving the welfare state from one that merely pays benefits to one that, wherever possible, ensures that people can work?

Mr. Pond: Yes, and I worked for long enough with my right hon. Friend in a different guise to know how committed he, too, is to that. My right hon. Friend the Secretary of State mentioned the attempts that we are making to ensure that we have a nation of active citizens rather than those who are consigned to being passive recipients of benefits. That is why we have one of the best records on employment in the industrialised nations and why we have the best record on employment in three decades. We want to ensure that we build on that record.

Mr. Tim Boswell (Daventry) (Con): While the general run of new deal programmes is little better, will the Minister acknowledge that less than 25 per cent. of those starting on this particular new deal programme reach their objective of unsubsidised employment? If he were a football manager and his team lost 3–1, would that constitute a success, as he claims, or, rather, a failure?

Mr. Pond: We are talking about a group of people who have considerable barriers to entering sustainable long-term employment. The record in those circumstances is pretty impressive. Nearly 40 per cent. of those on new deal 25-plus have obtained a job while on the programme. We are determined to ensure that still more reach that success. In circumstances in which the barriers are considerable, we are helping people to get over them and get into the long-term sustainable employment that we want them to enjoy, and which I hope that the hon. Gentleman also wants them to enjoy. However, the solution to these problems is not to scrap the scheme and the help altogether, which appears to be his proposal.

Tom Levitt (High Peak) (Lab): In contrast to the constituency of my hon. Friend the Member for Barnsley, East and Mexborough (Jeff Ennis), the High Peak area is not traditionally a region of high unemployment. Nevertheless, is my hon. Friend the Minister aware that no fewer than 1,060 people in my constituency have found employment or training through the new deal? It has been valuable indeed. Is he also aware that those people, their families and those who may, unfortunately, have to follow them would be astonished and dismayed if this Government or any other proposed scrapping the new deal?

Mr. Pond: Indeed, they would be shocked and astonished to hear that. I pay tribute to my hon. Friend for the work that he has done in his constituency to promote the effectiveness of the new deal and the work of Jobcentre Plus, which has delivered that high employment not only in his constituency but across the country. The warning has to go out to my hon. Friend's constituents and others that if this scheme and others were scrapped, there would be no continuation of that success, and we as a nation would pay a heavy price for that.

Employment Opportunities

4. **Mr. Win Griffiths** (Bridgend) (Lab): What progress has been made in providing employment opportunities for (a) young people and (b) disabled people since 1997. [224412]

The Secretary of State for Work and Pensions (Alan Johnson): Our new deal programme is playing a significant role in achieving record levels of employment. It has helped virtually to eradicate long-term youth unemployment and has reduced long-term adult unemployment to its lowest level for 30 years. Through the new deal, more than 550,000 young people and nearly 200,000 disabled people have been helped into work. For the first time, more than half of all disabled people of working age are in work.

Mr. Griffiths: I thank my right hon. Friend for that reply. I pay tribute to all the work done by successive Ministers in the Department for Work and Pensions. I pay tribute, too, to the staff of Jobcentre Plus in Bridgend for all the work that they are doing. Does my right hon. Friend have any information about the success of schemes in my constituency or Bridgend county borough to cheer me on in my retirement?

Alan Johnson: We will all miss my hon. Friend; he has been a terrific Member of Parliament and a great advocate for his constituency. I can send him into retirement blissfully happy with the following statistics about his constituency: youth claimant unemployment is down by 27 per cent.; long-term youth unemployment is down by 81 per cent.; unemployment is down by 41 per cent.; and long-term unemployment is down by 82 per cent. The number of people coming into work from pathways to work is already 10 per cent. higher than it was before the scheme was introduced. That is good news from my hon. Friend's constituency and a great valediction of all that he has been doing over the years.

Sir Nicholas Winterton (Macclesfield) (Con): I ask a very difficult question of the Secretary of State, but it is to solicit information. Does he accept that colitis is a disability, and would it not make it a lot easier for somebody with colitis to lead a meaningful life, undertake work and be able to take advantage of job opportunities if they were eligible for the blue badge

scheme? If he cannot give me an answer today, will he write to me, because this is critical for one of my constituents?

Alan Johnson: I shall try to be helpful. First, are people who have colitis disabled? Yes. Secondly, are they able to get the blue badge? I am advised by the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), who knows much more about these things than I do, that some of them are. I will write to the hon. Gentleman to give him chapter and verse and perhaps to enter a dialogue about how we can resolve any problems that his constituents are experiencing.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): Is my right hon. Friend aware that most organisations of and for disabled people recognise the tremendous progress that the Government have made in encouraging employment for disabled people? Will he now focus on how people with learning disabilities—I speak as the co-chairman of the all-party group—can achieve their full potential by continuing to work to give them the same opportunities?

Alan Johnson: I accept that my right hon. Friend has accurately expressed the views of the disability lobby. I accept also that there is more work that we can do for people with learning disabilities. Coincidentally, I have a meeting in my Department at 5 pm tonight to begin a cross-ministerial and cross-Government project to see what we can do about that and other issues.

Dr. Vincent Cable (Twickenham) (LD): Further to that answer, is the Secretary of State aware of the cruel anomaly affecting people with learning disabilities? If they take advantage of non-means-tested benefits such as incapacity benefit and disability living allowance, they find themselves obliged to pay prohibitive fees to do basic skills courses under the supported learning programme. Will he talk to the Secretary of State for Education and Skills about resolving that failure of joined-up government?

Alan Johnson: I might not describe it as a failure of joined-up government, but I do accept that there is a problem and that there is more that we can do about the particular problems faced by people in the situation that the hon. Gentleman describes. Yes, it is an issue that needs to be resolved. With continuing investment in the new deal, and as we build on the new deal and some other projects that the Chancellor announced in the Budget report, we can move matters on. The hon. Gentleman has a valid point, which we will take into consideration, and which we are, indeed, working on at the moment.

Mr. Gordon Prentice (Pendle) (Lab): Is there such a thing as the sick-note culture, and to what extent are doctors complicit in encouraging people to think that they cannot work when they can?

Alan Johnson: I do think that there is such a thing as the sick-note culture. It stems, perhaps, from a cultural issue, as my colleagues at the Department of Health recognised in the White Paper that they published quite recently on public health. Too often, the medical profession has seen itself as needing to protect people from work, whereas, given some of the illnesses that doctors are dealing with, the people who have them would benefit far more from being at work. How do we resolve that problem? We certainly do not do so by Government diktat. We need to work with the profession, as we are, to find ways to solve the problem. We perhaps need to begin by auditing sick notes; prescriptions are audited, but no one has any information on how many sick notes are issued, when or what for. A sea change is happening, however, that unites the Department of Health, health professionals, the disability lobby, the Department for Work and Pensions and, I hope, people on both sides of the House. The way people used to be treated, particularly those with mental illnesses such as depression, really was not in their best interests.

Miss Julie Kirkbride (Bromsgrove) (Con): Does the Secretary of State recognise that if he really wants to promote more job opportunities for young people and to do something about the 1 million young people who have simply disappeared off the register and who are not on the new deal, in work, in training or in education, he must talk to his fellow Ministers about stemming the tide of bureaucracy, paperwork and regulations that actively discourage many employers—*[Interruption.]* If Labour Members ever talked to employers, they would already know all this. All of that stops employers offering meaningful job opportunities to young people.

Alan Johnson: I do not agree that that problem is created by bureaucracy being forced on employers. What we have tried to do with the new deal and, in particular, with pathways to work is to work with employers to find ways to ensure that they can take advantage of them. There is an economic case for employers as well a social case: they need to find areas of recruitment, and recruiting people who are on incapacity benefit, for instance, is a good way to do that. Some problems about bureaucracy may be raised with us, and we will seek to tackle them, but it has never been put to me by employers as the major reason why they will not employ disabled people. Incidentally, I do not agree with the hon. Lady's figure for those who are not in education, employment or training, but we may have another opportunity to raise that before half-past 3.

Pathways to Work

5. **Chris Bryant** (Rhondda) (Lab): How many people have been helped into work by the pathways to work pilot projects. [224413]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): By the end of January, about 12,000 people had found work through the pathways to work pilots. Since pathways to work started, we have helped nearly double the number of people swap a sick note for a pay slip, and six times as many people are taking up back-to-work support through Jobcentre Plus, the new deal or the national health service condition management programmes. The way in which people on incapacity benefit have reacted

to the opportunities that pathways offers has been extremely encouraging. Our July Green Paper will set out how we will build further on what we have learned, helping people previously written off as incapable of work and delivering real employment opportunity for all.

Chris Bryant: My constituency has remarkably low unemployment, only a smidgeon above the national level, which is a record for a constituency such as the Rhondda. However, we still have one in five people of working age on incapacity benefit. The kind of project that the Minister has been advancing through pathways to work is therefore particularly important in areas such as mine. We seem to have learned that more employers are saying that it is possible to employ people and that they have jobs suitable for people with mild disabilities and those who would like to work. How can we extend that further across the country so that people even in areas in which a pathways to work project is not yet available can find employment?

Maria Eagle: My hon. Friend has been a consistent supporter of the Bridgend-Rhonda Cynon Taff pilot. He might be pleased to know that there have been 2,200 job entries in that area during the existing length of the pilot. He is right in that these pilots provide an education for other stakeholders as well as a job for the people who are leaving incapacity benefit. The pilots bring together both the NHS in condition management programmes and local employers, who often, in tight labour markets, can find excellent new staff whom they might not have thought about employing before this type of help was available in their area.

As my hon. Friend will know, we are extending the pilots from the current seven areas to a third of the country, and thereafter, we hope, to the rest of the country. This can only benefit people throughout our country in getting them back to work, when previously they have been completely written off.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my hon. Friend agree that whether one has a disability or not, be it mild or severe, the secret of success is driving up the skills level so that the possibility of employment becomes ever greater? Is not the great success of this Government the joined-upness between the Department for Education and Skills and the Department for Work and Pensions, which have successfully worked together in harness to drive up skills that provide employment? Will my hon. Friend carry on with that good work? Indeed, I would like one of the pathways projects in my constituency.

Maria Eagle: My hon. Friend is right in that it is important to bring together improved assistance to help restore the confidence of those who may have been out of work for many years and been told by their doctors that they are incapable of work. One of the interesting statistics about the 12,000 job entries that the pilots have already achieved is that 3,000 of them are for people who have volunteered to join pathways, even though they would not have been obliged or forced to go to work-focused interviews. That is very encouraging.

In addition to the condition management programme, which can assist people in learning to live with the conditions that have kept them inactive for many years, and which is being taken up with great enthusiasm, there are also programmes like the new deal for disabled people and other specialist disability employment programmes, as well as extra skills training, all of which can do nothing other than help these people get back closer to the labour market. We need to see more of this, certainly not less of it.

Pension Credit

6. **Mr. Peter Pike** (Burnley) (Lab): How many pensioners he estimates are entitled to pension credit and are not receiving it. [224414]

The Minister for Pensions (Malcolm Wicks): I start by paying tribute to my hon. Friend, who I understand may well be retiring from the House sometime within the next 12 months. I pay tribute to his work for the people of Burnley.

Our own internal statistics suggest that there are now 2.7 million households in Great Britain, including about 5,000 households in Burnley, receiving pension credit. Estimates based on the family resources survey suggest that there are 3.8 million households entitled to pension credit in Great Britain in 2004–05. These figures come from different sources and are calculated differently, and comparisons are difficult. We plan to publish definitive national statistics on take-up and entitlement for the first six months of pension credit by the end of 2005.

Mr. Pike: I thank my hon. Friend for that answer and also for his kind comments. I know that there is more certainty with the latter part of his answer than with the first part.

I recognise that the Government have worked very hard to ensure that all older people receive all the benefits to which they are entitled. However, is there not an additional thing that they could do? Many people do not get the help that they need from social services. Has my hon. Friend any thoughts, or is there any intention within the Department, of ensuring that older people not only receive the benefits to which they are entitled, but that they are pointed in the right direction so that there are links to ensure that they get the help to which they are entitled from social services?

Malcolm Wicks: We recognise that often the local range of services and benefits can appear complex for the older person or their carer. That is why through the link-age programme we are developing the notion of joint teams. In 31 areas, social services and our local Pension Service are working together. Those teams will be developed throughout the country within the next year or so. In some areas other agencies, such as the primary care trust or even voluntary organisations such as Age Concern, are becoming part of the joint team. That must be the future in our care for older people.

Mr. David Willetts (Havant) (Con): How many people receive pension credit in future will, of course, depend on how much they save now. Last week the Leader of the House said that the Government would introduce "major legislation" on pensions "sooner

rather than later". He went further. Apparently, it will be "really strong, radical, fizzy" and it is "going to surprise people". What did he mean by that?

Malcolm Wicks: There are one or two things to get out of the way in the next few weeks before we anticipate what is in the Queen's Speech. *[Interruption.]* I am certainly not in the business of anticipating the Queen's Speech—but what I am in the business of anticipating is the fact that on Wednesday the Pension Protection Fund opens its doors for business. There will also be a new pensions regulator, with teeth, to protect the pension promise. That is a positive achievement by the Labour Government, and we are proud of it.

Mr. Willetts: But the Leader of the House said:

"The first session is going to have about 40 bills in it which are pretty well all ready",

and he referred to pensions as a subject for one of those Bills. If the Government are re-elected, they plan to introduce a pensions Bill. and I would like to know what will be in it. Call me old-fashioned, but I thought that the idea was to announce one's policies before the election so that one could fight the election on them, not to keep them a secret and unveil a Bill after the election. Will the Minister at least rule out compelling people to save and then cutting the tax relief that they receive for their pension contributions?

Malcolm Wicks: I do not know where all that comes from, but I do know that the Opposition declined to give a Second Reading to the Pensions Bill, which set up the Pension Protection Fund and gave new protection and security to more than 10 million scheme members. We are proud of that, but I do not know whether the hon. Gentleman—not that I can ask him, on this occasion—is proud of the fact that he tried to stop it.

Ms Dari Taylor (Stockton, South) (Lab): I am delighted to be called to ask a supplementary question to the question asked by my hon. Friend the Member for Burnley (Mr. Pike), who succeeded my father in Burnley. My hon. Friend is loved and respected in Burnley, and I have never said that before here, so I am grateful, Mr. Speaker, for this opportunity to do so.

Women are the major beneficiaries of the pension credit, which has lifted many of them out of poverty. How will it be developed in future, and is there a belief that equality should be a principal factor in determining the way in which women access the basic state pension?

Malcolm Wicks: The issue of gender equality is crucial to our thinking and our strategy, as the Secretary of State has made clear. The pension credit is particularly important for older women. Two out of three pension credit recipients are women, often those without an occupational pension or a state pension. We think that 90 per cent. of single women in the poorest category are taking up the credit, but we want to increase take-up, which is one way in which we can deliver greater equality to women who have served their families and the country so well.

Mr. Steve Webb (Northavon) (LD): In the west of England, water bills have risen by more than 10 per cent., and gas and electricity bills have undergone double-digit rises. If those bills are added to council tax rises, this week's basic state pension increase has already been completely wiped out. The best that the Government can offer is a £200 one-off payment, while stocks last, at Christmas. Those bills will carry on, but that one-off payment will not. Is it not time we had a decent pension?

Malcolm Wicks: As this Parliament wears to an end, I have given up trying to please the hon. Gentleman, because he is cynical about everything that we announce, including winter fuel payments—now at £300 for the over-80s—free television licences for the over-75s, and £200 to help with council tax. We are not cynical about tackling poverty. Absolute poverty among older people has fallen by two thirds. We are proud of that record, and we will continue our endeavours to tackle pensioner poverty in future.

Older Workers

7. **Linda Perham** (Ilford, North) (Lab): What steps he plans to take to encourage and help older workers into employment. [224415]

The Minister for Pensions (Malcolm Wicks): My hon. Friend has a great interest in this subject, not least as secretary of the all-party group on ageing and older people. Our strategy paper published recently, called "Opportunity Age—Meeting the challenges of ageing in the 21st century", confirmed our commitment to increasing the employment rate of older people, and our aspiration to move towards an 80 per cent. overall employment rate. Such an employment rate is an international ambition, and will include a million more older workers. In addition to our range of back-to-work help, which includes the new deal 50-plus, we are piloting special support through pathways to work for people claiming incapacity benefit, almost half of whom are over 50.

Linda Perham: I thank my hon. Friend for that answer, but are the Government prepared to bring in measures to enable people to defer their state pension and continue working? Many people would like that choice.

Malcolm Wicks: One of the challenges in the early part of this century is to do away with uniform retirement ages, which treat us all as a mass, rather than as individuals. Changes to state pension can help in that direction. In future, there will be a choice. At the right age people can choose to take their state pension there and then, and many will want to do that, but there is an improved accrual rate for state pension increments, which would mean that if one deferred for five years, one could choose an increase in state pension of around 50 per cent., which would take the full basic state pension to about £125 in current terms per week, or one could take a lump sum of around £25,000. That is the kind of choice that we need to bring into state pensions, and we are doing just that.

Miss Anne McIntosh (Vale of York) (Con): Is it not the case that the Government do not like older workers very much? That was the message that was given clearly to public sector workers in the health service and in education, to the point that they were brought to the brink of a national strike two weeks ago. Will the Minister explain why the Government's much trumpeted, much vaunted new deal for the over-50s does not apply for the first six months, when it would do more good than at any other time?

Malcolm Wicks: Experience shows that in the first few months of being unemployed, people often find work themselves. Many of the new deals have to focus on those who have been out of work for a longer time. The good news is that the employment rate among those between 50 and state pension age is increasing, and at a faster rate than the overall employment rate—but we are not complacent. Too many people who want to work after 50 are not yet able to do so, and we are determined that they should be able to. That is one of the reasons why we will outlaw age discrimination for next year—which may be good news for some in the House.

Helen Jackson (Sheffield, Hillsborough) (Lab): Most people can look forward to spending a third of their adult life over the age of 65, and therefore as pensioners. Is it not important that each and every one of them should have some dignity and financial security in their working life, so that they can work, receive a pension and undertake voluntary work and a range of other activities in that important one third of their adult life that they will probably spend as pensioners?

Malcolm Wicks: I recognise, sadly, that my hon. Friend too is about to retire—I will not go on too much in this way, Mr. Speaker, or the cream cakes will come round and you will rule that out of order. However, I pay tribute to my hon. Friend's service. We are seeing how demographic politics will increasingly become a feature of democratic politics. The changing life cycle—whereby people will be preparing for work for 20 or 25 years in education, and also be retired for 20 years, on average, but in some cases for 30 or more years—is a challenge to the House. We need to make sure that that period of so-called old age and retirement is an active one, with educational opportunities, employment opportunities for those who want to move back to the labour market, and opportunities for service to the community.

Jim Sheridan (West Renfrewshire) (Lab): What advice or assistance can my hon. Friend offer older workers whose employment is threatened simply for expressing a point of view that is inconsistent with that of their colleagues?

Malcolm Wicks: The rights of workers in that situation, and their choice of—to use a term from psychology—"fight or flight", is crucial. We have always taken individual employment rights more seriously than have the Opposition, which is why, whatever we might say, some of us are feeling rather more secure than some colleagues on the Opposition Benches.

Older Pensioners

10. **Simon Hughes** (Southwark, North and Bermondsey) (LD): What estimate he has made of the number of pensioners over 75 years who have no known income other than the state pension. [224418]

The Minister for Pensions (Malcolm Wicks): Virtually all pensioners over the age of 75 have some income other than the basic state pension. Pension credit means that from 11 April, in a few days' time, no single pensioner need live on less then £109 a week. In 1997, that figure was just £69 a week. That is the difference between the Opposition and us. It will now be £167 for couples, with more for carers and disabled people. As at 31 December 2004, more than 2.6 million pensioner households were receiving pension credit, although updated that would be more like 2.7 million, including 5,000 in the hon. Gentleman's constituency.

Simon Hughes: The Minister's answers to my question and to earlier questions mean that, according to my calculations, at least 500,000 pensioners over 75 would not receive any more than the basic income, and certainly would not be claiming the minimum guarantee. If that is the case, and some of the poorest people in Britain today are receiving significantly below the poverty line, why have the Government not accepted their argument and ours that we should pay a decent basic pension, and if people are rich because of other income, tax it?

Malcolm Wicks: Because we are not sure how the Liberal Democrat proposals would be funded. Apparently, it would be done by abolishing the Department of Trade and Industry. In addition, although their proposals to focus financial help particularly on the over-75s recognise that the older elderly are the poorest—a truth that we recognise with winter fuel payments and other help—they have taken a trend and exaggerated it into a whole social policy. Those over 75 have incomes of about 90 per cent. of those below 75, and the distribution within the younger elderly and the older elderly is wider than that. In other words, the Liberal Democrats would penalise many poorer pensioners who have the temerity not to have had their 75th birthday card yet.

Hugh Bayley (City of York) (Lab): Is not the benefit that is least well taken up by pensioners not pension credit but council tax benefit? Would it be possible to encourage take-up by requiring local authorities to send every pensioner in their area a form for council tax benefit and for pension credit? Surely that is a way of ensuring that elderly people on low incomes receive the entitlements that the Government have made available to them, which are their right.

Malcolm Wicks: I thank my hon. Friend. We all know the sensitivities around council tax, which is why we are reviewing that area of policy, but meanwhile, with the recent winter fuel payments, we sent out a leaflet to every pensioner about council tax benefit, and we have also supplied from our Pension Service to local councils the names of all those who are claiming pension credit but do not appear to be claiming council tax benefit.

That is not enough and we need to do more, because my hon. Friend is absolutely right that, for obvious reasons, council tax benefit is becoming more important, and we must pursue a higher take-up rate. We are not complacent about this.

Financial Assistance Scheme

11. **Mr. David Tredinnick** (Bosworth) (Con): If he will make a statement on who will be eligible for assistance from the financial assistance scheme. [224419]

The Minister for Pensions (Malcolm Wicks): I refer to my written statement issued this morning, in which I was pleased to confirm that we have published for consultation draft regulations setting out detailed proposals for the financial assistance scheme. The scheme will be a lifeline for thousands of people across the country, so it is essential to get it right—hence the consultation. We have made provision for surviving spouses of scheme members who were within three years of their scheme pension age on 14 May 2004. I am pleased to announce that those people will be eligible to receive payments from the date of the death of the member, regardless of the survivor's age. The scheme will provide support at 50 per cent. of the member's level of assistance. We are also concerned to make sure that people who when they reach 65 have a long-term illness can receive the financial assistance as soon as possible, and we are working towards that end.

Mr. Tredinnick: But is it not a fact that the financial assistance scheme is payable only at the state pension age of 65, not at the scheme age? That affects thousands of people in the east and west midlands, including some in Hinckley in my constituency, who have early scheme ages. Is this not yet another case of the Government saying one thing and doing something else?

Malcolm Wicks: We are now in a position to have a proper conversation—hence the consultation—about the details of a financial assistance scheme, because this Labour Government have said that we will have such a scheme. Similarly, we can discuss the fine details of the Pension Protection Fund. Why? Because despite opposition, we now have a Pension Protection Fund. We looked very carefully at having a financial assistance scheme funded by the taxpayer, and we thought on balance that it was right to have one specific age at which the money would be paid—65. As for eligibility, we have said that those within three years of their scheme-specific retirement age will be eligible. It is a matter of judgment and balance, but I am pleased that we are now putting an end to the scandal whereby workers in this country who worked hard for their companies and families and contributed to their pension scheme saw it all go down the drain when a company went bust. We are putting an end to that, and I hope that the hon. Gentleman will support that endeavour.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): If the hon. Member for Bosworth (Mr. Tredinnick) does not want his constituents to benefit from the scheme, please can that benefit be transferred to my constituents, who are absolutely delighted with the scheme? Will my hon. Friend ensure that there is some publicity at an early date about contact points for people making technical queries about eligibility, because in some cases there has been a loss of information flow between the scheme and scheme members and their families?

Malcolm Wicks: Obviously, we have been in communication with hundreds of schemes. We also have a website where people can look up the current developments for themselves. It is important that we not only establish the financial assistance scheme, but publicise it, and we are doing that.

Mr. Nigel Waterson (Eastbourne) (Con): The Minister recently told *The Independent* newspaper:

"With the £400m, we are confident we can meet the 80 per cent. for those nearest retirement. And then we've got the Spending Review."

Does that not show that the Opposition have been right all along to say that the £400 million in the FAS is woefully inadequate and will be swallowed up by the 15,000 claimants who are at or near retirement? What reassurance can he give to the many thousands of other workers who have also lost their pension rights?

Malcolm Wicks: It would be nice to agree with the hon. Gentleman, but sadly I cannot do so. He was wrong when he advised his party not to give a Second Reading to the Pensions Bill. If people had listened, we would not have a Pension Protection Fund that is the long-run answer to this question. Sadly, he was wrong to be cynical, as was the hon. Member for Northavon (Mr. Webb), who said that there would never be a financial assistance scheme. We have set up that scheme and we are now working on the details. We thought that it was right to focus help on those approaching retirement age, and we will consider the finances in the next spending review.

Jobcentre Plus/New Deal

12. **Ann McKechin** (Glasgow, Maryhill) (Lab): If he will make a statement on the role that Jobcentre Plus and the new deals will play in delivering his future employment policies. [224420]

The Secretary of State for Work and Pensions (Alan Johnson): Our active labour market policies and the help provided through Jobcentre Plus and the new deals have played a key role in delivering the record employment rates that we have today. We are building on this success by completing the Jobcentre Plus programme, thus ensuring that, across the country, people who can work can take advantage of the job opportunities available.

Ann McKechin: I, too, welcome the very large cuts in unemployment in my constituency, but as my right hon. Friend will be aware, there are still many people in my constituency and throughout Glasgow who are not economically active, but do want to work. They will require a lot of training and support to do that. Does he agree that, rather than cutting programmes and scrapping services, the Government must remain committed to focusing their policy on ensuring that those people are given the opportunity to enter the work force?

Alan Johnson: I agree with my hon. Friend that we need to do more, not less. We need to put in more resources, not fewer resources, and we need to ensure, for instance, that the measures set out by my right hon. Friend the Chancellor in his Budget statement are taken forward. That was focused on 16 and 17-year-olds, whom we need to give a new offer based on the success of the education maintenance allowance, broadening the approach to ensure that, in this age group in particular, no young person does not have access to education or, if they are in work, to training and skills enhancement as part of their job. I agree with my hon. Friend that this is an area where we need to do much more.

New Deal (North Yorkshire)

13. **Mr. John Grogan** (Selby) (Lab): if he will make a statement on the impact on employment levels of the new deal in North Yorkshire. [224421]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): The new deals have had a positive impact on employment levels in North Yorkshire, with more than 11,000 people helped into work, including more than 1,400 people in my hon. Friend's constituency. The evidence shows that a combination of economic stability and the help provided through Jobcentre Plus and the new deal has played a key role in delivering the labour market success story that we see today.

Mr. Grogan: In the spirit of cross-party co-operation, will my hon. Friend commend the comments of North Yorkshire Tory Councillor Carl Les, who recently said this about the council's latest new deal scheme:

"This is a win-win initiative, which is bringing real benefits at a very local level, whether through support to people who are trying to get back into work or through improvements to village greens."

What advice can my hon. Friend give to Councillor Les to ensure that that win-win scheme continues long, long into the future?

Maria Eagle: I am amazed to find myself agreeing with a Conservative—and my advice to that Conservative councillor is that he should join the Labour party. It is excellent that people see the real strength and importance of the new deals and the difference that the new deals can make to areas such as North Yorkshire at a local level, and it is a pity that that Conservative party does not see that too.

Public Sector Pensions

14. **Tony Lloyd** (Manchester, Central) (Lab): What discussions he has had with trade unions on public sector pensions. [224422]

The Secretary of State for Work and Pensions (Alan Johnson): Last Thursday, I chaired a summit with representatives from relevant public sector unions and Brendan Barber of the TUC on public sector pensions. The meeting was productive: both sides recognised the effect that demographic changes are having on the sustainability of pension schemes, and are committed to finding an agreed long-term solution that is both fair and sustainable. A proper process of discussion and negotiation will take place through the continuation of scheme-specific negotiations, which will be overseen by special sessions of the public services forum.

Tony Lloyd: I congratulate my right hon. Friend on his role in making sure that the Government and the other partners in public sector pensions, which are far too important for decisions to be made on the hoof, returned to meaningful discussions. Meaningful and proper negotiations are surely the right way forward, if we are to modernise public sector pensions in the light of the challenges, which my right hon. Friend has outlined, posed by an increasing elderly population. It is important that we develop a consensus between the work force and the Government, who act sometimes as an employer and sometimes as a regulator. After the election, will my right hon. Friend invite those of his opposite numbers who are still around to join that search for a consensus? This matter should be taken way beyond party politics.

Alan Johnson: I agree with my hon. Friend on the need for consensus. We seek consensus in that area and in all areas of pensions, as we pointed out in our document, "The Principles for Reform: The National Pensions Debate". It is fair to point out that although the trade unions and their members had a legitimate claim that the negotiation was not a proper negotiation—the Government were saying that some areas were not open to negotiation, which was wrong—we have now made it clear that all areas are open to negotiation. We should make it clear that we will continue with the defined benefit scheme and index-linked pensions, and that no existing staff will be affected until 2013 at the earliest. Those parameters and that reassurance must form part of the political consensus that my hon. Friend rightly seeks.

Full Employment

15. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): if he will make a statement on his Department's progress towards achieving full employment. [224423]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): We have made good progress: by ending boom and bust economics, making work pay and promoting active labour market policies, we have achieved the highest employment rate of the seven major industrialised countries and one of the highest employment rates in our history. We are determined to move forward towards our ambition of employment opportunities for all. Our five-year strategy sets out our long-term aspiration of an 80 per cent. employment rate, which would smash all employment records and give us the highest employment rate of any major country.

Mr. Bailey: I thank the Minister for her reply. My constituency historically had high unemployment, but since 1997 that has dropped by 41 per cent. and about 860 people have got jobs through the new deal. Recently, I was approached by a local civil servant who was concerned about speculation that there might be

cuts in the Jobcentre Plus programme and the impact they might have on future Government employment policies. Can my hon. Friend give me her reassurance that under this Government, those cuts will not take place?

Maria Eagle: Under this Government we are extending the help we give people to ensure that unemployment comes down further. The only parties committed to cutting the new deal and privatising Jobcentre Plus are the Opposition parties.

Right Hon. Lord Callaghan KG

3.30 pm

The Prime Minister (Mr. Tony Blair): Jim Callaghan died during the Easter recess just a day before his 93rd birthday. Many present and former Members, and from all sides, have already paid warm tribute to someone who was a Member of this House for 42 years and the only Member of Parliament ever to hold the four great offices of state. But those tributes, from political allies and foes alike, do not simply focus on his remarkable career. They talk, rightly, as much about his personal qualities—about his decency, honesty and integrity, his friendship and loyalty.

Many of the tributes also touched on Jim Callaghan's devotion to his family and in particular to Audrey, his wife, who died just 11 days before him. He had nursed her through a long illness. His marriage to her was a thing extraordinary and humbling to witness: a genuine, deep and abiding love that never wavered, never dulled through good times and bad, but burned true and full even as they grew old and frail. I am sure the whole House will join me in sending our sympathy to Michael, Margaret and Julia and the wider family on the loss of both their mother and their father.

In Jim Callaghan's case, one could not separate his achievements as a politician from his qualities as a man. Many times over the past 10 years, I had reason to seek his counsel. Each time, he gave it with a rigorous approach to the problem in hand, objective advice as to how to resolve it and an utterly unswerving commitment to the country and to the political party he served.

Jim Callaghan's life almost spans the history of the entire Labour party. It was the Labour party's values of social justice, solidarity and opportunity for all that brought him into the party and he worked tirelessly throughout the whole of his life to put them into action.

Jim Callaghan was brought up by his widowed mother and had known hard times as a child. Indeed, he used to recall the difference the pension provided by the first Labour Government had made to their family's life. He left school at 16 to become a clerk in the Inland Revenue—perhaps the only one in history to climb the ladder so far that he became First Lord of the Treasury. But perhaps because he always regretted not having had the chance to go to university, he was passionate throughout the entirety of his political career about spreading the benefits of education as widely as possible. In 1976, his Ruskin college speech on education was the first by a Prime Minister to recognise the central importance of education to Britain's future and the need to educate well not a few but all the country's children. I hope that that lives on in this Government's commitment to education today.

Jim Callaghan was also one of the generation who fought in the war and came back determined to build a better, fairer and different Britain, one at peace with our neighbours. He was a real patriot, but thanks to his experiences of the war, never confused patriotism with narrow nationalism. Britain was, of course, still at war when he was adopted and then elected as Member of Parliament for South Cardiff. He continued to serve that constituency and the city with great pride and affection for 42 years and took its name for his title when he went to the other place.

When Jim Callaghan began his career in Parliament, it was not long before his talents were recognised by the great reforming 1945 Labour Government of Clement Attlee. Two years after he was first elected, he was appointed Parliamentary Secretary for Transport. I confess that, until recently, I was not aware of the fact that, in his first ministerial post, he was responsible for introducing both zebra crossings and cat's-eyes on trunk roads. Those are lasting achievements of which most junior Ministers in any Government, of whatever persuasion, would be envious. He was also proud to have been a member of a Government who, among their many achievements, created the national health service.

When Labour lost power, Jim proved himself an effective performer in opposition. He had a rapid rise through the ranks, being elected to the shadow Cabinet and then to Labour's ruling national executive. His calmness under pressure, his easy manner and his ability to think quickly meant that he was a good performer not just in the House, but on the new medium of television. His long period as shadow Colonial Secretary strengthened his commitment to the Commonwealth and to the developing world and he forged many friendships there that have stood the test of time. I know that he would have been delighted at this Government's work on debt relief and with the Commission for Africa.

From 1964 onwards, when Labour was returned to power, Jim went on to hold the four great offices of state over the years to come. He served in each with distinction, but in each he was also severely tested. As Chancellor, he inherited an economy badly out of kilter with an overvalued pound and record balance of trade deficits. When he was forced eventually to devalue, he insisted on resigning from the Treasury.

As Home Secretary, Jim inherited the deepening crisis in Northern Ireland and it fell to him to send in the Army to help protect the Catholic minority. He handled the worsening situation with great calm and confidence, which only increased his standing in the party and, indeed, the country. It was also on his watch as Home Secretary that Parliament abolished for good capital punishment for murder—an example of his determination to build a more decent and a more civilised society.

As Foreign Secretary from 1974 to 1976, Jim fought and, indeed, won a referendum on Britain's membership of the Common Market. Though by no means a natural enthusiast, he was convinced by the evidence that it was in Britain's strong national interest to be at the heart of Europe.

All those trials and tests were preparation for when Harold Wilson stood down as party leader and Prime Minister in 1976 and Jim was elected his successor. He threw himself into the job with characteristic courage and commitment and, indeed, he needed all his personal qualities to hold together both the party and a parliamentary pact with the Liberals—a tribute to anyone's patience.

Sir Menzies Campbell (North-East Fife) (LD): He was good at it.

The Prime Minister: He was indeed good at it.

As Prime Minister, Jim became a figure, even as the difficulties mounted, viewed with respect and he brought an earthy common sense and determination to do right

[The Prime Minister]

to all that confronted him. In many ways, despite the problems, it was the office to which he was best suited. If he had been given time, Jim Callaghan would have made not just a good Prime Minister, but a great one.

Finally, after almost three years, most of it without a Parliamentary majority, the Government were defeated. The margin of defeat was just one vote and it says a great deal about Jim Callaghan that, even though he knew how close the vote would be, it was on his express instruction that a desperately ill Labour Member of Parliament was not ordered down for the Division.

By the time that I arrived in the Commons in 1983, Jim Callaghan was no longer leader but a respected Father of the House. He later sat in the other place, where he continued to make telling contributions to debates on subjects close to his heart—including, of course, the power of education to transform lives. I know how important it was for him to see Labour back in power again and how delighted he was with this Government's programme of economic stability and social justice combined together.

Kenneth, now Lord, Morgan makes the point in his recent biography that Lord Callaghan in many ways personified the history of post-war Britain, the challenges and its successes. He also embodied, as a man and as a politician, the essential and enduring values of fairness, compassion and solidarity. He will be sorely missed, but as Jim Callaghan himself said in his memoirs:

> "In the Labour Party, it is now the task of a new generation . . . to reconcile individual freedom with the general welfare, to settle the limits of the state's reach, to grapple with and overcome racial discrimination and to assist the great mass of poor people who make up the world's population to free themselves from poverty and ignorance".

Those are the goals to which, in his memory, we, at least on this side, rededicate ourselves today.

Mr. Speaker: Before I call the Leader of the Opposition, I would like to pay my own tribute to Lord Callaghan.

When I first entered the House in 1979, he was extremely kind and helpful to me, as he was to all new Members of Parliament. That kindness and support was always there, even when he left the House of Commons and was elevated to the House of Lords. He will be missed by a great many Members of this House.

3.40 pm

Mr. Michael Howard (Folkestone and Hythe) (Con): May I associate myself with the Prime Minister's generous tribute and join him in offering my sincere condolences to Lord Callaghan's family?

Jim Callaghan was universally respected. The warmth of the tributes that have flowed over the past week from across the political divide, all corners of the United Kingdom and elsewhere bear testimony to that. All who met him spoke of his personal qualities, dignity, warmth and humanity, and those who had never met him knew of him in the same way. He will be remembered especially fondly in Wales. There he was an adopted son, having served Cardiff in Westminster for 42 years. All who doubt where his loyalties lay should reflect on the words of his biographer: when England played Wales at rugby, Jim Callaghan referred to Wales as "we". That is good enough evidence for me.

As the Prime Minister said, Lord Callaghan had the distinction of being the only holder of all the great offices of state. As such, he had a profound influence on the course of the political life of our nation across the entire latter half of the 20th century. His modest background and growing up during the depression fuelled his approach to politics. His period as Home Secretary saw him take the difficult decision to send soldiers to Northern Ireland. As Foreign Secretary, he helped to renegotiate the terms of entry into the then European Economic Community. As Prime Minister, he launched a debate on education that many credit with leading—eventually—to the introduction of the national curriculum.

Lord Callaghan was brave in standing for his own beliefs. In fact, one of his first actions in government was to resign as a Parliamentary Private Secretary over the American loan agreement in December 1945. One of his last actions as an active politician was to speak out against unilateral nuclear disarmament at a time when that was far from fashionable in his party. He always had a willingness to learn. On becoming shadow Chancellor, for example, he quickly recognised the need to take a course in economics at Oxford.

It is fair to say that Lord Callaghan's premiership took place, to adapt the allegedly Chinese proverb, in interesting times. He had to grapple with serious questions, such as the role of trade unions, Britain's economic decline, the search for peace in Northern Ireland and the issue that eventually forced the election in 1979—devolution. None of those was unique to his Administration because the same issues were faced by Governments both before and after his. They were long-term problems with no short-term solutions. Other Governments would need to tackle them over the years that followed. In some ways, Lord Callaghan foreshadowed the prescriptions that would follow, too, not least in his famous 1976 Labour party conference speech warning of the perils of countries spending their ways out of recession. His Administration can be regarded as a watershed and his prescient comments before his defeat, acknowledging a sea change in domestic politics, showed that he foresaw what was to come.

It is remarkable that, even during and after that defeat, Lord Callaghan never lost his personal popularity. Recently he won praise from unlikely quarters. Baroness Thatcher called him a formidable opponent who could best her across the Dispatch Box and Lord Tebbit called him "warm and approachable". He was widely seen as having a shrewd political instinct while retaining both common sense and a common touch. He was an excellent negotiator—by no means an insignificant attribute given the challenges of his time. He was a patriot and from the last generation to have served in the war.

As the Prime Minister said, Lord Callaghan was a family man, in deed as well as word. He cherished the company of not only his children, but especially his grandchildren and great-grandchildren. Of course, he was devoted to his wife Audrey. It is a bittersweet testimony to that devotion that he died just 11 days after she did.

It was perhaps characteristic of Lord Callaghan that he was said to remark that one of his proudest and most lasting achievements—to which the Prime Minister has alluded—was, as a junior Transport Minister, the introduction of cat's-eyes on our roads.

Loyalty to principle, decency, humanity, sincerity: these are the attributes for which Lord Callaghan will be remembered and he will be sadly missed.

3.45 pm

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): It is a privilege to associate myself with the very proper expressions of condolence from the Prime Minister and the leader of the Conservative party to the relatives of the late Lord Callaghan.

I can certainly echo what you said a few moments ago, Mr. Speaker. All three of we party leaders were elected to this House in 1983, and Jim Callaghan was the Father of the House in that Parliament. In those days, I happened to be the youngest Member of the House, and he was very avuncular to me in both image and reality. As Father of the House, he took time to show me around the House of Commons Library, to introduce me to the Officers and staff and to do things that, frankly, he did not need to do, but which he none the less took it upon himself to do. That was the nature of the man, and a very fine man he was, too.

In an age in which most of us have had the opportunity of some form of tertiary education, it is remarkable that, as recently as the late 1970s, a man who did not have that opportunity—and who was keenly conscious of those who also did not have that opportunity—was able to rise to the great offices of state and to the ultimate office: that of Prime Minister.

The Prime Minister referred in passing, perhaps unnecessarily pejoratively, to the period of the Lib-Lab pact, and I want seriously to echo the reflections of one of my predecessors, Lord Steel of Aikwood, on his dealings with Prime Minister Callaghan during that period. Despite all the difficulties—the precariousness arising from the lack of a parliamentary majority and the obvious issue of party self-interest, but the need none the less to build majorities in the Division Lobby and to ensure the continuing governance of the country against a very difficult economic backdrop—David Steel found that Jim Callaghan had an acute sense of the overriding national interest, which he was willing to elevate above and beyond sectional party interest. That is a good example for us all.

Jim Callaghan was a member of a most remarkable post-war generation of politicians in this House, which also included people such as Sir Edward Heath and the late Roy Jenkins. Tempered as they were by the experience of war, they were determined to build, at home and internationally, a better world order than the one that they experienced during that terrible and tumultuous period.

Our sympathy obviously goes to Jim Callaghan's immediate family, but we are grateful for the remarkable example of decency and consistency in public life that he undoubtedly set.

3.48 pm

Mr. Tam Dalyell (Linlithgow) (Lab): Never, ever, was a parliamentary nickname more inappropriate: "Kind Jim", "Thoughtful Jim" and yes, "Calculating Jim", but not "Sunny Jim" by any stretch of the imagination. He was extremely kind, as has been said, to new Members, and I go back to the 1958 Labour party conference in Scarborough. It was my first conference and I found myself in the unenviable position of moving the first composite motion on the first morning. No one could have been more thoughtful towards an extremely nervous parliamentary candidate. Indeed, Chris Price, the elder brother of my hon. Friend the Member for Sheffield, Hillsborough (Helen Jackson) and I had our proverbial hands held by Jim Callaghan at that time. Not only that, he went out of his way to introduce young members of the party to his many contacts in the developing world. As has been said by the Prime Minister and the Leader of the Opposition, he certainly had many extremely close friends in the developing world.

When I was elected to the House, the other by-election candidate—many will remember Jeremy Bray—and I were asked within a couple of days to go and see the shadow Chancellor in his room. He said that had been told by Sara Barker, the legendary national party agent, that we were both excellent by-election candidates. Then he looked at us and said, "Of course, in my experience, Sara's swans turn into geese." That was Jim. Jeremy then proceeded to give the shadow Chancellor a lecture on econometrics as only Jeremy Bray could.

Jim was a thoughtful man. I am the last Member of the House of Commons who had to stand at the Bar of the House to face Mr. Speaker putting on his black cap to administer a formal rebuke, after I was "done over", shall we say, on Porton Down, by the Privileges Committee. Jim Callaghan first said that he did not take part in blood rituals and was not going to vote for what was, after all, a Speaker's motion when he was Home Secretary. Secondly, he summoned me when I was in adversity: he called me a chump, but no one could have been kinder. It is the experience of Roy Hattersley and many others of our generation that Jim was extremely thoughtful and kind whenever there was trouble.

In 1969, I wanted to go to Northern Ireland. My hon. Friend the Member for Hull, North (Mr. McNamara) will remember the incident. Being a courteous person, I let the then Minister of State in the Home Office—Welsh Members will remember him as Elystan Morgan—know that I wanted to go to the troubles of Northern Ireland. I received one of those pink slips, but it was not from Elystan Morgan but from the Home Secretary, inviting me to go and see him forthwith.

I waddled across to that long sepulchral room in the Home Office and there was Jim Callaghan sitting at his desk. He looked up and said, "I hear you want to go to Northern Ireland. What do you think you can do for the good of the Northern Irish that I cannot do as Home Secretary?" He was quite good at reducing his colleagues to a watery laugh. After that, he went on to explain that in no way was he going to have his faithful Parliamentary Private Secretary, the late Gregor Mackenzie or any Scot in Northern Ireland. He would depend on Roland Moyle, whom my right hon. Friend the Member for Copeland (Dr. Cunningham) knows very well was, along with Merlyn Rees, Roger Stott and others, part of the Callaghan praetorian guard. Jim Callaghan certainly gave great loyalty to those who were loyal to him.

[Mr. Tam Dalyell]

I also think of Jim's courage. In 1972, I went to his flat in south London after he had had a prostate operation. He took the view that he would probably not come back into central politics again. However, the courage and determination that drove him all his life ensured that he did come back—and, indeed, as Foreign Secretary in 1974.

Jim Callaghan was complex. I was the chairman of the Labour party's foreign affairs committee when he was Foreign Secretary. I used to see him every Wednesday night. Sometimes I would say to him, "As a senior member of the Cabinet, what are you going to do about all these problems concerning Scotland, the Scottish Parliament and so on?" "Oh," he said, "Don't trouble me with that nonsense. Tell me what the party thinks about Cyprus." He was a consummate politician, because when the Scottish problem erupted the Prime Minister took a somewhat different view.

In 1986, I was invited by a Welsh constituency Labour party to speak about intelligence and security. I accepted and, being a courteous man, I let the local Member of Parliament know. The response was an invitation to go to tea with Jim and Audrey at their Cardiff flat. I asked him how I would get from his flat to the meeting. "Oh," he said, "I'll take you." I said, "Jim, you are not coming to the meeting are you?" He said, "I always go to my constituency party meetings." He took me and I have never quivered so much in my life. I said to him, "You were only Chancellor of the Exchequer, Home Secretary, Foreign Secretary and Prime Minister. Why are you not talking on intelligence and security?" He smiled sweetly and said, "They never ask me," and added, "I am curious to know what you are going to say." I have many happy memories.

My right hon. Friend the Prime Minister paid tribute to Jim's faithfulness and great esteem for Audrey. The last time I was on the phone to him some months ago he simply said, as he did to many other people, "I've got to go because I am due to go and see Audrey." I salute both of them.

3.57 pm

Sir Peter Tapsell (Louth and Horncastle) (Con): I am grateful for the chance to say a few words. I knew Lord Callaghan for 46 years—exactly half of his long life—and I join the Prime Minister in his comments about the warmth and fine character of Jim Callaghan. It fell to him, as the then shadow Colonial Secretary, to reply to the debate on central Africa in March 1960 when I made my maiden speech. In his winding-up speech he said some characteristically pleasant words about my maiden speech and subsequently wrote me a charming letter of congratulation. That was typical of his kindness and I had many examples of that during the long years that followed.

I have had the privilege of listening to 10 Prime Ministers answering questions and Jim Callaghan, in the extraordinarily difficult economic circumstances of his premiership, was the ablest of the 10 at answering Prime Minister's questions.

I want to give a little vignette, which is intended to be of historic interest and not controversial. When Hugh Gaitskell was unexpectedly taken ill and his health tragically deteriorated almost unbelievably, it was reported that he was suddenly gravely ill. It so happened that I was lunching that day at the Carlton club. When I arrived, Harold Macmillan, who was then Prime Minister, was sitting alone at the members' table, as he often did—perhaps twice a week—but not always alone. He beckoned me over, so I went and sat next to him and said that it looked as though Gaitskell might be dying. Those were the days when party leaders were interested in what Back Benchers had to say—*[Laughter.]* He asked me whom I thought the Labour party would choose to succeed Gaitskell. I said, "Well, the three names that are being mentioned as front runners are Harold Wilson, George Brown and Jim Callaghan." To which Macmillan replied, "If they've any sense, they'll elect Callaghan, because he is much the best man they've got."

4 pm

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): Many of the things that have been said about Lord Callaghan will be treasured by his family and many friends.

My hon. Friend the Member for Linlithgow (Mr. Dalyell) has already referred to the way in which Lord Callaghan always went back to his constituency and to the party. In 1987, I inherited a constituency Labour party that was used to being addressed each month by the Foreign Secretary, the Home Secretary, the Chancellor of the Exchequer or the Prime Minister. As I said at the time, "Follow that." Until I had been here for a while, however, I did not realise that the help that I received as a constituency MP from my predecessor was not the universal experience of all my colleagues. Nobody could have been kinder or more helpful than Jim.

For Jim, the people of Cardiff, South and Penarth came first. As Foreign Secretary or as Prime Minister, he always asked the question, "What are people saying in Splott, Llanrumney, Penarth and Grangetown?" I was privileged to sit in on surgery sessions as he dealt with the individual and community problems of people in the constituency and in sessions with his agent, Jack Brooks—now Lord Brooks of Tremorfa—and with Gordon Houlston, the chair of the constituency party, as he probed the local issues and linked them to his national and international perspectives. His love and care for the people of the constituency is still reflected in their deep and abiding affection for him.

One anecdote sums it all up for me. Jim was introduced to the great Joe Erskine, the boxer from Butetown. "I'm delighted to meet you," said Jim, "You're a hero of mine. I've always wanted to meet you." Joe said, "We've met before, Mr. Callaghan." "Oh," said Jim, "I don't think we have. You've been my hero. I would have remembered." "No," said Joe Eskine, "Do you remember taking a group of children from St. Mary's school in the docks around the House of Commons? I was 11 years old at the time, and you shook my hand as we left." Jim then said wryly, "You should always remember and be careful how you speak to 11-year-old boys. You never know what they are going to grow up into."

Jim never forgot his people in his constituency and they loved him for it. After standing down as MP, he continued to work for us, supporting the development

of Cardiff bay and helping us to find the right design for the new building for the National Assembly for Wales. Audrey, who died 11 days before him, was loved and celebrated in her own right, as a campaigner on children's issues as well as Jim's constant companion in his visits to the constituency.

Those who accuse MPs of being remote or detached forget that we return to our constituencies regularly to respond to individual and community concerns and to hear directly from the people. Nobody could have possibly encapsulated that essential relationship between the parliamentarian and the people more perfectly than Jim Callaghan and his relationship with the people of Cardiff, South and Penarth. He provided a model that we should all aspire to follow. May he rest in peace.

4.4 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): May I on behalf of Plaid Cymru and the Scottish National party associate myself fully and sincerely with all the tributes paid this afternoon? They have been full and generous, and deserved in my view and that of many people outside the Chamber.

As the Prime Minister said, the late Jim Callaghan did not have the benefit of a university education, but none the less held all four major offices of state. That is no mean achievement. His life is an inspiring example of social mobility. His achievements were the result of his abilities and not of privilege, birth or family background. We believe that we must fight to maintain the possibility for other people to be inspired by his example and to achieve as near as possible what he achieved in his full life.

May I associate myself with the tributes to the family? There will be a great loss throughout Wales, not just in Cardiff. A square in Cardiff has already been named after the late Lord Callaghan. That is a fitting tribute, and I have no doubt that there will be others.

A great loss will also be felt across the political spectrum. My predecessor, Dafydd Wigley, had many discussions with James Callaghan and his Administration in 1974. Those culminated in compensation for quarrymen and miners affected by dust, and eventually to the inception of the Welsh language television channel, S4C. He was, to coin a phrase, a man you could do business with. He was certainly a man of his word. He also had a very human side to him, as recalled by Dafydd Wigley recently, and was often hurt by criticism, particularly from his own side.

Lord Callaghan was a major figure in British politics. He will be sorely missed. He also had a good grasp of the art of surprise in choosing the date of a general election—an example that we might follow today.

4.6 pm

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): Jim Callaghan cared desperately about the House of Commons and other things that are important to me, because for him the Labour party was the fount of many of his commitments not only to moral political views but to changing the role and quality of life of those whom he felt he represented. He was a clever man, and one who was frequently sadly underestimated. Although he had warmth and wit and could display them, he nevertheless had an intellectual toughness that enabled him frequently to survive very real pressures.

Jim Callaghan knew that the Labour party and, above all, the House of Commons needed to represent that which was decent, honest and fair. His commitment to that desire for equality remained the centrepiece of his life, no matter which of the Houses he served in. He had, of course, a wicked sense of humour. He stopped me in the Lobby on one occasion and said, "Would your mother like to be the first woman Lord Lieutenant of London?" I said, "I should think she'd be like a cat with two tails," and he said, "It's secret. You can't tell anybody. And anyway, she was the very first person I thought of." There was a slightly pregnant pause, and then he said, "Well, no, that's actually not true. I thought of dozens of people before her."

Jim Callaghan worked closely with my family, and he and my father had some good old rows, but he did something that is, perhaps, underestimated: he kept together a very large political party that always represented many strands of the people of the United Kingdom. He kept together his faith in parliamentary democracy. He put his commitment to this House, above all, at the very forefront of everything that he did. He served this country well. He loved and served his family well. We are honoured to have known him.

4.8 pm

David Burnside (South Antrim) (UUP): On behalf of the Ulster Unionist party and, I am sure, of all Ulster Members, may I add my words to those of the Prime Minister, the Leader of the Opposition and other right hon. and hon. Members?

The Prime Minister referred to the one connection that most linked Jim Callaghan to Ireland—that fateful August in 1969, when the Prime Minister of Northern Ireland, James Chichester-Clark, requested the troops to come in to halt the anarchy developing on our streets throughout the Province—but one other instance, which I noticed in the obituaries, should be highlighted further.

At a much earlier stage, Jim Callaghan, on behalf of the Labour party—not the Government—went to Northern Ireland and visited the old Northern Ireland Labour party, which was strong in Belfast, and the old Republican Labour party. It was no different from the Labour party in the great industrial cities of the north of England or in Scotland or Wales. He tried to develop the Labour party organisation as a normal Labour party organisation standing for election throughout Northern Ireland, as it was throughout the rest of the UK.

With the benefit of hindsight and looking back over history, I wonder whether the Conservative and Unionist party and the Liberal party—as it was then—would still be organised in Northern Ireland had the Labour party been successful in organising from the working-class areas of Belfast and the non-sectarian trade union movement in the old great industries of Belfast. I wonder whether the past 30 years in Northern Ireland might have been slightly different. It was Jim Callaghan who went across, much earlier, on behalf of the old Labour party, to organise Labour in the Province. He will be greatly missed. He was a great gentleman in politics.

4.10 pm

Dr. Jack Cunningham (Copeland) (Lab): I had the honour and the pleasure of serving as James Callaghan's Parliamentary Private Secretary throughout his time at the Foreign Office and during his first year as Prime Minister in 10 Downing street. I came to know him very well in that time, of course, but I recall that earlier, when I barely knew him at all, the first time that I heard him speak was when he made his last speech as Chancellor of the Exchequer to the Labour party conference in the autumn of 1967. I think it was the last Labour party conference held in Scarborough. Jim was expounding the difficulties of trying to grapple with the manifest economic problems of the time, and in almost an aside said, "Take the banks," and a wag from the delegates section said, "We wish you would." He recovered from that hilarity and went on to make a speech about how grave were the circumstances of the British economy, but I do not think that too many people were convinced.

When I was elected to this House in 1970, I had met Jim only a couple of times and was sitting in the Members' Dining Room with some contemporaries when a message came to me that Jim would like me to become his Parliamentary Private Secretary. Of course, only the grandees in opposition had a PPS in those days. I said that I would like to think about it, and the messenger, Gregor Mackenzie, said, "I wouldn't be taking too long if I was you." *[Laughter.]* Forgive the attempt at a Glaswegian accent.

I accepted. Some of my friends said, "Jack, you must be mad. Jim Callaghan is yesterday's man. He's over the hill." Well, he was so far over the hill that two years later he became the Foreign Secretary in the Wilson Administration. He took me to the Foreign Office with him; he took me, literally, all over the world, to Africa, Europe, the middle east, the United Nations and the Cyprus peace talks. It was an enormous learning curve and a great apprenticeship. His kindness, generosity, support and advice were legendary.

I recall that, one new year's eve, we were in Zambia, staying near Victoria falls, and Jim insisted on paying for a dinner and a party for the whole party from the Foreign Office, including the secretaries. He then insisted on us all singing "Auld Lang Syne". He shook hands with all the men and kissed all the ladies. As our Zambian hosts were watching this, I said to him, "What do you think they make of all this?" He said, "Well, they probably think these ancient national customs are all very well, but are we fit to govern ourselves?"

Just when I thought that it was probably time for me to change, Harold Wilson resigned as Prime Minister, and Jim appointed me as his campaign manager. I think that it was one of those elections where, if the candidate won, it was of course all down to the candidate's merits, and if the candidate had lost, it would all have been the fault of the agent. Fortunately, we had a winning candidate. I then went off to work with Jim in 10 Downing street, another huge learning curve for me. Again, his personal support, his advice, his courage and his commitment were simply fantastic. During those years, I also came to know Audrey and Jim's family very well. I offer my sincere condolences and those of my family to Jim's family on the tragic loss of their mother and their father in such a short space of time.

Jim Callaghan brought to the premiership vast, unparalleled experience of Government and of Parliament. He was a dedicated servant of the country, deeply patriotic and committed to the well-being of the nation as a whole, but throughout his time in that high office he remained a faithful servant of this House.

I believe that history will treat Lord Callaghan with great kindness. He will be remembered as a giant of the post-war political era, leading his party and the country through some tremendously difficult and challenging international and national situations. Sadly, although he had himself been totally dedicated to the trade unions and the Labour party, some trade unions and some sections of the Labour party failed to learn the obvious lessons of the difficulties that the country and the party faced. Those organisations and some individuals certainly contributed to the downfall of his Government. He deserved a better fate. His wisdom, courage, generosity and personal friendship taught me a great deal about politics, government and this place. I shall always remember him with the very greatest of affection.

4.16 pm

Sir Nicholas Winterton (Macclesfield) (Con): My tribute will be very brief but very personal. Jim Callaghan was approachable, kind, decent and a very human individual. An illustration of those qualities is all I want to give. During the years when he was Prime Minister, Macclesfield high school for girls won the BBC's "Top of the Form" competition, beating the Newark grammar school for boys. It was wonderful, and what displays the interest that an excellent Prime Minister had in education was that he invited the two finalist teams to Downing street for the presentation of their awards and to join himself and Audrey for tea.

I had been in Parliament just a few years, then, and I have to say that it was a Labour Prime Minister who invited me to Downing street, together with the late Ted Bishop, who became Lord Bishopton and with whom I had a close relationship. I was given very generous and personal hospitality by the Prime Minister of this country and his charming and utterly delightful wife, Audrey. Even more than that, however, the teams and myself were shown all the wonderful rooms in Downing street, including the Cabinet room. I had never seen those facilities under a Conservative Prime Minister, and I have, perhaps, in other ways, too, benefited from a Labour Prime Minister.

I pay my tribute to a man whom I found utterly delightful and utterly decent. He was a man who will not only be missed but who, rightly, will be long remembered.

4.18 pm

Julie Morgan (Cardiff, North) (Lab): It is a great privilege to have this opportunity to pay tribute to Lord Callaghan of Cardiff, known to everyone in Cardiff as Jim. My memories of Jim are very personal.

I worked for Jim in the first general election campaign I was involved in back in 1964, in what was then Cardiff, South-East. I was a postal vote canvasser employed by the Labour party for the princely sum of £5 a week during my holidays from London university. That gave me a taste for politics, and it was an exciting and

stimulating time. I got to know Jim and Audrey and their three children very well, and it was a privilege to know the whole family.

Although Jim had been a Member of Parliament since 1945, in the previous election Michael Roberts, who later became MP for Cardiff, North—my seat—had reduced his majority to less than 1,000, so there was great anxiety that Labour might lose Jim, who was seen as a cornerstone of the party. We all knew that if we had a Labour Government, we would need someone like Jim as a steady hand on the tiller. If we put up old age pensions, as we did, and if there was a run on the pound, we would need somebody like Jim to be there. He was seen as very important, as a very experienced politician. In that election campaign we all went all out to get him elected.

I pay tribute to Jim's support and encouragement for young people. The campaign in 1964, in Cardiff, was dominated by young people. It encouraged many of us to get involved in politics and to make it our lives. In that campaign there was a future leader of the Labour party, Neil Kinnock, who is now Lord Kinnock, as well as Glenys Parry, now Glenys Kinnock and a Member of the European Parliament. We were all together in the campaign. There was also Rhodri Morgan, now leader of the Welsh Assembly. I can thank Jim Callaghan very much for bringing us together at that time.

I have two very personal memories of Jim from that time and from that successful election campaign, and they have been referred to already. One was his passion for university education. Jim did not have a degree but he thought that it was so important to encourage other people to obtain one. I was at university in London at that time. The election date was set for October 1964, four days after the start of the university term. I had been totally absorbed in the election campaign the whole time. Jim kept telling me that I must go back to university, whereas I thought that the most important thing was to be present to see Labour win Cardiff, South-East and to see the success of the future Chancellor of the Exchequer, so we had a big battle of wills about whether I should return to university.

The other issue that he felt passionate about was getting rid of the widows' earnings rule. This meant that widows who worked would no longer have their widows' pension cut. Jim's mother was a widow. I believe that he was 10 years old when he lost his father. Jim knew what it was like to be brought up in tough circumstances. I was in a similar family with a widowed mother. The change in the widows' earnings rule that Labour brought in had an immediate effect on my family's circumstances and showed why we needed a Labour Government and why we needed Jim in that Government.

I remember Jim for his passion on those two issues in particular. Coupled with his passion was his ability to get things done. Jim was a practical politician. He was very dependable and determined. He was a huge asset to the Labour party and to politics in general. His passing is a huge loss to the Labour party and to Cardiff.

4.22 pm

Simon Hughes (Southwark, North and Bermondsey) (LD): It is a privilege to add a word or two. My family moved to Cardiff when I was eight. I can testify, as Lord Callaghan's successor has done, to the admiration in which Jim Callaghan was held in Cardiff among my school friends. He was known and loved, as was George Thomas, and that is unusual among politicians. I remember that at my Dad's bottling stores on the Penarth road, everybody knew him and respected him.

I admired him from afar when Jim Callaghan was Prime Minister. After what was by any definition, as colleagues in the House will remember, an uncomfortable by-election in 1983, which I won, he was courteous enough after my maiden speech, when he sat behind me, to be generous in appreciation and offering me his support. For all of the time until he died, he kept with his family a house in my constituency. I canvassed it at every election, more out of courtesy than out of any great hope, and conscious that peers are not allowed to vote. As Jim Callaghan, Denis Healey and Merlyn Rees all lived in the same part of the borough, it was not surprising that it was the last ward to fall to my colleagues and me when gradually we won wards from the Labour party. Jim Callaghan always gave advice, he was always courteous and he was always friendly. I was always grateful to have that experience, as someone who came to politics much later than he.

My borough offered him the freedom of the borough. Jim's son gratefully received it on his behalf, as he was not well enough to come at the time. On a cross-party basis, we honoured him. I share the appreciation of my right hon. Friend the Member for Ross, Skye and Inverness, West (Mr. Kennedy) for what Jim Callaghan has given the country, and for his patriotism. I share the wish to send condolences to his family.

I can encourage right hon. and hon. Members: it is not only in the female line that Jim Callaghan's political interests have been sustained. His son is still reminding the politicians on the other side of the river that there are jobs to be done, and is still politically active in the local community. We are grateful not only for Jim Callaghan but for the Jim Callaghan legacy.

4.24 pm

Mr. David Clelland (Tyne Bridge) (Lab): I just want to add my brief personal encounter with Jim Callaghan to the tributes. I came to the House of Commons after a by-election in 1985, and I made my maiden speech on what became the Public Order Act 1986. I was immediately drafted on to the Standing Committee, where the Opposition were led by my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman), who kindly decided that on Report Members who had served in Committee should move their amendments at the Dispatch Box. After only a few months in the House of Commons, I therefore found myself moving Opposition amendments at the Dispatch Box. After moving one amendment and filing into the Lobby, I felt a hand on my shoulder. I turned round and saw Jim Callaghan, who said, "Was that you at the Dispatch Box?" I said, "Yes, sir, it was." He said, "Very good. Don't let them move you on." That was kind of him, and it only confirms what has been said about his generosity to new Members. Unfortunately, his words of wisdom were not passed on to the powers that be, but they confirm that, above all, he was a very kind and decent man, and he will be sadly missed.

4.25 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): May I add a brief footnote, Mr. Deputy Speaker? I first met Jim at the 1979 general election when he came to speak at Huddersfield town hall. As the new candidate, I was asked to chair the meeting, and I remember the awe in which I held him. When I entered Parliament, he was very kind. I got to know him extremely well, and I also got to know his family very well. In those days, four of us shared a room on the East Corridor, and next door was a room occupied by the former Prime Minister. I saw a lot of Jim—he would pop in, and he got to know my children, as they would pop into his room. I would see members of his family coming along the corridor, and got to know many of them.

Jim was exceedingly kind, and I shall give two illustrations. I was working on a book with an American co-author on Professor Harold Laski. I interviewed Jim about his knowledge of Professor Laski, who was a major figure in the 1930s and 1940s. Many Members have said today that Jim regretted not having a university education. That is true, but when I researched the book, he told me, "You know, being in the war was like being at university in a strange way. I read more than most undergraduates read in their three or four years." He told me that Harold Laski wrote to him wherever he was in the world—remember what a dangerous thing he was engaged in, being at sea in the war—encouraging him to return to the London School of Economics. However, Jim was elected to Parliament and never gained that university degree.

I shall conclude on a caring note. Every five or 10 years, the Labour Members of the 1979 generation have an anniversary dinner. The last time, on our 25th anniversary, Jim sent a lovely note to say that he could not make it, but he usually came. Ten years ago, he said that he had a guilty conscience about us. He said, "I call you my lost boys, because I lost the 1979 general election and put you into opposition for 18 years." That shows the thoughtfulness of a man whom I will always remember. I thank God that I knew him, and that I had the benefit of many hours in his company.

Orders of the Day

Public Services Ombudsman (Wales) Bill *[Lords]*

[Relevant document: The Third Report from the Welsh Affairs Committee, Session 2004–05, on the Public Services Ombudsman (Wales) Bill [Lords], HC 234.]

Order for Second Reading read.

4.28 pm

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): I beg to move, That the Bill be now read a Second time.

It might it helpful if I begin with a few words setting out the background to the Bill. The local government commissioner for Wales—commonly known as the ombudsman—the health service commissioner for Wales and the Welsh Administration ombudsman have all served the citizens of Wales well in the past, but each office operates under different legislation with separate staff, which inhibits the development of a coherent service that would reflect the ways in which public sector service delivery in Wales is evolving.

Today there is increasing emphasis on the provision of services through partnerships between different public bodies, securing better services more efficiently. But if a person is not happy with some aspect of a service provided, it may not be easy to identify which of several public bodies is responsible, and therefore to which ombudsman a complaint should be submitted. It might even be that different aspects of the same complaint would have to be considered by different ombudsmen. The Bill will address that and allow a properly integrated ombudsman service for Wales to be created.

Mr. Win Griffiths (Bridgend) (Lab): My hon. Friend mentioned that three offices are to be brought together. He will know that the local government ombudsman is based in my constituency, Bridgend. Has any thought been given to where the new ombudsman will be located? Bridgend would seem to be a very good place.

Mr. Touhig: That will not be my responsibility, but my hon. Friend's comment will no doubt have been noted.

The ombudsman will be known as the public services ombudsman for Wales. The Bill has been carefully developed over the past couple of years. In 2002, a consultation entitled "Ombudsmen's Service in Wales: Time for Change?" sought views on the principle of bringing the three offices together into a unified service led by one person. The unanimous support received for that proposal led to a second round of consultation in 2003 on the detailed powers and jurisdiction of the new office. That was entitled "A Public Service Ombudsman for Wales: Powers and Jurisdiction".

Together, those consultation exercises provided us with the foundations for the Bill before the House this afternoon. They also allowed the Government to take advantage of an opportunity that arose when all three offices simultaneously fell vacant to appoint a single individual to hold all three offices. That proved a useful interim step to achieving the longer-term objective of a unified office. As a result, Mr. Adam Peat holds those

three offices now, but he continues to operate under legislation that applies to each separate office that he holds. That is wholly unhelpful. The Bill addresses that.

The Bill has already been the subject of consideration in another place. As a result, it has benefited from a number of amendments, including important changes on appointments to, and the tenure of, the ombudsman's office. The Bill has also been considered by the Welsh Affairs Committee, which held evidence sessions jointly with the Assembly's Local Government and Public Services Committee. Both Committees issued their reports on the Bill on 21 February.

Along with the Assembly's Minister for Finance, Local Government and Public Services, Sue Essex, I had the opportunity to give evidence to the two Committees. I am grateful to them for their detailed consideration of the Bill. Although they raised a small number of issues for further consideration, both Committees were generally very supportive of the Bill and its provisions, and considered it to be a comprehensive and well thought-out piece of legislation.

I now turn to the Bill itself. The legislation applicable to the three offices needs to be rationalised and brought together into a coherent whole, if the benefits of a unified office are to be achieved. The Bill is therefore about creating a coherent jurisdiction, administered by a team that is already working increasingly effectively together, but which now needs the backing of a sound legislative framework. The Bill will bring together the offices of the Commission for Local Administration in Wales, including the local commissioner for Wales, the health service commissioner for Wales, the Welsh Administration ombudsman and, when it is established later this year, that of the social housing ombudsman for Wales, into a unified jurisdiction led by one person—the public services ombudsman for Wales.

The Bill will provide a modern, flexible and accessible service for members of the public who wish to complain about most public service providers operating in, or in relation to, Wales. I say most public service providers because services delivered under the auspices of the Government which are not devolved matters in Wales—for example, social security—will not be within the remit of the public services ombudsman for Wales. They may, however, be subject to the jurisdiction of the parliamentary or health service commissioner. However, that is an exception to the general principle that, in respect of public services on which people in Wales rely in their daily lives, the new ombudsman's office will provide a single channel for receipt and investigation of complaints of maladministration or service failure. So local government—within which we include community councils—health bodies, the Assembly itself and its sponsored public bodies, are within, or may be brought within, the new ombudsman's jurisdiction.

The Bill provides powers for the National Assembly, for example, to amend the list of bodies within the ombudsman's jurisdiction to reflect changes in the structures of government in Wales. It gives the ombudsman important consistent powers of investigation across a range of bodies within his remit. It also allows him to seek to resolve disputes between complainants and the relevant public bodies without the need for a formal investigation. That is a new provision for the Welsh ombudsman, but it is one that has been generally welcomed. The parliamentary and health service commissioner has commented that this provision is "welcomed as long overdue" and will

"enable the Welsh Ombudsman to have the explicit ability to facilitate the resolution of complaints by any means appropriate to the circumstances of each complaint".

Another new provision is the power, previously available only to the local government ombudsman, to issue guidance to all bodies within his jurisdiction on the requirements for good administrative practice. This provides a mechanism to enable all parts of the public sector to learn from the experience of particular authorities that may have been the subject of complaint and investigation. Public bodies need to regard complaints as a basis for improvement, and the ombudsman's guidance should assist in that.

Mr. Nigel Evans (Ribble Valley) (Con): Will the ombudsman have the power to consider, for example, planning delays by all 22 unitary local authorities to find out which is doing the best and which is doing the worst, and then to issue guidance on best practice, so that the worst have to follow the practices of the best?

Mr. Touhig: Such guidance would probably not be within the ombudsman's remit, but depending on the issues that he is asked to investigate he will make reports that have a similar impact.

The Bill also provides powers to permit the ombudsman to work jointly with other specified ombudsmen, including the parliamentary commissioner and health service commissioner for England, in relation to complaints or parts of complaints over which the new Welsh ombudsman and another ombudsman have jurisdiction. That might arise, for example, in the case of cross-border complaints. Cross-border provision of services, particularly in the health field, is not uncommon for Wales and England, and the Government have sought to facilitate joint ombudsman investigations to cover precisely that situation.

A particular provision that I should draw to the attention of the House is that concerning the ombudsman's jurisdiction in health and social care matters. Nowadays, we take a holistic approach to the provision of health and social care. The Bill as introduced in the other place provided, in line with existing ombudsmen legislation, that the new ombudsman could not generally question the merits of a decision taken without maladministration. However, the Bill did provide that the ombudsman could question the merits of any decision taken in consequence of the exercise of clinical judgment, irrespective of whether it was taken with maladministration. That reflected the existing provision of the Health Service Commissioners Act 1993.

The Government reflected on whether it was right or appropriate that the ombudsman should be able to question the merits of a decision taken only in the exercise of clinical judgment—that is, by a doctor—but not decisions, for example, of social care professionals who may be part of the same team delivering a health and social care package to an individual. We concluded that there was no reason to differentiate between decisions taken in consequence of clinical judgment and

[Mr. Touhig]

the judgment of, for example, social care professionals in this context. The Bill therefore makes express provision to ensure that, in health and social care matters, the ombudsman can look synoptically at complaints about the consequences of decisions made by social care professionals who are working alongside clinical colleagues. For example, the ombudsman could consider a complaint that had arisen about a multi-disciplinary team's decision to discharge a patient from hospital on the basis that the patient's remaining health and social care needs would be provided at home by the relevant health and social care professionals. In that example, the decision to discharge the patient and the decision to provide further care at home are dependent on each other and might well form the basis of a single complaint. Under clause 11, the merits of the decisions can be questioned by the ombudsman, whether they were taken by health or social care professionals, or both.

I am sure that colleagues will want to enter into the debate. I think all will agree that this is an immensely worthwhile Bill, which will give Wales a first-class ombudsman service for the 21st century.

Tony Wright (Cannock Chase) (Lab): Will my hon. Friend give way?

Mr. Touhig: I commend the Bill to the House. I regret that it was too late to give way.

4.40 pm

Mr. Bill Wiggin (Leominster) (Con): I am sorry that the Minister did not have a chance to give way; I am sure that the intervention would have been most interesting.

The Bill is commendable in its objective of establishing one public service ombudsman for Wales, replacing three separate offices for Welsh administration, the health service and social housing. I hoped that the Government would find time for the Bill, and I am glad that we have finally been given the chance to debate the improvements that need to be made to the legislation. Nevertheless, I am disappointed that that chance has been squeezed into the same day as our important opportunity to debate Welsh affairs. With our so-called St. David's day debate and Second Reading of this Bill packed into one day, it is a shame that the Government cannot afford Welsh business priority on their agenda.

We welcome the Bill as a measure with potential to improve the standard of public services for the people of Wales. We also welcome the rationalisation of ombudsman services in Wales. This is an opportunity to define clearly and uniformly their jurisdiction and powers, which must be a benefit. Yet there are still details that must be tackled if we are to secure what I am sure we all want—only the very best for the people of Wales. I only hope that the Government will act on our suggestions to improve further the deal that Wales will get from the Bill.

It is somewhat worrying that the explanatory notes highlight the fact that there will be initial set-up costs, borne by funding from the Assembly. The notes also warn in paragraphs 115 and 116 that it is prudent to plan for a modest increase in resources. I hope that the Government remember that this is Welsh taxpayers' hard-earned money, and that a rationalisation of the Wales ombudsman service will involve economies of scale. Perhaps the Minister will reassure us that the initial set-up costs will be minimal, and give us some indication of when the savings that should result from this move will actually be seen.

The Minister should also confirm the details of the situation underlying clause 5 and requirements about complaint to the ombudsman, as set out in subsection (1)(b). While a line needs to be drawn in the sand, it is feasible that a one-year time limit on making a complaint to the ombudsman could be difficult for some people to meet. It could take longer than a year for a situation warranting a complaint to the ombudsman to develop. We need further clarification of when notice of matters alleged in the complaint is deemed to begin. If that happens when the complainant suffers a problem that they bring to the attention of the authority, it is possible that ensuing correspondence from the authority could drag on for longer than a year. Perhaps the Minister will substantiate the precise details of the clause and reassure us that the ombudsman's discretion will always apply.

We must also be certain that cross-border issues are sufficiently dealt with in the Bill. Thankfully, we see provisions to ensure that there will be no gap in ombudsman jurisdictional coverage for bodies such as regional flood defence committees. Similarly, I am pleased to see provisions in clause 25 for consultation with other ombudsman services. The Government must ensure, however, that cross-border issues are sufficiently provided for in proposals for interaction between all UK ombudsmen.

The Bill comes to us already considerably improved by the actions of my Conservative colleagues in the House of Lords. I pay particular tribute to my right hon. and noble Friend Lord Roberts of Conwy. With regard to the appointment of the ombudsman, which is dealt with in schedule 1, an amendment tabled by Lord Roberts led to the inclusion of the provision that the Secretary of State must consult the Assembly before recommending a person for appointment as the ombudsman. A similar insertion has been made regarding the Assembly's role in the process of appointing an acting ombudsman. That has cured inconsistencies in respect of the appointment and removal of the ombudsman, removing the confusing situation whereby he could not be removed without consulting the Assembly, but could be appointed. That move will clearly assist in securing a more accountable and impartial appointment. Since the ombudsman will be financially and practically dependent on the Assembly, it is only sensible that the Assembly should play some role in his or her appointment.

The proposed length of the ombudsman's appointment is of greater concern. Certain concessions have already been made as a result of pressure in the House of Lords, reducing the term of office from 10 years to seven years. That is, of course, preferable, but it is not sufficient, and it is far from the best deal for the people of Wales.

The Welsh Affairs Committee stated that a reduction in the length of the ombudsman's tenure from 10 years to seven years would not improve the Bill. It agreed with

Conservatives in the other place, who proposed a far more sensible, renewable five-year appointment. A seven-year term would still be long, and such guaranteed longevity would not provide the ombudsman with the best circumstances in which to operate.

Several concerns were raised in the other place about a five-year term. The objections that a five-year term is too short, that it would not attract top-quality candidates and that it could affect the ombudsman's decisions towards the end of his term are particularly cynical.

Mr. Evans: If that point about the appointment of the ombudsman is true, what does it say about people who seek election to this place? Hon. Members are appointed for up to five years—invariably some of us are appointed for less time than that—so I can see no reason why five years should not be the period.

Mr. Wiggin: My hon. Friend is absolutely right. A renewable five-year period is ideal. It would keep the incentive alive, while ensuring that proper performance was key at all times.

Hywel Williams (Caernarfon) (PC): I am sure that the hon. Gentleman does not want inadvertently to misrepresent the views of the Welsh Affairs Committee. The hon. Member for Clwyd, South (Mr. Jones) will confirm that the majority of witnesses thought a 10-year appointment appropriate. The Committee said that if the Government want to take another course, the five-year term is a way out.

Mr. Wiggin: The hon. Member for Caernarfon (Hywel Williams) is right that I would never want to misrepresent the Welsh Affairs Committee, of which I was a member. I draw his attention to page 9 of the Select Committee report, which states in bold:

"we recommend it reconsider appointments on a five year basis with the possibility of reappointment for a further five years."

I have not misrepresented the Committee. However, we recognise that concessions were made in the other place and that the term is currently seven years.

I hope that an ombudsman who is likely to be influenced by the prospect of not having his term renewed would not be appointed to begin with. Other ombudsman appointments across the UK are generally not for a fixed term. The Scottish public services ombudsman is appointed for five years, with the opportunity of reappointment, which is the system that we would like to apply to the Welsh ombudsman. Under our proposal, those who consider a 10-year term most appropriate would still achieve that objective, yet the ombudsman would also be accountable at the halfway stage.

In seeking a balance between an accountable and flexible term of office and the need for stability, a renewable five-year length of tenure is by far the most appropriate way to proceed. The Welsh Affairs Committee is not the only body to have agreed that point; a recently published report on the Bill by the National Assembly's Local Government and Public Services Committee recommends that

"the bill be amended to make the Welsh Ombudsman's term of office five years with the ability to reappoint for a further five years."

The opinions of those who have debated this issue in the other place, in Select Committee and in the Assembly are clear. Now the Government must accept that a renewable five-year appointment is far preferable to the proposed seven-year tenure.

The Government should not change the amendments introduced by Conservative peers in the other place, which would reverse the progress that has been made. Thanks to Conservative pressure in the Lords, clause 20, "Non-action following receipt of a report", will ensure that an authority cannot defy the ombudsman and disregard his report without lawful excuse. That move is extremely welcome and will considerably improve the standard of ombudsman services in Wales. That the ombudsman can, in the last resort, seek the view of the High Court gives him legal power that will remove any possibility of his decision being ignored by the authorities involved. I hope that the Bill, complete with the stronger position of the ombudsman for which our colleagues in the other place have fought, will prevent such occurrences, which have, sadly, been known.

Clause 21, on alternative reporting procedures, has also been greatly clarified. It is now clearer that the ombudsman, the authority and the complainant must all agree to the period within which the listed authority agrees to implement the ombudsman's recommendations. However, the ombudsman has the authority to specify a period in writing if no other agreement can be reached, which will greatly empower him in such situations.

Furthermore, thanks to the probing amendment of my noble Friend Lord Roberts, the disqualification of the ombudsman from holding certain responsibilities has been clarified. We welcome the elucidation in schedule 1 on the disqualification of the ombudsman from being a Member of the Assembly. Previously, it appeared that the Assembly could resolve that such disqualification be disregarded, which evidently smacked of preferential treatment. However, the amendment has greatly clarified the situation. We accept that the Government of Wales Act 1998 already deals with the event by saying that an ombudsman may be elected an Assembly Member provided that they relinquish the office of ombudsman once they are elected.

We also welcome the clarification of the extent of excluded matters in schedule 2. The provisions on educational bodies relating to which authorities are excluded are extremely helpful. Misinterpretation that might narrow the ombudsman's jurisdiction in relation to other authorities is now unlikely, and the Bill provides clear descriptions on the subject of the parameters within which the ombudsman can act. That is commendable and has been further improved by the clarifications secured in another place and by the Committee.

The greater powers allowed to the ombudsman as a result of amendments in the other place are a considerable asset to the Bill. First and foremost, it is our wish that the Bill improve the treatment of those who make a complaint of maladministration in Wales. The Government must guarantee that the progress already made will in no way be jeopardised by amendments at this stage. I remain concerned that the Government will attempt to back out of the advances made as a result of Opposition pressure in the other House; for example, they may attempt to reverse the

[Mr. Wiggin]

controversial decision to give the ombudsman legal options—the power to apply to the High Court. I am sure that the Minister will want to allay those fears in his closing comments and I shall be grateful to him for doing so.

Another issue brought up in the other place was documentation. Despite the problems experienced at Westminster in keeping track of certain Assembly documents and publications, the Government refused amendments that would ensure that we were kept informed of the ombudsman's reports. Rationalising the ombudsman service should be a good thing. Nevertheless, there are still a number of proposals, and improvements could be made before we pass legislation that truly delivers the very best for Wales.

4.53 pm

Mr. Martyn Jones (Clwyd, South) (Lab): The Bill is the latest piece of Welsh legislation to be scrutinised by the Welsh Affairs Committee. My Committee not only undertakes pre-legislative scrutiny where possible, it also scrutinises Bills that are already under consideration by Parliament. That is an important task, which we take seriously.

The role of Select Committees is to offer criticism of the Government where it is warranted and praise where it is deserved. In the last Session, we scrutinised the clauses of the Children Bill that affected Wales. It is no secret that we were unhappy with provisions that had an impact on the Children's Commissioner for Wales and we published a report to that effect. This debate gives me the welcome opportunity to highlight a report that welcomes a good piece of legislation.

My Committee's report, which is a relevant document for the debate, welcomes a Bill that has the potential to provide a modern, flexible and accessible service for members of the public. In its current form the Bill represents good legislation, but the Committee's report recommends several amendments that would make it even better.

As we have heard, the Select Committee's scrutiny of the Bill was carried out in partnership with the Local Government and Public Services Committee of the National Assembly for Wales, and we took advantage of our power to hold formal joint meetings to take oral evidence. The first evidence session was held under the Local Government and Public Services Committee's procedures at the National Assembly on Thursday 13 January, and the second evidence session was held under our procedures on Monday 17 January. Although our joint working powers do not extend to the publication of a joint report, our report and that of the Local Government and Public Services Committee made recommendations along similar lines.

Joint formal working offered the opportunity for us, as Committees, to scrutinise both the UK Government and the Welsh Assembly Government on legislation that would directly affect Wales. It was a success, as we could question both Governments from the dual perspective of the legislators and the implementers of that legislation. Despite that success, formal joint working has been permitted only on an experimental basis until the end of this Parliament, so I look to the Minister to reiterate his positive view of formal joint working, and I hope that he will give a commitment to make those powers permanent in the next Parliament, if he has the power to do so. If he does not have the time to give such a commitment in this debate, I will offer him a second bite of the cherry in the next debate on Welsh Affairs, when I will return to the issue if I catch your eye, Mr. Deputy Speaker.

As we have heard, in its original form the Bill set the length of the ombudsman's tenure at 10 years, which was subsequently reduced by the other place to seven years. We were not convinced that the reduction in the length of tenure added to the Bill's quality. Although I recognize the fact that some peers were concerned that 10 years was too long, seven years is not long enough in our collective opinion. For that reason, my Committee recommended that the length of tenure should be five years, with the possibility of reappointment for a further five years. I believe that the five-year plus five-year appointment plan, which is used for the Scottish ombudsman and thus has the benefit of consistency, represents a better balance between the need for stability in post and the need to reinvigorate the office periodically. It also offers opponents of a 10-year appointment a statutory moment for reflection.

The Bill sets out all those authorities that may be subject to investigation by the ombudsman. Individual community health councils are included in that list, but the Board of Community Health Councils is not. When we took evidence from the board, it argued that it should be subject to the same scrutiny as individual councils. That is probably the first time that a witness before my Committee has argued for greater scrutiny of themselves, so I feel obliged to say that we should adopt that view and argue in its favour. Including the Board of Community Health Councils in the list of authorities is a sensible recommendation and I hope that the Government will look favourably on it.

My Committee also looks in its report to the Government to provide further information on the possible overlap between the ombudsman's responsibilities with respect to an authority's failure to comply with its obligations to the Welsh language and the Welsh Language Board's responsibilities. Although that is not a fundamental problem with the Bill, greater clarity would significantly assist the working relationship between the two institutions.

The final issue to which I wish to draw the House's attention is that of co-operation between the English and Welsh commissioners. The Bill, as currently drafted, will remove the power of the ombudsman in England to transfer cases to the Welsh ombudsman. Although the Bill contains many provisions to facilitate joint working between ombudsmen, we believe that the retention of that power is necessary. There is nothing to be gained by the removal of that power. Close working relationships between the Welsh and English commissioners are to be welcomed, so I look to the Government to retain in the Bill the power of the ombudsman in England to transfer cases to the Welsh ombudsman. I hope that, with those provisos, the Bill will find favour in the House.

4.58 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): We on the Liberal Democrat Benches also welcome the Bill in its broad context. No doubt there is a greater

understanding in Wales that people can complain to ombudsmen if they believe that they have been the victim of an injustice or if an authority has committed maladministration in carrying out a service of which they are in receipt. There is confidence in Wales in the various ombudsmen's work, but complications and misunderstandings can arise because people can complain to so many ombudsmen. No doubt if people complained to the wrong ombudsman they would be advised to go to the right office to make their complaint. However, simplicity and clarity are important when people are dealing with public services because that gives them confidence, so we welcome the fact that a single ombudsman will be set up, to whom the Welsh people can take their complaints about public services.

Having been a member of a local authority, I know that there was initially mistrust of the ombudsman process, but as time went on people looked at ombudsmen's rulings for guidance and ways of improving services. It has been especially noticeable that ombudsmen not only make decisions about specific cases, but give advice about how authorities should set about improving their ways. The Bill provides that an authority will not be able to ignore the ombudsman's decision without due cause. That is a big improvement, because nothing is more discouraging to complainants whose cases are investigated by ombudsmen than for local authorities or services to ignore recommendations that are made.

I, like other hon. Members, am disappointed that the Government cannot accept that the term of appointment for the ombudsman should be five years, with the possibility of a five-year reappointment. I understand that it should be possible to have a 10-year appointment period so that people with the necessary quality and commitment have the incentive to apply for such an important job. However, if the initial appointment were made for 10 years, it would represent a commitment to a person that might not be entirely appropriate. There should be a break point after five years to allow reflection and scrutiny of the ombudsman's work so that it can be determined whether there should be a reappointment. Posts often need re-energising so that new commitment and perhaps a different direction can be achieved, so I am sad that the recommendation of a five-year appointment has not been adopted. Seven years is a halfway period, but the Bill does not provide the opportunity for reappointment, so that provision has all the faults and none of the virtues.

I am pleased that the Government say that the process will be cost-neutral, but I would be even more pleased if they said that savings could be made. There must be an opportunity to make economies of scale, and thus bear down on public expense, during the process of bringing bodies together. However, I understand that there will be set-up costs and I do not complain about them, because they are bound to arise.

Mr. Wiggin: I was a little disturbed earlier when the hon. Member for Bridgend (Mr. Griffiths) asked where the ombudsman will be situated. We do not know one of the key elements of the relocation cost because we do not know today where the ombudsman will go. Does the hon. Member for Brecon and Radnorshire (Mr. Williams) agree that we are thus writing a rather open-ended cheque?

Mr. Williams: Yes. The process would be more transparent and open, and we could scrutinise the costs that will be incurred during the set-up, if we knew how it will be managed and how and where the new ombudsman and his staff will be physically housed. The hon. Gentleman makes a good point.

I shall come on to my last point because I think that we agree that the Bill is good and should go ahead, although we could make some improvements to it. I represent a constituency on the English-Welsh border, so I know about the complexities of the health system that serves some of my constituents. I am pleased that the Bill will give the ombudsmen the power and duty to work together. I cite the example of constituents who live in Wales and are served by a general practitioner practice in England. Such people might go to a community hospital in Wales, but be transferred to a district general hospital in England.

Mr. Evans: Clearly that could happen. There was an announcement today about Welsh prescription charges. If people living in Wales go to an English GP, will the GP be able to issue a Welsh prescription at a lower cost, or will those people be told, "I'm sorry; I can only issue English prescriptions, so you'll have to pay the higher rate even though you live in Wales"? Would that be something that the ombudsman could look into?

Mr. Williams: I am afraid that I cannot answer on that matter on the Assembly's behalf, but such a situation could generate a number of complaints to the ombudsman.

We have welcomed this Bill from the start. Some improvements have been made and more could be made if the Government had the will to do so, but all in all we support this legislation.

5.5 pm

Tony Wright (Cannock Chase) (Lab): I apologise for intruding, very briefly, into discussion of a Welsh Bill. I remember that you and I, Mr. Deputy Speaker, used to sit on the Select Committee for the Parliamentary Commissioner for Administration many years ago, and while you have gone on to dizzying heights of parliamentary significance, I am still worrying about the same kind of issues that we worried about some 10 years ago.

I want to say something about this Bill, which is excellent on all counts, because it does the kind of things in Wales, and for the people of Wales, that many of us have been pressing for in England for some time. My hon. Friend the Under-Secretary described all the benefits that integrating the different complaints systems would bring to people in Wales who want to make complaints against various bodies. Those arguments have been used in England for a number of years in arguing for greater collaboration between the local government ombudsman and the parliamentary ombudsman; indeed, an official review of the whole system recommended such modernisation. So it is extremely pleasing to find that modernisation is

[Tony Wright]

marching ahead in Wales, with all the benefits that my hon. Friend described. But it is therefore slightly puzzling that it has not been possible to make equivalent progress in England, despite all the preparatory work that has been done, and despite recommendations from successive ombudsmen in England that the same progress should be made.

So although this is an excellent Bill for Wales, in so far as it shows the benefits of devolution, one such benefit is that it enables mutual learning and stimulus for reform across the whole United Kingdom. I therefore simply urge my Welsh friends to urge on their English colleagues, to the maximum extent that they can, a similar will to reform the system, so that the benefits described for Wales today can be brought to England, too.

5.7 pm

Hywel Williams (Caernarfon) (PC): My hon. Friends and I also welcome the Bill and the unification of the four ombudsmen: the Welsh Administration ombudsman, the health service commissioner for Wales, the Commission for Local Administration in Wales, and the social housing ombudsman for Wales.

When I was a child, I used to enjoy taking my bicycle to pieces, and I remember that if I came across a recalcitrant nut—I am not looking in any particular direction—I used a wonderful liquid called "3-In-One". Here we have "four in one", and I am sure that it will prove just as efficacious in ensuring people's rights. The people of Wales are likely to be much better off as a result of this Bill, and better served by establishing this ombudsman, which is a very positive step forward. A means of redress outside the normal procedures is an essential mark of good government, and the services that the current ombudsmen have provided for the people of Wales are fine testimony to their commitment to providing ordinary people with a way to challenge—and, indeed, to beat—the official machine.

The Welsh Affairs Committee was able to examine this Bill jointly with the Local Government and Public Services Committee of the National Assembly for Wales. Indeed, we heard evidence from the Under-Secretary, and I had the pleasure of asking him questions in Welsh—that does not happen that often—and of receiving very fair answers. We produced a report and it was published in February. It could be that I have been remiss, but I have not yet seen any reply from the Government. I am sure that the Chairman and other members of the Committee are looking forward to that reply, as there are a number of points in the recommendations that the Government should answer.

One issue has already been raised in our earlier debate and the Committee's recommendations on that matter repay very close reading. With your permission, Mr. Deputy Speaker, I will read the recommendation in full:

"There appeared to be a general level of agreement in the House of Lords that a seven year period of appointment was appropriate. However, that was not the views and experience of our witnesses, who considered a ten year appointment as appropriate."

That was the view of the witnesses. It continues:

"We recommend that the Government reconsider its decision to reduce the length of tenure of the Ombudsman in the light of our evidence."

Thirdly, the recommendation mentions an issue that the hon. Member for Cannock Chase (Tony Wright) referred to earlier:

"Should the Government believe that a balance needed to be made between security of tenure and the opportunity to re-invigorate the office, we recommend it reconsider appointments on a five year basis with the possibility of reappointment for a further five years."

The Committee is thus making a threefold point in its recommendation and I look forward to hearing the Under-Secretary clarifying the Government's response.

Finally, I want to mention briefly the eighth recommendation, which deals with the Welsh Language Board. There is a possibility of people's complaints falling through the cracks between the Welsh Language Board and the ombudsman. We have received reassurances that that will not happen. In fact, the Welsh Language Board submitted written evidence on the possibility of developing a protocol between it and the ombudsman. I am sure that that would provide a way of dealing with that potential difficulty of complaints regarding the Welsh language falling down the cracks.

I was gratified that in the evidence that we received from the ombudsman—it is set out in page 54 of the evidence—it was made clear that failing to adhere to a Welsh language scheme could of itself be viewed as a matter of maladministration. That point was confirmed by the Welsh Language Board's evidence later. Welsh citizens will be given a further opportunity to look for redress, which I believe will be valuable. With those few words, I look forward to debating the Bill in Committee and to hearing the Under-Secretary's response.

5.13 pm

Mr. Nigel Evans (Ribble Valley) (Con): I, too, look forward to debating the Bill in Committee, but I am not certain when that Committee will meet. If all the rumours are true, the Prime Minister will be on his way to the palace by tomorrow and I suspect that the Bill might not get the scrutiny in Committee that it otherwise would have received. From what I have heard in the Chamber so far, it is clear that there is a general consensus that the Bill should become an Act. I certainly heard what the hon. Member for Cannock Chase (Tony Wright) had to say about the Bill's applicability in Wales, but not in England. We led the way with the Children's Commissioner for Wales and England subsequently followed, so perhaps the hon. Gentleman will not have to wait too long, under the next Conservative Administration, before the good effects of the Bill are rolled out more widely.

I assume that with four bodies being reduced into one, it means that four quangos are being reduced to one. It could be argued that this is the bonfire of the quangos, but I am not sure whether the Government are going to sell the Bill in that way. Quite frankly, it is a common-sense measure.

Much has been said about the appointments, and I want to comment on the appropriate length of service in the post of ombudsman. I was joshing with my hon. Friend the Member for Leominster (Mr. Wiggin) that with a five-year appointment there might be a danger of not getting the right people for the job, but that is the term for which we are elected as Members of

Parliament, so I am not sure whether we get the right people for the job. Perhaps the Government are trying to argue for an extension of Parliaments to seven years, as under the Septennial Act 1715. The President of France serves a seven-year term—*[Interruption.]* It has been reduced to five.

There are pros and cons. A seven-year term is probably sensible if, as the schedule states, the ombudsman cannot then be reappointed, but if we want the post to be reinvigorated, there is merit in having a five-year term renewable for a further five years. However, if a seven-year term could be extended to 14 years that would be too long because there will be a lot of work for and a lot of pressure on the ombudsman.

I am pleased that the ombudsman can be removed only on grounds of ill health or misbehaviour because that provides independence and if they decide that they want to be critical, perhaps of the Government, they must have that independence so that they are not always looking over their shoulder in case the Government decide to remove them from office. Independence is absolutely necessary.

Paragraph 3(5) of schedule 1 states that the ombudsman can be removed only after consultation with the Assembly. Does that mean that the Assembly will be told that the ombudsman is being removed for misbehaviour or ill health, or will the Assembly have an input in the decision?

On disqualifications and ineligibility to become the ombudsman, paragraph 5(1)(a) of schedule 1 states that a Member of the House of Commons cannot be appointed, but that leaves open the possibility of a Member of the House of Lords being appointed. Have the Government thought that through? A Member of the House of Lords could have parliamentary, Government or Executive influence.

The Bill states that the ombudsman will be unable to comment on policy, and that is appropriate. Governments are elected to create policy and, whether the ombudsman likes it or not, it is up to him or her to look into the administration of Government policies. I shall not prejudge the debate that we are about to have on the Adjournment of the House, but the ombudsman could be very busy.

The hon. Member for Brecon and Radnorshire (Mr. Williams) talked about the cross-border issue in the national health service. We were told today that the cost of prescriptions in Wales is being reduced to £4 and will eventually be reduced to zero. There is fear of NHS tourism and that people from England will waltz into Wales with their prescriptions. That could provide a substantial saving for some people living on the border if they are having treatment, for example, for cancer and so on. The First Minister, Rhodri Morgan, has said that the Assembly will ensure that prescriptions will be written in such a way—in the Welsh language as well as English—as to ensure that people cannot come from England with their prescriptions and pay only £4 and eventually nothing, but I would welcome clarification on that.

The hon. Member for Brecon and Radnorshire posed an interesting question about people who live in Wales but have a general practitioner in an English village across the border. Will general practitioners near the border have a stash of bilingual prescription pads so that such people qualify for the lower prescription charge? That is an interesting question. When the charge moves to zero, having access to such prescriptions will become even fruitful.

Irrespective of the merits of the provision, it blows open the fact that English taxpayers will pay money into central coffers and that money will then be redistributed. Their money will ensure that Welsh people will eventually be able to pay nothing for their prescriptions whereas those in England will have to pay the going rate. I assume that the ombudsman will not be able to consider that anomaly, but many people living in a village neighbouring the Welsh border will have to pay the full whack for prescriptions when those across the border get them for nothing. None the less, the interesting point for the ombudsman is to work out whether someone living in Wales is treated badly by the system because they go to an English GP—who might be the nearest one—and are denied access to the lower charges. I imagine that that might be one of the first issues that the ombudsman considers, but I am not sure that the First Minister has thought it through properly.

When I first considered the costs, I assumed—stupid me—that the proposal was designed to save money, but I am not sure that it will. We all want streamlining to take place, and it should result in efficiency gains and savings that, I hope, would be returned straight to front-line services. That is what we have asked for. However, £250,000 is now being made available for the relocation of the offices, and I heard what was said at the beginning of the debate about where the new offices should go.

A bit of transparency at this juncture would have been nice. I want to ensure that not everything that happens in Wales happens in Cardiff. There is no reason why it should. If devolution is to mean anything, it should mean that everyone in Wales benefits from it and from the distribution of governmental bodies throughout the whole of Wales. Perish the thought, but such bodies could actually be relocated to north Wales. Why not? I would welcome that. They are bureaucratic in nature and could end up almost anywhere.

Mr. Wiggin: One of the difficulties that my hon. Friend has touched on is the cost, and he will be aware that a money resolution for the Bill appears on the Order Paper. If I am right—the Minister will correct me if I am not—it provides for any relocation to be paid for out of this Parliament's budget, and that is another example of waking the beast of English nationalism that my hon. Friend rightly mentioned. It might create a real problem for Wales.

Mr. Evans: There appear to be additional costs in all this, and that is why I am baffled that efficiency savings are not being made. Some £20,000 is being made available for publicity to tell people all about the scheme, and some £41,000 has already been put aside to meet the estimated cost of an increase in the number of complaints. Surely, efficiency gains could have resulted in savings that mitigated the impact of some of the costs. I will be interested to hear what the Minister has to say about that.

Will the power of the ombudsman to name and shame be sufficient? The Government say that they believe that it will be, but my noble Friend Lord Roberts

[Mr. Evans]

successfully moved an amendment in the other place to ensure that a case could go to the High Court if the ombudsman's recommendations are ignored. The Government are not keen on that, but do they believe that the naming and shaming of someone in a report will be enough or do they think that the ombudsman's powers should be stronger?

I will finish as I started, by saying that we are moving into general election mode. I shall be interested to hear the Government's response. We need to ensure that the Bill continues to receive the good will of the House. As a result of its sensible nature, we must ensure that it is not held up because of little local difficulties—some tidying procedures—otherwise known as a general election.

5.25 pm

Mr. Touhig: With the leave of the House, I shall respond to the debate.

I am grateful for the support of colleagues and for their contributions. My hon. Friend the Member for Bridgend (Mr. Griffiths) asked about the location of the office for the ombudsman. The separate offices were co-located and relocated to new premises in Pencoed last month in preparation for establishing a unified service. I am sure that he will welcome that information.

Let me clarify something for the hon. Member for Ribble Valley (Mr. Evans). He asked whether the ombudsman could issue guidance on planning delays across the 22 unitary authorities. As I made clear, the local planning authorities are within the ombudsman's jurisdiction. If he considers it necessary, he could issue guidance to local authorities, generally under clause 31. That could cover best practice in avoiding unacceptable delays in exercising planning functions. The ombudsman is required to consult listed authorities or such persons who represent them as he considers appropriate before issuing such guidance.

The hon. Member for Leominster (Mr. Wiggin) welcomed the Bill and touched on a number of things. In particular, he mentioned clause 5 and the limit of one year. He asked when the notice period begins and what power the ombudsman has to extend it. The period of one year in clause 5(1)(b) begins when the complainant first has knowledge of the matter, or when the complainant ought to have been aware of the matter giving rise to the complaint. By virtue of clause 2(4), the ombudsman may disregard that time limit if he considers it reasonable to do so in a given case. That might be because a listed authority has dragged its feet in dealing with a complaint.

The hon. Gentleman and others mentioned costs. I assure him that they are intended to be minimal, but there are no quantifiable savings. The purpose of the reform is not to make efficiency savings per se, but to recognise that it makes sense to create one unified ombudsman service. The co-location and relocation of the ombudsman office is a one-off cost of £250,000, but it was not intended as a cost-saving exercise.

The hon. Gentleman said that the Government refused amendments to keep Members informed of ombudsman reports. He has wide powers to send copies of his reports to such persons as he considers appropriate and/or to publish his reports. I am sure that the ombudsman designate, Adam Peat, who gave evidence to the Welsh Affairs Committee, will have taken note of the comments made.

Mr. Evans: Is it a possibility that all the reports could be made available on the internet so that people can access them for themselves?

Mr. Touhig: I am sure that that will be a possibility. I cannot answer for definite, but if there is any doubt, I shall write to the hon. Gentleman.

The hon. Member for Leominster and others raised concerns about the length of the appointment mentioned in the Committee's report and the call for a five-year appointment renewable after five years. I certainly hear what was said, but the imperative for the Government is that we maintain the independence of the office, free from any actual or perceived pressure from the Executive. At the same time, we want to attract candidates of a suitable calibre to apply for posts. A seven-year fixed-term appointment achieves that. A five-year renewable appointment does not. That is the basis for our decision thus far.

The hon. Gentleman also mentioned cross-border matters and said that we need to ensure there is no gap in jurisdiction regarding regional flood defence committees. There is no gap. The Bill ensures that all regional flood defence committees are within the jurisdiction of the new ombudsman or the local commissioner in England. It ensures that the new ombudsman will investigate matters relating to the discharge of committee functions in relation to Wales, and that the local commissioner in England will investigate matters relating to the discharge of committee functions in England, so there really is no gap.

The hon. Gentleman also referred to the general approach of the Opposition in the other place and the amendments that they tabled. He expressed concern that the Government might seek to reverse any of those amendments. We noted the comments made by the hon. Member for Ribble Valley about the time frame that we may face. I can assure the hon. Gentlemen and the House that the Government have no intention of seeking further amendments to the Bill.

My hon. Friend the Member for Clwyd, South (Mr. Jones) referred to the report of his Committee, which was most welcome. The hon. Members for Caernarfon (Hywel Williams) and for Ribble Valley raised a number of matters relating to the report. I have explained why the Government take the view that seven years is the proper length for the appointment. The Welsh Affairs Committee reported on 21 February, and I hope to respond to the report shortly. I am grateful to the Committee for its detailed work in considering the Bill. At present, however, the Government are not minded to make any further changes to the Bill in response to the Committee's recommendations. The Committee supported calls for the Secretary of State to be required to consult the National Assembly on the appointment of the ombudsman, in addition to consulting it on his removal from office. As the Committee noted, the Government amended the Bill to that effect on Report in the Lords. As I say, I will be responding to my hon. Friend the Member for Clwyd, South and his colleagues shortly.

The hon. Member for Brecon and Radnorshire (Mr. Williams) welcomed the Bill and spoke of the confusion that we have at present with a number of separate ombudsman offices. He also raised cross-border matters; he thinks that these will be greatly improved by bringing those offices together under one ombudsman.

I regret the fact that I was unable to take the intervention of my hon. Friend the Member for Cannock Chase (Tony Wright). He said that this is an excellent Bill, and he will be pressing for something similar in England. I can tell him that the Government are in discussions with the ombudsman in England to see what measures can be taken to allow the ombudsmen to work jointly. I am sure that through his work with the Public Administration Committee my hon. Friend will continue to press for something similar for England, and I am sure that that will be noted. I do not wish, or feel able, to go as far as saying what measures my fellow Ministers will introduce for England, but I am sure that my hon. Friend will ensure that the matter is on their agenda.

The hon. Member for Caernarfon welcomed the Bill but expressed concern that Welsh language matters may fall between the two stools of the ombudsman and the Welsh Language Board. I do not think that there is a risk of that. I am also of the view that failure by a listed authority to comply with its own Welsh language scheme could well amount to maladministration or service failure. Hon. Members will be pleased to note that by virtue of clause 8(3), when a listed authority discharges any of its functions, even in relation to England or elsewhere, if that function relates to the Welsh language or Welsh culture, it will be within the ombudsman's remit.

The hon. Member for Ribble Valley raised a number of issues about the appointment. He welcomed the independence of the ombudsman. I can tell him that the Bill now provides for a single term of office of seven years, so there is no possibility of someone serving 14 years—two terms. I cannot add much more to the points that I have already made about that.

The hon. Gentleman asked what is meant by consulting the Assembly on the removal of the ombudsman. The duty to consult means a proper and effective consultation. It would mean that the Assembly's views needed to be taken into account before the Secretary of State made the recommendations to Her Majesty. The hon. Gentleman also referred to the location of the offices, which I have covered. They will be at Pencoed, which means that some posts previously located in Cardiff will now be moved to Pencoed. The hon. Gentleman raised the issue of Members of this House not being eligible to become ombudsman, and referred to Members of the other House. I will have to reflect on that; I will write to the hon. Gentleman in due course.

To close the debate, let me repeat some key messages. The Bill is about ensuring that the Welsh public sector ombudsman services reflect and can evolve in step with the changing face of public sector service delivery in Wales. It has been warmly welcomed by everyone who has been consulted and who has considered it, and I believe that it is immensely worth while. It will give Wales a first-class ombudsman service in the 21st century. I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

PUBLIC SERVICES OMBUDSMAN (WALES) BILL *[LORDS]* (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6)(Programme motions),

That the following provisions shall apply to the Public Services Ombudsman (Wales) Bill [*Lords*]:

Committal

1. The Bill shall be committed to a Standing Committee.

Proceedings in Standing Committee

2. Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 14th April 2005.

3. The Standing Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

Programming Committee

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Programming of proceedings

7. Any other proceedings on the Bill (including any proceedings on any message from the Lords) may be programmed.—*[Mr. Ainger.]*

Question agreed to.

PUBLIC SERVICES OMBUDSMAN (WALES) BILL *[LORDS] [MONEY]*

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a)(Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Public Services Ombudsman (Wales) Bill [*Lords*], it is expedient to authorise the payment out of money provided by Parliament of any increase attributable to the Act in the sums payable out of money provided by Parliament under another enactment.—*[Mr. Ainger.]*

Question agreed to.

Welsh Affairs

[Relevant documents: First Report from the Welsh Affairs Committee, Session 2004–05, Work of the Committee in 2004, HC 256, Second Report from the Welsh Affairs Committee, Session 2004–05, Manufacturing and Trade in Wales, HC 329, and Fourth Report from the Welsh Affairs Committee, Session 2004–05, Police Service, Crime and Anti-Social Behaviour in Wales, HC 46.]

Motion made, and Question proposed, That this House do now adjourn.— *[Mr. Heppell.]*

5.35 pm

The Secretary of State for Wales (Mr. Peter Hain): I pay tribute first to the former Prime Minister Lord Callaghan of Cardiff, who died only a few days ago. The first Welsh Prime Minister since Lloyd George, he was a much respected adopted son of Wales, and we are proud of him and his legacy.

May I also express Wales's sorrow at the death of His Holiness the Pope? Tens of thousands of Catholics in Wales are in mourning, and we stand in sympathy and support with them. We remember the Pope's visit to Wales in 1982, the huge impact that he made and the heartfelt warmth with which he was received.

I also place on the record my appreciation of those Welsh colleagues who are standing down at the next election, having, between them, served for 117 years as Members. My right hon. Friend the Member for Swansea, East (Donald Anderson), my hon. Friend the Member for Preseli Pembrokeshire (Mrs. Lawrence), my right hon. Friends the Members for Llanelli (Denzil Davies) and for Newport, East (Alan Howarth), and my hon. Friends the Members for Bridgend (Mr. Griffiths) and for Blaenau Gwent (Llew Smith) have a wealth and breadth of experience that will be much missed in the House.

When the annual Welsh day debate was held just a few weeks before the 1997 general election, there were nearly 110,000 unemployed in Wales. Now, there are fewer than 60,000. In 1997 Wales was lagging well behind other parts of Britain, written off as backward and failing; now we are forging ahead, dynamic and succeeding. In 1997 business confidence was low; now business activity in Wales has increased for 23 months in a row. In 1997 communities in Wales had been devastated by years of economic mismanagement and neglect. For example, the heart had been ripped out of the Pembrokeshire economy. Now communities right across Wales are being regenerated, and Pembrokeshire has the fourth highest business start-up rate in the whole of Britain.

When we met in the last days of the Conservative Government, thousands of care workers, cleaners and security staff in Wales were earning just £1.90 an hour, hundreds of them in my constituency. By October this year it will be illegal for them to earn less than £5.05 an hour, with a further increase to £5.35 next year, benefiting 80,000 low-paid workers in Wales. Back in the 1990s the Leader of the Opposition told us that the minimum wage would cost 2 million jobs. Since then 2 million jobs have been created, 125,000 of them in Wales—

Mr. Bill Wiggin (Leominster) (Con): In the public sector.

Mr. Hain: The hon. Gentleman mutters about the public sector. No. As I will remind him later, around 40,000 jobs have been created in the public sector, and we are proud of that. There are more nurses, more doctors, more police officers and more teachers. The remainder of the 125,000 are in the private sector. In other words, for every public sector job created, two private sector jobs have been created in Wales under this Government.

In that Welsh day debate in 1997, the right hon. Member for Richmond, Yorks (Mr. Hague), then Secretary of State for Wales, told the House:

> "There is no question but that Labour's policies would reduce employment, and they would certainly reduce employment opportunities for the future in Wales. The minimum wage would damage those opportunities ... as would the adoption of the social chapter.—[*Official Report*, 27 February 1997; Vol. 291, c. 458.]

The Conservatives were wrong then, and they are wrong now.

The facts speak for themselves. When we met eight years ago the Welsh economy was on its back. Today it is striding forward, with 7,000 business start-ups funded by the Assembly last year—up 20 per cent. from the previous year—and a higher survival rate than in Britain as a whole. Earnings are rising faster than the UK average in Wales. Economic growth has increased by 6 per cent. since 2002. After almost eight years in office we can be proud of Wales, and not just on the rugby field.

Mr. Wiggin: I think that the Secretary of State is right about rugby, but I do not think that he is right about the economic indicators. Perhaps he would care to comment. Does he think that the proportion of those unemployed, when combined with sickness and disability, is higher or lower than anywhere else in the UK?

Mr. Hain: The hon. Gentleman knows that we have historic levels of ill health and industrial injury in Wales for all the reasons that everybody understands. He knows also that levels of economic inactivity have been falling, in some respects at a higher rate than in any other part of the UK, and that is encouraging. Further, he knows that in respect of people with disabilities, the pilots carried out at Rhondda Cynon Taff and the Ogmore valleys have shown that more than 1,000 people have come off incapacity benefit and into work. Given the opportunity to work and the dignity and prosperity that that brings, they have taken it. Surely he should be welcoming this.

I realise that the hon. Gentleman has great difficulty in finding any reasons to criticise this Labour Government's record in Wales, particularly by comparison with the record of our Conservative predecessors. However, he should not alight on aspects of the economy that stand up to his criticism.

Lembit Öpik (Montgomeryshire) (LD): Is it not a bit of a cheek for the Tories to start raising the issue of

incapacity benefit in the valleys communities when it was the Conservatives who closed the pits and then persuaded people to move off the unemployment figures and on to incapacity benefit? They wanted to persuade people to make that move to massage the figures. That is that sort of thing that we should be hearing the Conservatives talk about. People are worried about communities in south Wales being trashed by them again.

Mr. Hain: Indeed. The truth is that the facts speak for themselves. The facts are that under the previous Government people were pushed off the dole and on to incapacity benefit in record numbers to try to camouflage the huge amount of unemployment in Wales and throughout Britain. Also, when they lost their jobs in the pits, in Rhondda Cynon Taff and elsewhere, including Neath, there were no other jobs awaiting them. Now, if people lose their jobs, there are plenty of vacancies and they have the opportunity to reskill, retrain and move into work, as they have done by the thousand as the Welsh economy has been changing these past few years.

I am proud that not only is Cardiff booming, but throughout Wales, towns and cities such as Swansea, Newport, Wrexham and Holyhead are booming too. In north-east Wales we have Airbus, our industrial jewel. Many other world-class industries are also growing.

Lembit Öpik: On Hawarden, does the Secretary of State agree that Wales has the opportunity to specialise in aerospace, and that by being focused and strategic on a collective basis we could share the benefits of Airbus's unquestionable success throughout the wider economic base of Wales?

Mr. Hain: I thought for a moment that the hon. Gentleman was going to say that there is the opportunity to specialise in air flight. I know that he is a particular specialist in that area. I agree with his point. In north Wales, and north-east Wales particularly, there is a real centre of world excellence in the aerospace industry. That is on the basis of launch aid provided by the Government through the Department of Trade and Industry, a budget that would be axed by the Conservatives if they came to power.

Mark Tami (Alyn and Deeside) (Lab): I wish to help the House. Obviously the Liberal Democrats need to do a little more research. Airbus is in Broughton.

Lembit Öpik: Hawarden.

Mr. Hain: I was being kind by not correcting the hon. Gentleman. My hon. Friend is a much tougher and harder Member than I am.

Chris Ruane (Vale of Clwyd) (Lab): Not too hard.

Mr. Nigel Evans (Ribble Valley) (Con): I am a great believer in manufacturing excellence and its spread. Typhoon, for instance, is manufactured in my constituency, but there will be a knock-on effect for smaller manufacturers throughout the United Kingdom, including Wales. Does the right hon. Gentleman believe that the Liberal Democrat policy of scrapping tranche 3 of the Typhoon programme would jeopardise the manufacture of jet aircraft in this country for a very long time indeed?

Mr. Hain: I do not often agree with the hon. Gentleman, although I sometimes do so at business questions to give him a helping hand. However, he is right that it is disastrous to withdraw support from businesses, whether large businesses in the aerospace industry or small businesses. His party is committed to do so in England with its policy of abolishing the Small Business Service, and the Liberal Democrats will do so across the United Kingdom with their proposals to abolish the Department of Trade and Industry.

Mr. Wiggin: Am I correct in thinking that the right hon. Gentleman is now committed to tranche 3 of Typhoon?

Mr. Hain: I realise that the hon. Gentleman has to try as hard as he can, and he wins plaudits from me for doing so, but he ought to do better.

Only last month, there was another huge boost for Newport, with the transfer of an extra 500 quality permanent Prison Service jobs from England. That comes on top of 600 new Office for National Statistics jobs, which will be transferred to Newport from England.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC) *rose—*

Mr. Hain: I assume that the hon. Gentleman is going to welcome the Labour Government policy of transferring jobs from the congested south-east of England to Wales—something that he has been demanding for many years, and which we are now delivering.

Mr. Llwyd: Absolutely. I agree with the right hon. Gentleman, and applaud that move. I partly support the broad thrust of his remarks, but while Wales appears to be succeeding fairly well along the M4 and the A55, a huge area of the country is not doing so. I represent part of that land mass, and we have not seen any delivery of good new jobs, which is partly why the gross domestic product in Wales is going down instead of up.

Mr. Hain: Actually, that is not true. Let us look at the hon. Gentleman's own constituency, where unemployment has gone down by 55.8 per cent. under the Labour Government. Youth unemployment has gone down by 97 per cent., and long-term unemployment for the over-25s has gone down by 79.6 per cent.

Mr. Llwyd *rose—*

Mr. Hain: Does the hon. Gentleman want more?

Mr. Llwyd: I am certainly willing to hear plenty more about such things. However, I was telling the right hon. Gentleman about the lack of good-quality jobs. The hon. Member for Vale of Clwyd (Chris Ruane) is always bleating on about low pay in Denbighshire, which is a

[Mr. Llwyd]

problem. Low-paid jobs have been created, not good jobs. That may not be the case along the M4 and the A55, but a large part of Wales is not being well served.

Mr. Hain: I understand the point that the hon. Gentleman is making, as most of the investment has been of enormous benefit to south Wales, particularly the south-east, and to north-east Wales. However, we have to start somewhere. Investment in south-east Wales has spread along the M4 through Swansea. I cited the figures for business start-ups in Pembrokeshire, where there has been an extraordinary turnaround, as my hon. Friend the Member for West Carmarthen and South Pembrokeshire (Mr. Ainger) will confirm. More than twelve years ago, when I first campaigned for him at elections, the heart had been ripped out of the Pembrokeshire economy. What is true of that area is true of north-west Wales, as I shall demonstrate later. Only last week, I was in Anglesey and Clwyd, West. *[Interruption.]* Indeed, when the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) was in Anglesey, he would have noticed that in Holyhead and throughout Anglesey there is a new buoyancy and business optimism, not just because there is a Labour MP but because the economy is much stronger.

Mr. Llwyd: The right hon. Gentleman cannot get away with that. In fact, Bangor university research has shown that Anglesey has huge hidden unemployment. On the doorstep, one hears that people cannot get jobs and that there are a large number of economically inactive people on Anglesey. Shortly after the hon. Member for Ynys Môn (Albert Owen), who is not in the Chamber, said that the police were performing well on Anglesey there were many murders on the island. The situation is out of control.

Mr. Hain: It is interesting to talk to business people in Anglesey, as I did on Tuesday evening and Wednesday morning last week. They are not Labour party members, though they will probably support my hon. Friend the Member for Ynys Môn, because they feel a greater buoyancy in the Anglesey economy and more business optimism. That is not to say that there are no problems remaining. Goodness me, after 18 years of Conservative decimation of the island's economy, it is not possible to turn everything round in eight years. That is why we need at least four more years to continue the job in Anglesey, with a Labour Member of Parliament to lead that renewal of the island.

The hon. Member for Meirionnydd Nant Conwy raised the issue of gross domestic product or gross value added. The figures show that there has been a 6 per cent. rise in Welsh GDP and Welsh GVA compared with 2002, the second fastest growth rate in the United Kingdom in 2003, a higher growth rate than England and Scotland, and GVA per capita in Wales has been increasing relative to the European average for the past three years. GVA per head in West Wales and the Valleys, including the hon. Gentleman's part of west Wales, has increased by 17 per cent. since we have been in power.

All those figures are provided by official statisticians and speak for themselves. I should have thought the hon. Gentleman would welcome them. We can argue about how best to support business creation, encourage more people to come off incapacity benefit and so on, but I do not accept his persistent whingeing about the state of Wales and his failure to recognise that Wales is now on the up and moving forward, and that it will continue to move forward as long as the policies that we introduced continue to be implemented.

Today I can announce, in that spirit, that Cardiff is to be the United Kingdom candidate for the headquarters of the European Union's global navigation satellite supervisory authority, the Galileo project. The potential to create such a prestigious project in Cardiff, with up to 30 high-quality jobs, in the year when we are celebrating 100 years of its city status and 50 years since it became our capital city, is immense. Positioning and related technologies are a vital component of the UK's knowledge economy and involve exactly the kind of jobs that we are trying to encourage in the new world-class Welsh economy.

Hywel Williams (Caernarfon) (PC): Hon. Members on both sides of the House have quoted percentages and numbers—600 jobs here, 500 jobs there. Unemployment is a personal tragedy for the person who becomes unemployed. What would the Secretary of State say, therefore, to my constituents who are to lose their jobs in Caernarfon and Porthmadog because of his Government's policy of concentrating the processing of benefit claims in Wrexham and closing down local offices, which, incidentally, will have a deleterious effect on the quality of service to the public?

Mr. Hain: One of the things I would say is that 250 jobs are coming to Bangor, very near the hon. Gentleman's constituency. That part of Wales needs those jobs—

Mr. Wiggin: Call centre jobs?

Mr. Hain: Yes, high-quality call centre jobs, which are important and will remain in Wales. I remind the hon. Member for Caernarfon (Hywel Williams) of the unemployment statistics for his constituency. There has been a 58.8 per cent. reduction since we came to power; youth unemployment is down a staggering 88 per cent.; and long-term unemployment is also down by 88 per cent. He ought to welcome those figures, because they show that his constituents are doing better, even if he does not recognise it.

Paul Flynn (Newport, West) (Lab): My right hon. Friend's announcement of the nomination of the place that he describes as Cardiff, which we in Newport call Newport Far West, as the headquarters of the Galileo project, will be welcome, because that has been our travel-to-work area. The project brings enormous possibilities—up to 10,000 or 12,000 jobs. It has huge potential and is even more important in that it represents the development of a new type of industry in Wales in the intelligence high-tech sector, such as Cogent in Newport and many other firms, and will be a vital part of a transformation of the Welsh economy. Is it not marvellous news that the Government have such faith in the Welsh economy as to nominate Cardiff?

Mr. Hain: In Neath we regard Cardiff as Far East Neath. Seriously, though, my hon. Friend is right.

Those jobs are extremely important for what they symbolise. There may not be many at this stage, but it is significant that out of the entire United Kingdom, Cardiff was chosen as the place to situate the headquarters of such a crucial European project. Of course we still have to beat the opposition across the rest of the European continent, but at least we are trying to do so from a strong base and signs of increasing Welsh success.

The House need not take my word for all this Welsh success. It is clear that the Conservatives and the nationalists are not doing so. Just look at recent national newspaper headlines: in *The Observer*, "Welsh resurgence"; in *The Wall Street Journal*, "High work ethics plus a pro-investment culture bring wealth to Wales"; in *The Daily Telegraph*—

Mr. Evans: Oh!

Mr. Hain: I knew the hon. Gentleman would pick up that point. It is his paper. *The Daily Telegraph* headline reads, "Everyone turns out to be a Welshman"; and *The Sun* says, "Why Wales is so hip it hurts". Those are examples of national newspapers recognising the big dynamism that now exists in Wales, which is proving to be so successful under the policies that we have implemented.

I am proud of what our Government have achieved—proud that we have thousands more nurses, doctors, teachers and police officers than ever before in Wales. I am proud that we have 40,000 more staff in public services in Wales. In a fiercely competitive world, with eastern Europe, not to mention China and India, taking more and more trade and jobs each month from Europe and America, I am proud that the Government have built a stronger economy in Wales than anybody can remember.

Today Labour is not just the party of social justice but the party of economic prosperity and business success. In Wales, and right across Britain, Labour means full employment, low mortgages, economic stability and continuous growth, which allows business to plan and invest for the long term. In the past two years the Conservatives have had 40 Opposition day debates in the House, yet not a single one has been on the subject of the economy. They do not want to discuss it, because they know that on the economy Labour is a winner, and Wales and Britain as a whole are winners too, because Wales is working, Britain is working, and people do not want the Conservatives to wreck it again.

The Conservatives mean risk—the risk of economic failure, mass unemployment, public spending cuts, high interest rates and high mortgages. They are pledged to make £35 billion of cuts in public spending—that is, £50 million of cuts for every constituency in Wales, or up to £2 billion less public spending in Wales, at a time when we need sustained investment in our public services and social and economic infrastructure. *[Interruption.]*

I hear heckling from the Conservative Front Bench and comments that that is not true. The shadow Chancellor published a graph showing that Labour's spending in the coming few years would rise to £668 billion, and the Conservatives' planned spending was £35 billion less than that. That is a £35 billion cut in Labour's spending plans—the plans that we have for building new hospitals, opening new schools and taking forward the new deal. All those plans for extra expenditure would no longer be committed because there is a gap of £35 billion, as the shadow Chancellor himself announced, with the accompanying graph showing that Labour's planned spending of more than £600 billion over the next few years would be reduced by £35 billion, amounting to £2 billion less public spending in Wales.

Mr. Evans: Will the Secretary of State say something about the NHS? Why does he believe that with all the extra money that has gone into the national health service in Wales per head of the population compared with England, there is a worse health service in Wales, compared with England?

Mr. Hain: I shall come to that point, but as the hon. Gentleman has raised it I simply say this at this stage. As he knows, there has been a big legacy of ill health in Wales. That does not mean to say that everything that has or has not gone on in the NHS in Wales can be excused as free of criticism—of course not. But we have now seen, with the announcement by the First Minister only a few weeks ago, that Wales's waiting times for key operations, such as hip operations and heart bypasses, to relieve people from pain, are coming down to a six-month total wait from the moment one sees one's GP to the moment one enters the operating theatre. That is about 26 weeks, which is comparable with the target that we are setting in England and that we intend to meet.

Adam Price (East Carmarthen and Dinefwr) (PC): At the last election, the Welsh Labour manifesto promised the people of Wales that waiting times would be cut year on year. That promise was not kept, so why should the people of Wales believe Labour now?

Mr. Hain: That is actually not true. If the hon. Gentleman looks at the latest figures, published only recently, he will see that waiting times are now coming down and there has been significant progress in reducing lists. In the last month, out-patient waits of over 18 months have been cut by over 2,000, and waits of over 12 months reduced by 3,500. We are making progress. I agree that it has not been fast enough, but we will bring waiting lists down to a level of which I should have thought everyone in Wales would be proud—a maximum of 26 weeks from the moment that a patient in pain sees their local GP to the moment that they walk through the door for an operation. That fantastic achievement will be secured only as a result of the huge investment that is being poured into the NHS in Wales under Labour.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Will the Secretary of State explain to my constituents why they have to wait 18 months to go into an English district general hospital, whereas English patients have to wait only 12 months, and why they are artificially put back in the list to allow the hospital to reach the English waiting list target?

Mr. Hain: If the hon. Gentleman had made that point to me a month ago, it might have had real force, but we

[Mr. Hain]

now see a costed, clearly set-out programme to bring waiting times for his constituents and those of every other Welsh Member right down to the level that will be achieved by 2009 in England. I should have thought that he would welcome that—a maximum of 26 weeks for an operation to relieve pain. That was completely out of the question under the Conservative Government's policies, and would be completely out of the question without our huge investment in the Welsh health service.

Mr. Williams: This is an important point to me and my constituents. Since Christmas this year—the Minister will understand this, because I contacted him on it—Hereford hospital stopped treating Powys patients altogether for orthopaedic conditions. Whatever the right hon. Gentleman says about the future and 2009, those patients are in pain waiting for their operations and being denied them.

Mr. Hain: I understand that it is not acceptable that people have to wait a long time for an operation, and the hon. Gentleman is entitled and right to press his constituents' case, which will help to achieve much speedier treatment times. But he is a fair-minded person and if he looks at the evidence, the programme and the spending that supports it, he will see waiting times coming right down to a maximum of 26 weeks. He should welcome that, and that is something that his constituents will welcome as well, because then there will be no substantial differential between England and Wales in the relief of pain.

If the Conservatives were elected and their plans for £35 billion-worth of cuts over the coming years were implemented as they intend, there would be cuts to the Assembly's budget, meaning less money for schools, hospitals, transport and housing—cuts that would mean that council tax rates would rocket up year on year.

Mr. Wiggin: The Secretary of State knows that the Conservative party has no plans to cut the Welsh block grant.

Mr. Hain: The Welsh block grant is set against the English budget, and there are consequentials, according to the Barnett formula, which flow from English spending levels. That is not just in health and education spending, but in local government and housing spending and a number of other areas. If the proposal of the shadow Chancellor, the Leader of the Opposition and the shadow Cabinet—the hon. Gentleman is outside the shadow Cabinet, but he has signed up to its proposal—to cut future spending by £35 billion were implemented, Wales would not escape. The flow through would be automatic.

Mr. Wiggin: Not true.

Mr. Hain: It is as if the hon. Gentleman has been caught with his hands in the till and now seeks to deny that the money is in his pocket.

Chris Ruane: He thought the change would do him good.

Mr. Hain: My hon. Friend says that the hon. Gentleman thought a change of job would do him good, but he is being unfair to the hon. Gentleman.

The Conservative party is pledged to cut £35 billion from our planned spending. We will be spending over £600 billion; the Conservatives will spend £35 billion less than that. How does one find that spare money other than by savage cuts, including in Wales—£50 million in each constituency?

Chris Bryant (Rhondda) (Lab): That is just for starters.

Mr. Hain: Indeed, and how do we know that it is just for starters? It is not just what the now deselected Member for Arundel and South Downs (Mr. Flight), a member of the shadow Treasury team, says; it is also what the right hon. Member for Wokingham (Mr. Redwood) said. He said that the approach that the Conservatives plan is just a down payment; it is just the beginning of a process. The former Conservative candidate for Sedgefield described it as a process of creative destruction of the public services. He was dropped as the official candidate for Sedgefield, but he is still in the policy unit at Conservative central office, planning these programmes of creative destruction of public services.

Mrs. Betty Williams (Conwy) (Lab): Does my right hon. Friend recall the days when the right hon. Member for Wokingham (Mr. Redwood) was Secretary of State for Wales and responsible for returning Welsh money that should have been spent in Wales to the Treasury in London?

Mr. Hain: Indeed, and it was a crime in Wales at a time when hospitals were being closed. Around 70 hospitals in Wales closed under that Government. Nurses were being sacked, doctors were losing the opportunity to practise, teachers were losing their jobs and schools were suffering. To repatriate £100 million of Welsh money back to London was outrageous.

That is not all. On top of all this, the Conservatives want to take at least £60 million from the NHS in Wales to subsidise those who can afford to pay for private treatment in the first place—money that is being used to pay for 2,400 nurses or 660 consultants. *[Interruption.]* The Opposition spokesman denies his own party's policy for the patients passport. Funding is being set aside from within the NHS to deliver that, and it is intended to pay for half the cost of private operations for those who can afford the cost of private operations in the first place. I can tell him that very few if any of my constituents could afford to go private, so he is taking £60 million out of the NHS in Wales, equivalent to 2,400 nurses or 660 consultants.

Mr. Wayne David (Caerphilly) (Lab): My right hon. Friend will be aware that the Welsh Assembly Labour-led Government have allocated £100 million for a new state-of-the-art hospital in the Caerphilly borough. Is there any chance that such a hospital will go ahead if there happens to be a change of Government?

Mr. Hain: My hon. Friend is absolutely spot on. Three other hospitals are planned to be built in Wales under the finance that we have set aside, and there is no certainty that they will be built under a Conservative Government because the Conservative party is pledged to cut spending year upon year upon year.

As for the Liberal Democrats, they say that they will scrap the new deal, which has helped 70,000 people in Wales into work, especially young people, including in the hon. Gentleman's constituency—*[Interruption.]* Is the hon. Member for Montgomeryshire (Lembit Öpik) not in support of this policy? Perhaps he could clarify.

Lembit Öpik: I am listening to the Secretary of State's argument.

Mr. Hain: I take that as a conversion on the Floor of the House. Indeed, the hon. Gentleman is welcome to walk across the Floor at any time to join us on the Labour Benches. He has made a conversion and is now in support of the new deal, which has helped many people in his constituency into work.

Mr. Roger Williams: While my hon. Friend the Member for Montgomeryshire (Lembit Öpik) might not be right with the party policy, the Secretary of State will know that it is our policy not to support the bog standard new deal, but to give extra resources to people who find it even more difficult to get into employment. At the moment, the new deal does not distinguish between people who find it easier to get into employment and those who are having much more difficulty.

Mr. Hain: I know that the Liberal Democrats are a very small party in Wales—indeed, there are only two of them—but now they are split down the middle on the new deal. The leader of the Liberal Democrats, who in other respects is a fine, upstanding Member of Parliament, is denouncing his own party's policy in Wales. That is nothing short of scandalous, and the electorate will wish to take account of it.

Mr. Williams: There will have to be deselections.

Mr. Hain: Now we have a promise of deselection as well. Where the Conservatives set the trend, perhaps the Liberal Democrats will follow, as they are doing in so many of their other policies, where they are moving towards marketisation in the national health service and the scrapping of the new deal. They are following the Conservatives, as they always do, as gentle little helpers in elections.

The Liberal Democrats also say that they will axe the child trust fund, which will give 30,000 youngsters born in Wales each year a nest egg for the future. That is a very important nest egg, as many babies born in Wales will not enjoy the opportunity of having an asset when they reach adulthood, as those who come from higher-income families elsewhere in Britain can. They also opposed this year's increase in the minimum wage, calling it dangerous.

Chris Bryant: They never agreed with it in the first place.

Mr. Hain: Indeed. The Liberal Democrats wanted a regional minimum wage, which would have meant that Wales had a lower minimum wage than elsewhere in the United Kingdom. It is interesting that they called the increase dangerous, as the CBI supported it and the Federation of Small Businesses did not get out of its pram on it. Only the Liberal Democrats said that it was dangerous for the economy. They do not understand the problems faced by our communities in Wales. Why else would they vote against our plans to tackle teen gangs and antisocial behaviour, as they did in the House? Why else would they be planning a new local income tax that would put new burdens on hard-working families and nurses, teachers and police officers? In Swansea, for example, according to the Liberal Democrats' own calculations, their local income tax would mean a massive increase of 56 per cent. or almost £500 in the annual tax bill for two people earning the average Welsh wage. When they say in leaflets that they plan to abolish the council tax, we should say the truth in alternative leaflets, which is that that policy would hit many thousands of hard-working families on average wages in Wales.

Lembit Öpik: I am listening with my usual grace to the Secretary of State outline his position; I agree with some points and disagree with others. He is being disingenuous in the extreme in misrepresenting local income tax in such a way. Does he not acknowledge that the proposal is not a way to increase the tax take, but a means of bringing in the tax take more fairly? How can he tell a pensioner who lives in a large house and has a small income that they should be paying more council tax than a rich married couple who live in a small house and have a large income?

Mr. Hain: We are going to take £200 tax-free off the council tax. That is a very important reduction, which is being welcomed by pensioners up and down Wales. It would be very helpful if we had a debate on local government finance. An investigation is under way on local government finance—there will be a report once the work is completed—to see whether we can make improvements, as there are some unfairnesses in the council tax system. The Lib Dems should come clean on the impact of a local income tax on people earning the average Welsh wage—police officers, teachers, nurses and many other workers.

There are all sorts of problems. Let us consider a very poor county borough council, such as Blaenau Gwent. The local income tax take from Blaenau Gwent would be very small by comparison with that from Monmouth, parts of Cardiff and even Neath Port Talbot. That would leave the county borough council in a very disadvantaged position. There are all sorts of issues on which the Liberal Democrats need to come up front regarding their proposals for a local income tax, as it looks like an easy hit for them when they say that they will abolish the council tax.

Mr. Roger Williams: The Secretary of State asks us to come clean on the effects of a local income tax. Perhaps he would come clean as well. He is always quoting the average Welsh family income. Can he tell us what that is, according to his calculations?

Mr. Hain: These figures come from the Liberal Democrats' own calculations and estimations. I have not plucked them out of thin air. I have said that the average Welsh wage is the one that we should

[Mr. Hain]

benchmark, and I should have thought that the hon. Gentleman would see that as entirely sensible and logical.

Since our last Welsh day debate, Plaid Cymru has lost its councils in Rhondda Cynon Taff and Caerphilly, which came storming back to Labour last June. Perhaps we should not be surprised that it has already told the media that it has given up across Wales. It is fighting to win only one extra seat out of 36.

Ian Lucas (Wrexham) (Lab): I am grateful to my right hon. Friend for giving way. Before he leaves the vexed subject of the Liberal Democrats, will he tell me whether he is aware that, in Wrexham, the Liberal Democrats and Conservatives recently voted against a proposal to extend a successful neighbourhood warden scheme across different parts of the borough? That happened in the same week in which I received in my flat in Southwark a boastful leaflet from the local Member of Parliament extolling the virtues and success of the neighbourhood warden scheme in the Southwark, North and Bermondsey constituency and saying what an excellent scheme it was and how the Liberal Democrats fully supported it.

Mr. Hain: Nothing surprises me about the Liberal Democrats when they get into power. *[Interruption.]* As I hear pointed out, there is a difference of light years between what they say in opposition, when they make all sorts of exaggerated claims in their "Focus" leaflets and make all sorts of policy promises, and what happens when they get into power, when they fail to deliver and are almost always ejected from office, like Plaid Cymru, when the electorate wake up to them.

Julie Morgan (Cardiff, North) (Lab): Is my right hon. Friend aware that the newly elected Liberal Democrat council in Cardiff has threatened the existence of the women's workshop, an award-winning and pioneering workshop that has brought enormous benefits for disadvantaged women? The grants have been cut, which in turn threatens the European funding.

Mr. Hain: That is indeed shocking and disgraceful. Again, nothing surprises me about the Liberal Democrats when they get into power. I pay tribute to my hon. Friend for the way in which she has supported women's rights throughout Cardiff, Wales and the world, and tenaciously represented the interests of the women's workshop in Cardiff, which is scandalously being clobbered by the Liberal Democrats.

Lembit Öpik *rose—*

Mr. Hain: Is the hon. Gentleman going to volunteer another cut by a Liberal Democrat-run council?

Lembit Öpik: The Secretary of State says that nothing surprises him. So will he concede that he was already aware that some of the cuts that are being forced in Cardiff at the moment are specifically due to a Labour Assembly Minister forcing a change in the rules in local government finance, which has meant that even an efficient Liberal Democrat-run council such as Cardiff has had to bring back its spending explicitly because of politically motivated edicts prompted by a fear of losing Cardiff, Central to my party?

Mr. Hain: The Assembly Minister for Finance, Local Government and Public Services, Sue Essex, behaved responsibly in making sure that council tax payers in Cardiff did not get a huge tax rise under the Liberal Democrat council. *[Interruption.]* That is what the Liberal Democrat council was planning, until Sue Essex made it clear that it would be capped if it went ahead with those exorbitant increases.

Why have cuts suddenly begun under Liberal Democrat rule? Liberal Democrats are not interested in the interests of local communities. Over the past few years, Cardiff has been successfully represented by a Labour council. It is now a booming city in every respect, and although the Liberal Democrats may gain some advantage from the plans, spending programmes and visionary leadership of that Labour-led council over the next few years, the electorate will increasingly find them out.

Lembit Öpik: Will the Secretary of State give way?

Mr. Hain: I shall make some progress on Plaid Cymru, before returning to the Liberal Democrats.

Plaid Cymru has told the media that it has given up across Wales and that it is fighting to win only one extra seat out of the 36 that it does not hold—it wants Anglesey back. Last week, I visited the constituency of my hon. Friend the Member for Ynys Môn. It was clear that people do not want to go back to Plaid; they want to go forward with Labour and build on the success that the island is having after so many bleak years. Plaid Cymru cannot win the general election, but it can help the Tory party to win it, and a Labour vote for the nationalists or Liberal Democrats might let the Leader of the Opposition in the back door to No. 10.

This is the choice facing Wales: back to the failed policies of the past, which brought division and depression to our communities, or forward with a Government who are equipped to address the challenges of today's world. Those challenges include decent wages: those on low incomes need a Labour Government to continue above-inflation increases in the minimum wage, and in the working tax credit and the child tax credit, both of which make work pay.

Those challenges include home ownership: first-time buyers need a Labour Government to help them get on the housing ladder through the doubling of the stamp duty threshold and the biggest building programme of affordable housing in generations. And all home owners need Labour's successful stewardship of the economy to keep mortgage rates low—mortgage rates are half what they were under the previous Conservative Government.

Those challenges include child care: parents need Labour's policies for affordable child care and for children's centres across Wales to provide high-quality pre-school and after-school care. Those challenges include skills: under Labour, every young person will have a guaranteed place in a college or sixth form, or an apprenticeship.

Those challenges include pensions: under Labour, the pension credit and the winter fuel allowance will be improved, not abolished. Council tax help from the Budget now means that £400 will drop through pensioners' letterboxes later this year, rising to £500 for the over-80s. Under Labour, free bus travel and a free TV licence are lifelines, not luxuries. The draft Commissioner for Older People (Wales) Bill has been published, and it provides for a champion for older people in Wales.

The future also includes international challenges, such as climate change, world poverty, Africa, the proliferation of nuclear, biological and chemical weapons, human rights and winning the case for Europe—Wales and Britain are stronger in Europe than isolated apart from it.

Our Labour Government are impatient for more change, because there is so much more to do. I believe that the radical Labour vision that we will soon put before the people is one of which the socialists who founded our party more than 100 years ago would have been proud—a radical Labour agenda to transform the quality of life for millions of our people, and billions more across the globe.

There is now a clear choice in Wales on health: record investment pouring in under Labour or guaranteed transfers of NHS funds to subsidise private operations under the Conservatives; shorter waiting times with Labour or waiting much, much longer under the Tories, just like when they were last in power.

There is another clear choice on devolution itself: Labour believes in power being exercised as close to the people as possible, because we trust the people of Wales to know what is in their best interests and to find Welsh solutions to Welsh problems. We will strengthen the Assembly, not scrap it, which is the proposal from the hon. Member for Leominster (Mr. Wiggin). The choice is clear: a stronger Assembly under Labour, or, under the Conservatives, Wales run Redwood-style from London again. The partnership between our Labour Government at Westminster and our Labour Assembly Government in Cardiff is critical to delivering for the people of Wales. Wales must now decide if it wants that partnership to continue, because the Tories have pledged to destroy it.

The Leader of the Opposition was the Minister who introduced the poll tax. He was the Employment Secretary who presided over an increase in unemployment of more than 1 million, and he was the Home Secretary who cut police numbers by 1,000. He has not changed, because he came to south Wales last year and told us that coalfield communities revived considerably under Margaret Thatcher. Which planet is he living on? It is back to the past with the Tories, or forward with Labour.

This is the choice: a Wales on its back and going backwards—losing out and looked down upon—or a Wales with its chin up, walking tall and moving forward. We should be proud of our nation, proud of our talent, proud of ourselves, proud of Labour's achievements and proud of what we could do with four more years, in which we can build a progressive consensus in Britain that will never, ever allow Wales to be trampled on by destructive right-wing extremism imposed from London.

6.26 pm

Mr. Bill Wiggin (Leominster) (Con): I sincerely hope that the Secretary of State for Wales is better at his own policies than he is at ours—that rant was extraordinary.

I am glad finally to speak in this debate on Welsh affairs, which is taking place more than a month after St. David's day—it is almost St. George's day, and St. Patrick's day occurred recently. Perhaps the Secretary of State forgot his Welsh role or felt that other matters were more important. I also offer him my commiserations on his still being 12:1 to succeed as leader of the Labour party, but at least Rory Bremner does a fantastic impression of him.

Conservative Members simply want the best for Wales and its people. The people of Wales face unparalleled struggles in their health care system. In any other developed country, it would be considered unacceptable to have one in 10 of the population on a waiting list. Violent crime, gun crime, and drug-related crime are increasing, yet crime detection rates are going down. Council taxes have rocketed and yet levels of affordable housing are forever decreasing.

Mrs. Betty Williams: The hon. Gentleman is misleading the House, because detection rates for North Wales police are top of the league for the whole of England and Wales.

Madam Deputy Speaker (Sylvia Heal): Order. Will the hon. Lady withdraw that statement?

Mrs. Williams: I withdraw, Madam Deputy Speaker.

Is the hon. Gentleman aware of the figures that have recently been published for North Wales police? The western division of North Wales police, which covers part of my constituency, has the top detection rate in the whole of England and Wales, and the central division and the division that covers the constituency of my hon. Friend the Member for Wrexham (Ian Lucas) are among the top 10 divisions in the whole of England and Wales.

Mr. Wiggin: The hon. Lady will find that incidents of drug crime increased from 9,425 in 2001 to 10, 268 in 2003. Those are the latest published figures on drug crime. *[Interruption.]* If she will bear with me, I shall come to detection rates. Incidents of violent crime increased from 39,274 to 56,561, again between 2001 and 2003. On gun crime, recorded offences increased from 85 in 1997 to 169 in 2004.

While crime has increased, detection rates have gone down. Total crime detection rates in Wales decreased from 41 per cent. in 2001 to 36 per cent. when the latest figures were published in 2003. If the hon. Lady has new figures, that is tremendous, but unfortunately her Government have not yet published them.

Ian Lucas: The hon. Gentleman will be aware that last week the Association of Chief Police Officers criticised the advertisements on detection rates as misleading. He will also be aware of the view of the chief constable of North Wales that the Conservative party is misleading the public and misrepresenting the crime statistics in

[Ian Lucas]

Wales, which is leading to unnecessary fear among the general population. Will he use this opportunity to withdraw and to apologise to the people of Wales?

Mr. Wiggin: The hon. Gentleman is suggesting that the figures that the Government put out increased the general public's fear, but expects me to apologise for the Government's figures. I think he is quite incorrect.

Mr. Hain: I am not asking the hon. Gentleman to take those figures from Labour Members—although he is having to do so—but to admit that he was wrong. He is repeating wrong statements. The chief constable of North Wales police accused the Conservatives of wrongly exaggerating the threat of crime ahead of an election. I want to quote Richard Brunstrom, the chief constable. He said:

"This misleading advert quite improperly seeks to stir up fear of rising crime when it is well established that crime has been falling for years both locally and nationally . . . I am disappointed in the extreme that it has appeared in the press in a marginal constituency in the run-up to a general election."

The Association of Chief Police Officers said:

"If we want to increase the fear of crime, the selective use of statistics can help in doing that."

It is quite obvious that the hon. Gentleman is indulging in the selective use of statistics, and the chief constable of North Wales has indicted him and criticised him for doing that.

Mr. Wiggin: I have been very indulgent in letting the Secretary of State make such a long speech about his feelings. When does he feel that people should be talking about crime? Surely it must be just before a general election, when voters count. Even more important, his Government are responsible for publishing those figures, and if he does not like what they say he should have spent the past eight years doing more about it.

Paul Flynn: The chief constable explained why the figures showed an apparent rise. It is because the entire basis for the calculations has changed. The chief constables warned us about three years ago that there would be an apparent rise. In fact, we are told by the chief constable of Gwent and many others that the crime rate is the lowest for 20 years.

Mr. Wiggin *rose—*

Chris Bryant: While the hon. Member for Leominster (Mr. Wiggin) is answering that question, would he reflect on the fact that many people have drawn attention to the large posters we can see all over Wales that refer to crime? One of them asks, "How would you like it if your daughter was assaulted by somebody out on early release?" Can the hon. Gentleman name a single case in Wales where that has happened? If not, he should take those posters down.

Mr. Wiggin: That is an absurd suggestion. However, the point made by the hon. Member for Newport, West (Paul Flynn) is relevant in one respect. I understand that some of the statistics are now calculated differently. I can tell the hon. Member for Conwy (Mrs. Williams) that I used figures from post-2001, which is after the changes to the way in which the figures were calculated. The figures that I quoted on crime detection are correct. It is possibly misleading if the figures on the posters do not include that addendum, but the question is: have the people of Wales become safer? The sad fact is that they have not. They are not safer and crime is going up, especially violent crime, gun crime and drug-related crime. That is an important point and people who are about to vote at the election have every right to have their fears discussed publicly in places such as this—*[Interruption.]* The hon. Member for Vale of Clwyd (Chris Ruane) says that fear is being whipped up, but with perhaps only a day to go before the Prime Minister announces the general election I hardly think that "whipped up" is fair.

Huw Irranca-Davies (Ogmore) (Lab): I fully agree that it is right to discuss crime at any time in the electoral cycle, but it is unacceptable for any of us irresponsibly to cause a situation where people in my constituency feel it is unsafe to go outside their homes. Will the hon. Gentleman make clear to me, so that I can report back to my constituents, whether he really feels that in Bridgend and Ogmore it is not safe to walk the streets because of the fear of gun and knife crime and violent crime; or does he actually believe what my chief constable says—that not only have detection rates increased, but crime in my borough is going down year after year?

Mr. Wiggin: Unfortunately, the evidence does not suggest that. In answer to the first part of the hon. Gentleman's question, I quoted the figures earlier: violent crime went up from 39,274 to 56,561 cases between 2001 and 2003. His constituents will have to decide for themselves how safe they feel, but gun crime in Wales has increased from 85 recorded cases in 1997 to 169 in 2004. The system for counting gun crime did not change between 2001 and 2003, nor did the system for counting violent crime, so I do not think that the hon. Gentleman is right. He would be well advised to tell his constituents that they would be considerably safer if there were another 2,199 police officers, which they would get under a Conservative Government.

Donald Anderson (Swansea, East) (Lab): What is clear is that chief constables in Wales have universally criticised that advertisement as misleading. Does the hon. Gentleman agree with them or not? Are they seeking to mislead?

Mr. Wiggin: I do not think that the chief constables are seeking to mislead, and nor is the Conservative party. The Government may have failed to explain why they changed the statistics and whether those statistics are misleading, as the right hon. Gentleman suggests. It was his Government who released the figures.

Huw Irranca-Davies: I am genuinely trying to tempt the hon. Gentleman back from the abyss. In this debate and in some propaganda outside the House, we are in danger of scaring people unnecessarily. Does he agree that we have a responsibility as parliamentarians, and especially as Front-Bench spokesmen, to reflect reality?

Where there is cause for concern, let us discuss it, but where there are improvements, let us reflect them in our debate.

Mr. Wiggin: If the hon. Gentleman wants to reassure his constituents he should tell them to vote Conservative. They will get extra police officers and they will be safer.

Mr. Roger Williams: The Archbishop of Canterbury asked political parties not to dwell on fear in the election. One of my local papers reported on statistics on crime comparing 1997 to 2004—when there had been a change in definition—stating that incidents of violent crime in the Brecon area had gone up from 5,000 to more than 8,000. As fewer than 8,000 people live in the Brecon area, does the hon. Gentleman think that they have been fighting all the time, day and night?

Mr. Wiggin: The hon. Gentleman's initial point was serious. Nobody wants to trade on fear, but we must remember that we have been hearing about record levels of spending and record numbers of police officers. Things have never been rosier in the garden, if we believe the nonsense that we have had to listen to this evening. It is entirely right that people should realise that under a Conservative Government they would not just be safer, they would have an extra 2,199 police officers.

Mr. Evans: It is not just that we are promising to put extra police officers on the streets of Wales, although that is absolutely right; we will also release the police who are there already from the paperwork—the red tape and bureaucracy—that constantly dogs them. They spend more time chained to their desks in the police station than out on the streets detecting the crimes that people are genuinely afraid of in Wales.

Mr. Wiggin: My hon. Friend is absolutely right and I am grateful for that intervention.

The sad thing is that no matter how often we tell Labour Members about the serious problems faced by our constituents, they refuse to listen. They put their heads in the sand like ostriches and fail to recognise that there is a genuine problem. Elderly people are frightened. There is an increase in crime—drug-related crime, violent crime, gun crime—and nothing that the Government have been doing has made a difference. The extra expenditure that the Secretary of State talks about all the time has not delivered.

Mr. Llwyd: I am grateful to the hon. Gentleman for giving way, but I have to make an unfavourable point. His thesis is absurd. Is he actually saying that people in rural Wales are staying in because they are worried that someone will run down the alleyway with a pistol? What he is saying is utter nonsense. If I catch your eye later this evening, Madam Deputy Speaker, I hope to address the question of the perception and reality of crime, and I hope, with respect, to make a better contribution than the hon. Member for Leominster (Mr. Wiggin).

Mr. Wiggin: So much for my charitable act of the evening. The hon. Gentleman is wrong to make light of people's fears, and I hope that when he makes what he calls a better fist of it, he will not forget the importance of those elderly people.

Mark Tami: Is this not the perfect example of the Lynton Crosby attitude that the Tories have absolutely nothing to offer, apart from fear? That is what they are playing on, totally unfairly.

Mr. Wiggin: Did the hon. Gentleman not listen to the Secretary of State's speech? Did he not hear the absolute gibberish about the Thatcher years and the trading on fear to which we have had to listen? Does he not recognise the difference between the truth, according to the crime statistics released by the Government, and the fantasy about the history that we have had to listen to, none of which is corroborated?

Lembit Öpik: Okay then, I shall ask a factual question: did crime not double under the Conservatives?

Mr. Wiggin: The hon. Gentleman's question is completely irrelevant as we are talking about the crime statistics now. I have heard about the Liberal party splitting and I have seen the hard time that the Secretary of State for Wales gives the hon. Gentleman, but, quite honestly, after eight years of this Government we should, as has been said, move forward rather than backwards.

Huw Irranca-Davies *rose—*

Mr. Wiggin: I give way to the hon. Gentleman for the third time.

Huw Irranca-Davies: I thank the hon. Gentleman for giving way so generously. To try to get some balance into the debate, I should say that overall crime in Bridgend county borough is down by 16.5 per cent. However, on a serious point, will he accept my invitation to visit my constituency at any time in the next few weeks? I will take him down any street on any evening. I will take him to Maesteg and show him what is going on there, and I will take him to Pencoed. I make that invitation seriously because I worry that his tone genuinely adds to a climate of fear, quite unnecessarily.

Mr. Wiggin: All I can do is thank the hon. Gentleman for his invitation and say that I will visit his constituency, but whether I visit the places that he mentions or whether I go with him remains to be seen.

I will now make some progress. Let us turn to the fact that council taxes have rocketed, yet affordable housing is forever decreasing. Economic activity rates and employment rates still lag behind those of England, and the industrial jobs that were so prevalent in the past are draining away without being replaced. The gross domestic product of the objective 1 areas in Wales is below those of ex-Soviet bloc countries, such as Slovenia, and no matter what the Government try to claim, the situation is worsening.

No doubt the Secretary of State for Wales will accuse me of talking Wales down, as he usually does, but that is far from what I am doing. We all know how much potential and passion Wales has. Some of us are so

[Mr. Wiggin]

concerned about what is going wrong for the people of Wales that we want to bring it to their attention, rather than sweeping it away under a pile of figures and partial truths. Labour in Westminster and Cardiff have had eight long years to deliver their promises to Wales.

Let us consider the economic success that the Secretary of State for Wales so enjoys lauding. Wales's economic activity level stands at 75.4 per cent., compared with the UK's 78.7 per cent., and the rate has continued to fall over the past year. No matter how much the Secretary of State tries to hail falling unemployment, employment still lags almost 3 per cent. behind the UK average. In fact, an Institute of Welsh Affairs report said:

"On the surface, unemployment appears to have reached tolerably low levels, but when combined with sickness and disability claimants, the proportions not working are higher than virtually anywhere else in the UK."

The people of Wales still face lower pay. Powys is the lowest paid region in the whole of the UK. The 82.2 per cent. of UK average GDP that Wales had achieved under the last Conservative Government has now shrunk to below 79 per cent. The trend is clear: under Labour, Wales's economy is going backwards, and the unfortunate consequence is that there are so many missed opportunities in Wales. Wales continues to haemorrhage manufacturing jobs. Tens of thousands of private sector jobs are being lost and VAT deregistrations of businesses are still outweighing new business registrations.

Chris Bryant: There is a serious point, which the hon. Gentleman has raised twice this evening, about how to combine incapacity benefit and unemployment benefit. On every occasion when Select Committees have considered that issue, they have concluded in unanimous reports—including the Conservatives—that the incapacity benefit figures cannot simply be lumped into the unemployment benefit figures to produce some sort of measure for hidden unemployment. Those of us who represent constituencies where economic activity is high believe that we can do much more to try to help people with disabilities into work, but I worry that the proposals to reform the benefit system that the hon. Gentleman's party has come up with would dump people on to a new pile to one side and not help them into work. How does he plan to help people into work?

Mr. Wiggin: Such genuine and heartfelt concerns should be taken seriously, but the hon. Gentleman is wrong, pure and simple, about those fears. I do not think that there is a plan to dump people from one list to another. That has been going on already, and it is not effective. That is one of the reasons why I find it so difficult to listen to the Secretary of State for Wales telling us how brilliantly the economy of Wales is doing, when the reality is pretty much as the hon. Gentleman describes it in his important intervention.

Chris Bryant: Will the hon. Gentleman give way?

Mr. Wiggin: No. I have been pretty generous in giving way, and although we could go on until 11 o'clock tonight, I will make some progress in fairness to all the other hon. Members who wish to speak.

One of the key causes is the Government's complete inability to do anything about the red tape that is strangling businesses. It is a simple and clear fact that a small business in Wales that employs more than 25 people will spend 73 hours a month filling in Government paperwork. A survey of small businesses in Wales found that red tape had stopped 36 per cent. of them recruiting more people and that 18 per cent. had been forced to cut employee levels. If the Government really want to stop damaging Wales's economy, they must remove the excessive regulation, targets and rules that are strangling Welsh businesses. They must also act to reduce the massive taxation burden that faces the people of Wales.

Unlike the Government, the Conservatives do not believe that increasing the amount that everyone pays a week in tax by £42 is the way to give people the freedom to succeed and develop greater prosperity. We have seen the Government's 66 stealthy increases in the taxes that we pay—and seen the damage that that does. In Wales, nowhere is the curse of escalating taxes more obvious than in the rocketing council taxes. Since 1997, council taxes in Wales have increased by an average £392, or 79 per cent. Areas such as Monmouthshire and Blaenau Gwent have faced increases of 12 and 13 times the rate of inflation. Thanks to the Government's rebanding policy, many people are facing the double whammy of going up a council tax band—or two, or even three. That is set to bump up the tax on an average band D home to more than £1,000 by next year.

The Chancellor's most recent budget, of course, tried to lure voters with the long overdue move to exempt homes up to the value of £120,000 from stamp duty. Yet that simply hides another attack on Welsh business: commercial stamp duty tax relief in deprived areas was abolished. Welsh businesses will suffer as the Government rake in £340 million from them with that new tax. Of course, that raises the question of what all that hard-earned money will be spent on. We can hope that it will be ploughed back into the things that Wales needs the most. Unfortunately, given the Government's record on spending and wasting, I fear that that will not be the case.

In Wales, we need only to look at the massive £67 million—570 per cent. higher than the original estimate—spent on the new Assembly building to see evidence of unnecessary waste. What a difference from Conservative spending proposals, which will guarantee a good deal for Wales from the savings that we make from cuts in waste across Britain. With Barnett funding on top of the block grant, Wales will get a great deal and not face the continued waste and subsequent tax increases that it will suffer if Labour wins a third term. Of course, because our priorities are things such as the NHS and education, which account for a large proportion of Wales's funding, the actual growth will be even greater, yet never were improvements to such things more desperately needed for Wales.

Wales already faces many inequalities in the health of its people. Only 30 per cent. of people in Wales meet guidelines for physical activity, and more than half the population is technically overweight, with 17 per cent. of them obese. More than a quarter of the population smoke and 41 per cent. admit to drinking more than recommended. The many people who wonder why the Welsh NHS has been allowed to descend into the

disastrous situation in which it finds itself should look at its administration. Despite a 40 per cent. increase in health spending, it is difficult to find anything, bar the hard work and devotion of the front-line staff in Wales, that is actually going right with Welsh health care.

Mr. David: The hon. Gentleman made a passing reference to the Welsh Assembly. Will he confirm that he is in favour of scrapping the Welsh Assembly, although the leader of the Conservative group in the Welsh Assembly wants it to have more powers?

Mr. Wiggin: The hon. Gentleman gives me a nice opportunity to make the exact policy clear. We have said, as we have always said, that we will not do anything without the say-so of the Welsh people. To that extent, we will hold a referendum. The choices in the referendum will be whether to give the Assembly further powers, whether to abolish it, or whether to leave it as it is.

Chris Bryant: A "preferedum".

Mr. Wiggin: It will be a sort of "preferendum", as the hon. Gentleman says. However, my vote does not count in Wales, so it is no good pushing me on this one. Although all other hon. Members in the Chamber will have a vote—except perhaps you, Madam Deputy Speaker—I will have to sit gnawing my fingernails in anticipation of the result. It would be disingenuous of me to lead hon. Members to think anything but that the people of Wales will have the final say over the future of the Assembly.

Lembit Öpik: Will the hon. Gentleman give way?

Mr. Wiggin: I will give way, but briefly.

Lembit Öpik: I am listening to the hon. Gentleman with interest. Will he confirm that the only way in which pensioners in Wales will get the council tax rebate about which his party is talking will be to abolish the Welsh Assembly, or have I misunderstood his position?

Mr. Wiggin: The hon. Gentleman is quite wrong about that. The money for the pensioner discount will be available through the Welsh block grant, if the Assembly chooses to give it to pensioners. At the moment it does not choose to do that.

Mr. Llwyd: I think that I understood the hon. Gentleman to be saying that he was not expressing an opinion on the future of the Welsh Assembly because he did not have a vote in Wales. Was that what he said?

Mr. Wiggin: I apologise if I was not clear. I have expressed an opinion in the past, from over the border. I have been asked how I would vote if I had a vote. I would vote for abolition, but that is not the policy of my party, which is one of holding a referendum. [HON. MEMBERS: "Resign!"] I think that I have made the policy perfectly clear and said what I would do if I had a vote, even though I do not.

Mr. Llwyd *rose—*

Mr. Wiggin: I will give way again, because I am enjoying this.

Mr. Llwyd: The hon. Gentleman made the point that he would not be involved in that debate because he does not have a vote in Wales. He does not have a vote in Wales in the general election either, so how can he lead the Conservatives' general election campaign in Wales?

Mr. Wiggin: Because I have expressed my opinion and I shall continue to do so, even though I do not vote in Wales. I do not have any difficulty with that.

Mr. David: I understand what the hon. Gentleman is saying—

Chris Bryant: Do you? How do you understand it?

Mr. David: I am being charitable. Will the hon. Member for Leominster (Mr. Wiggin) give a commitment that if—God forbid—his party wins the general election and he becomes Secretary of State for Wales, he will visit Wales more often?

Mr. Wiggin: More often than what, or who? I visit Wales quite regularly—as often as I possibly can. I think that I have visited the constituency of practically every hon. Member in the Chamber.

Huw Irranca-Davies: You did not come to mine.

Mr. Wiggin: Oh yes I did. *[Interruption.]* Let me make a little more progress; I am sure that we will find time for some more interventions later.

The mystery to many is how the Welsh NHS has been allowed to descend into the disastrous state in which it finds itself—until, of course, we look at administration. Despite a 40 per cent. increase in health spending, it is difficult to find anything, bar the hard work and devotion of the front-line NHS staff in Wales, of course, that is going right in Welsh health care. The Secretary of State said in the Labour Assembly manifesto of 2003:

"the dynamic partnership between a Labour-led assembly and a Labour Government at Westminster is delivering results."

I am afraid that all they have delivered is waiting lists.

More than 100 people have waited longer than four years for an out-patient appointment in Wales. The latest figures show that the overall number of patients waiting is about 300,000, which is an increase of 83 per cent. since Labour took control in Wales. Expensive initiatives mean that money is being thrown away for small improvements. I believe that Labour succeeded in spending £36 million to remove just 40,000 people from the waiting lists in two years.

Julie Morgan *rose—*

Even the briefest assessment of the Welsh NHS illustrates massive failings. Wales now has an out-of-hours general practitioner service in constant and escalating turmoil. Patients are five times more likely to be given a pacemaker for their heart if they live in Poland than if they live in Wales. Despite the higher rate of heart disease in Wales, the use of less invasive treatment to tackle blockages in heart arteries is half of that in England.

Julie Morgan *rose—*

Mr. Wiggin: MRSA rates are not improving and the number of cases has more than trebled since 1996. While 130 people unnecessarily block beds in Cardiff and 10 ambulances queue outside Royal Gwent hospital, a man suffering from a suspected heart attack spent nearly two days waiting for a hospital bed. As that gentleman said:

"the staff are absolutely brilliant but the system is totally wrong".

Julie Morgan: I thank the hon. Gentleman for finally giving way. He says that nothing is going right in the Welsh health service. Is he aware of the success of the University Hospital of Wales in my constituency of Cardiff, North? The introduction of day surgery for parathyroid disease, when tumours are removed from the neck, was piloted at UHW. The hospital has thus reduced an 18-month waiting list to one of a couple of weeks. Such pioneering work is leading the UK, yet the hon. Gentleman has the cheek to say that nothing is going right in the Welsh health service. What does he think that the staff who are working on that initiative and many others in the health service feel about such comments?

Mr. Wiggin: I have been pretty generous in taking interventions during the debate. I again cite the quote:

"the staff are absolutely brilliant but the system is totally wrong".

The hon. Lady should pay closer attention to what I actually say rather than misquoting me and trying to make out that I said something that I did not. Her comment was most unfair. While I am delighted to hear that progress is being made in one part of the NHS, we cannot get away from the horrendous increase in waiting lists in Wales. The Welsh people will not entirely forgive her when she stands on the doorstep and tries to explain the situation regarding waiting lists with the example that she gave. Of course, I might be wrong about that—we have to wait and see.

Mrs. Betty Williams: While the hon. Gentleman is throwing out such comments, is he aware that ysbyty Glan Clwyd, which is in the constituency of my hon. Friend the Member for Vale of Clwyd (Chris Ruane), and ysbyty Gwynedd, which is in my constituency, are two of the top performing hospitals in the whole of the United Kingdom?

Mr. Wiggin: I am delighted to hear that, but it does not change what was said in the quote:

"the staff are absolutely brilliant but the system is totally wrong".

I think that the hon. Lady will find that MRSA figures for ysbyty Gwynedd are not as good as she would perhaps like, and it is a great shame that it has taken so long for the figures even to be released. I do not think that I shall take any more interventions because I have been pretty generous. However, the hon. Lady should check the MRSA figures for ysbyty Gwynedd because they are a real tragedy that let the whole hospital down.

Never has the struggle facing first-class NHS staff been more obvious than in the horrendous vote of no confidence that the British Medical Association Cymru recently passed on the Welsh Assembly. No wonder there are unfilled consultant posts and more than 500 unfilled nursing vacancies in Wales. No wonder the number of temporary staff, who now cost £38 million a year, has increased by 192 per cent. since Labour took control. That is why it is time for action for the Welsh NHS, and action now.

We know, as Conservatives, that by giving patients choice and giving control back to doctors and nurses, who best know how to run their hospitals and surgeries, the Welsh NHS can improve. We also know that having more bureaucrats in the Welsh Health and Social Services Department than practice nurses in GP surgeries, as this Government do, is not the right way to go about that, just as the way to improve the education that children get in Wales is not by implementing half-thought-out ideas, such as the free school breakfasts fiasco. Some people may remember Dr. Chris Howells of the National Association of Head Teachers Cymru describing that policy as a "dog's dinner". It has become obvious over the past few months that what Labour have in mind is scarcely even that—the policy was never intended to feed all children and is now costed at 30p per head. While taxpayers' money is wasted on such schemes, Welsh GCSE pass rates have not reached the Assembly targets for even three years ago, let alone last year. A teaching union has claimed that schools could afford five more teachers every year if they received as much funding as those in England. Wales also remains one of the worst areas in Britain for truancy. Expelled children are being shifted from school to school or, worse still, sometimes being returned to the same one.

If the Government will not listen to our calls, perhaps they should listen to the teachers themselves. The secretary of the National Association of Schoolmasters Union of Women Teachers Cymru has said that there needs to be

"more than rumblings from politicians—we need action ... Teachers' hands are tied by the sanctions available ... a reversed decision to discipline a child undermines the role and professionalism of the teacher."

Under the current system, children in Wales, as in the rest of the UK, are being denied chances that they are worthy of. Surely it is not difficult to understand that teachers need to have real control over their schools; otherwise, the cycle of disorder and lack of discipline will simply continue.

We can see the same thing occurring in terms of Wales's rising crime levels. Drug crime offences rose from 9,425 in 2001 to 10,268 in 2003; violent crime offences increased from 39,274 to 56,561 between 2001 and 2003; gun crime increased from 85 recorded offences in 1997 to 169 in 2004—and while crime goes up, detection rates go down. The total crime detection rate in Wales decreased from 41 per cent. in 2001 to 36 per cent. in 2003. More than six in 10 burglars escape unpunished.

This Labour Government make a pretence of being "tough on crime", yet they have introduced the option of an £80 fixed penalty notice for shoplifters, and for those who cause criminal damage up to the value of £500. They began an early release scheme that is almost criminal in itself, releasing criminals back on to the streets to reoffend, while the public live in fear. More than 3,600 crimes have been committed across the UK by criminals on early release.

Reclassification of cannabis has done nothing to help the people of Wales, where the number of deaths directly caused by illegal drug misuse almost doubled between

1997 and 2002. A *South Wales Echo* report showed that almost 60 per cent. of 20 to 39-year-olds had taken illegal drugs. The assistant chief constable of the South Wales police has rightly said that cannabis, which is taken by 58 per cent. of this age group,

"must not be underestimated . . . many people are confused about whether it is illegal".

When my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) was Home Secretary, crime fell by 18 per cent. We know that the best way to stop crime in Wales, as anywhere in the UK, is to make sure that it does not pay—a point that this Government do not seem to realise. Their figures show that Cardiff prison is operating with more prisoners than it has capacity for. If innocent, law-abiding people in Wales are to stop suffering while the real criminals get away with it, we need more prisons, more police, more drug rehabilitation places and honest sentencing. Under this Government, that is not happening.

In Wales today, people are having to put up with standards of public services and economic strength far below that which they deserve. Yet what can they expect from a Government who have denied the Welsh regiments equal treatment in respect of their name, in a classic example of anti-Welsh double standards? What can they expect from a Government who have not even promised the people of Wales a referendum on their policy of devolved government, before any action is taken? We have promised them their voice and their choice. Under the Conservatives, the people of Wales will be free to decide the future of devolution in Wales. We would leave the Welsh regiments untouched, as they deserve to remain, thereby safely preserving their proud history. By no means should they have to suffer the indignity of being deprived of the same concession in respect of their name as that given to the Scottish regiments.

We believe in being rewarded for hard work and in hard-earned money being spent wisely, not in its being frittered away on things that we never see the benefits of. The people of Wales, as of Britain, should be able to walk safely on their streets, to have clean hospitals and shrinking waiting lists, and to know that their children will be safe and well educated and given the chance to grow into independent, successful adults with responsibility, freedom and choice. No, I do not intend to talk Wales down. I simply intend to point out the failings that the people of Wales should not have to put up with, and the disadvantages still facing so much of Wales, under a Labour Government who have got so much wrong, who have failed so many times, and who are taking Wales for granted and in the wrong direction.

7.3 pm

Mr. Martyn Jones (Clwyd, South) (Lab): Three of the Welsh Affairs Committee's reports are tagged to this debate, and I would like to use them as the basis for my contribution. The first report in this Session is a digest of the Committee's work in 2004, and it sets out its activities, inquiries and reports. During 2004, the Committee demonstrated the breadth of the subject matter that it covers. We scrutinised policies of the Home Office, of the Department for Education and Skills, of the Department for Transport, of the Department of Trade and Industry, and of the Foreign and Commonwealth Office. Such coverage demonstrates that our role is greater than merely scrutinising the Wales Office, and that we cast our net widely in scrutinising Government policy that affects Wales.

However, in addition to scrutinising Government policy affecting Wales, my Committee also scrutinises draft Wales-only legislation and Wales-only legislation that is being considered by Parliament. In previous years, we have undertaken pre-legislative scrutiny in parallel to, but separately from, scrutiny of the same draft legislation by Committees of the National Assembly. That approach was inefficient and inappropriate, so my Committee recommended, successfully, that the House empower it formally to meet Committees of the National Assembly on matters of mutual interest.

We have used those powers to scrutinise the draft Transport (Wales) Bill and the Public Services Ombudsman (Wales) Bill, which was debated on Second Reading earlier today. We have also used the power formally to meet National Assembly Committees to consider the Ofcom review's findings on public service broadcasting as they will affect Wales.

Formal joint working is an important and welcome development. At an administrative level it avoids duplication, but its true worth is its ability to provide joined-up scrutiny of Government policy through partnership between the UK Government and the Welsh Assembly Government. In our report on the work of the Committee in 2004, we pointed out that all sides believed that formal joint working was a success. The Under-Secretary described it as the way forward, while the Secretary of State for Wales considered it to be beneficial to all involved. The shadow Secretary of State for Wales also considered it to be a more time-efficient approach that avoided duplication.

I welcome those comments because the power formally to meet Committees of the National Assembly will cease to have effect at the end of this Parliament. I hope that, if the Government and the official Opposition are in favour of our formal joint working, those powers will be made permanent at the start of the next Parliament, regardless of who is in power. I offer the Under-Secretary and the shadow Minister the opportunity to confirm their views on this matter during their replies.

I also want to draw attention to our two major reports published in this Session. The first, "Manufacturing and Trade in Wales", considered the economic well-being of Wales and the second, "Police Service, Crime and Anti-Social Behaviour in Wales", considered all aspects of antisocial behaviour control in Wales. The first report considered the current state of Welsh manufacturing, foreign direct investment to Wales, Welsh exports, the relationship between industry and academia, and UK Government support for Welsh manufacturing. It concluded:

"The transition from traditional manufacturing in Wales was a difficult journey and not without pain."

However, Wales has managed to modernise and to diversify its manufacturing base, and in some areas it now leads the field.

Lembit Öpik: Does the hon. Gentleman not recognise that nevertheless, areas such as Montgomeryshire have had a particular problem with small-scale manufacturing operations? Indeed, more than 600 manufacturing and other jobs have been lost there on account of downsizing and shifting work abroad. Does he agree that any strategy for Welsh manufacturing needs to take account not just of the large multinational companies, but of the private companies on which the economic prosperity of local communities often depends?

Mr. Jones: One of the particular problems in attracting foreign direct investment is that we do not get the necessary research and development jobs. Our Committee recommended that we should try to get those jobs into Wales, so that we can have a chance of maintaining the presence of such companies. If these jobs go elsewhere and we end up with "screwdriver operations", such companies might leave Wales and go elsewhere. However, I cannot discuss everything that the Committee said in detail; otherwise, we would end up having the same debate that we had then.

The report reached many conclusions and it made many recommendations, but I draw the House's attention to the following, which relates to the intervention from the hon. Member for Montgomeryshire (Lembit Öpik). European structural funds—they remain a vital form of financial support for the Welsh economy, particularly in areas that still have objective 1 status—are shortly to be renegotiated in light of EU enlargement. There is genuine concern that the accession of countries with lower gross domestic products than Wales's will divert those funds away from Wales. While Wales is improving its economy and social structures, it would be detrimental if it lost those important funding streams. We recommended that the Government give a clear undertaking that Wales will not lose out as a result of these negotiations. We also recommended that the Welsh Assembly Government be given the greatest flexibility appropriate to delivering that funding, along with regional selective assistance across Wales. I look to the Government to reassure us that Wales will not lose out as a result of European enlargement.

We also wish to see a refinement of the UK Government's support that includes the introduction of a regional element to research and development tax credits and research councils' grant allocation procedures that would provide for a more equitable spread of Government funds across the UK. At present, Wales does not appear to receive its fair share of Government funding. That needs to be addressed so that Wales can fulfil its great potential.

During the course of the inquiry, the Ministry of Defence announced that it had decided to relocate its Defence Aviation Repair Agency operations from Wales to England. MOD procurement policy has a significant impact on the economy of nations and regions in the United Kingdom. Wales already is under-represented in that respect, and the relocation of DARA is a further diminution of Government procurement in Wales. We recommended that the Government reverse their decision to move DARA's operations from St. Athan to England.

Mr. David: Before my hon. Friend leaves the issue of manufacturing in Wales, will he clarify whether his Committee found unanimity or a majority view among manufacturers in respect of their attitude towards the European Union?

Mr. Jones: The question put to all manufacturers was whether they would like to be in the euro. Surprisingly, they mainly said that they were not particularly bothered either way so long as there was consistency and stability in the currency. I found that rather surprising because I expected them to want to be in the euro zone, which is why we put the question in the first place.

Our second major report, as I said earlier, was entitled "Police Service, Crime and Anti-Social Behaviour in Wales". We took extensive evidence and were pleased to report that, in the main, the four police forces in Wales were performing well. We welcomed the refinement of the targets contained within the latest national policing plan. Earlier plans had set targets for reductions in the levels of specific crimes, and while they may have been appropriate for some forces in the UK, they were not always appropriate for Welsh forces. For example, attempting to reduce bicycle crime in Dyfed-Powys by 15 per cent. was probably not the most appropriate use of the police's time, since there is virtually no bicycle crime at all in that area. The current plan sets an overall crime reduction target of 15 per cent., which we believe is a much more appropriate goal that will let the Welsh police target local crime and provide a better service for Wales.

A significant part of the inquiry concentrated on antisocial behaviour, on which the Government have introduced welcome legislation. Indeed, all the Welsh chief constables unanimously approved the range of measures provided by the Government to help them with their tasks, but there is not yet a sophisticated method of monitoring the success of the police in tackling such behaviour. Our report set out some initial concerns about the low number of antisocial behaviour orders issued in Wales compared to England. There was a perception that Welsh forces were not using ASBOs properly. However, as we found in our report, that was not the case.

Welsh forces have developed strategies for staged intervention that use ASBOs as a measure of last resort. The focus on ASBO numbers means that their methods are not officially counted as successes and, as a result, Welsh forces have appeared to be performing poorly when in fact they are making real headway in tackling antisocial behaviour. For that reason, we call on the Government to introduce a better measurement for success that reflects the Welsh approach.

Mr. Llwyd: I wholeheartedly agree with the hon. Gentleman and I read the recent report in the *Daily Post*. He is absolutely correct that five tiers of action are taken before we get to the ASBO. If problems can be sorted out before reaching the ASBO stage, that is surely efficient and good.

Mr. Jones: Absolutely, and our report stressed that fact. We recommended the Welsh approach to the English, as some English forces are probably using far too many ASBOs. The hon. Gentleman referred to a number of tiers. Some forces sent a letter, which cut out 80 per cent. of the problems—just one letter to the parents sorted it out. Parents often do not know what their children—it is mainly young people involved—are doing and when informed they can intervene to prevent the bad behaviour. We call it the Welsh approach and believe that it should be used throughout the UK.

As I said, ASBOs are only one important part of the police's arsenal, but others have not yet been acknowledged. Credit should be given where it is due, which means that the Government must recognise that the number of ASBOs issued does not automatically equate to levels of success on the ground.

Finally, I make a plea. Whatever changes take place in the Welsh Affairs Committee during the next Parliament, I would like the Committee's role in working with the Assembly to be continued and enhanced.

7.14 pm

Lembit Öpik (Montgomeryshire) (LD): First, may I say how delighted I am that we are at last conducting our St. David's day debate? As if to build the suspense, we have had to wait more than a month. I think that I am speaking for all Members of the Opposition parties in pointing out—as, rightly, did the hon. Member for Leominster (Mr. Wiggin)—that we have had to await the passing of St. Patrick's day before being able to speak about St. David's day matters. That being the case, let us not look the gift horse in the mouth, but let us use the time as an opportunity to evaluate the words of the Secretary of State for Wales. Sadly, he is no longer in his place, and has obviously had to attend to his other job.

Chris Bryant: He has more interesting things to do than listen to this speech.

Lembit Öpik: I shall pass over that comment.

The Secretary of State said that he viewed his party, the Labour party, as the party of social justice, business success, low mortgages, stability and growth, so let us look further into that. To some extent, I agree, and it would be churlish and rather fatuous to imply that everything that has happened in Wales under the Labour Government is bad. From an economic standpoint, Wales has seen some success stories. One of the greatest is the Airbus organisation. The Airbus A380 is probably the most significant new passenger aircraft of the decade and it will bring considerable work opportunities and prosperity to various parts of Wales.

As I said in an earlier intervention on the Secretary of State, I believe that Wales should set for itself the goal of being one of the global centres of aerospace excellence. We certainly have the individuals able to achieve it, but what we need is a strategy that overtly focuses on spreading the know-how and value-added business opportunities across the Welsh economy. There is no reason at all why a number of sub-industries related to aerospace could not be in a position to benefit. That applies in rural areas such as my own and in urban areas across Wales. I hope that Wales will take that opportunity and that we will see the political direction and political will to achieve precisely that.

As an aside, I would point out that I fly aircraft myself. I wanted to apologise to the hon. Member for Alyn and Deeside (Mark Tami)—but he is no longer in his place—for saying Hawarden when I should have said Broughton. I do tend to fly into Hawarden more often than Broughton because when I see the Airbus runways of Broughton, I feel that my small light aircraft is unworthy to land in such a Mecca of aerospace engineering.

The other aspect of economic development related to aerospace is the importance of having a regional air network. My feeling is that the gesture of introducing an Anglesey to Cardiff run is sensible, but that it really should stop in mid-Wales on the way. Until we find a way of getting the relatively small number of people who must get from the north to the south of Wales quickly on their journeys in an expeditious way, we will hold back the economic development of Wales. I am not suggesting that many people will commute regularly, but we all know that many senior industrialists feel that the inaccessibility of parts of Wales is a drawback that deters them from basing their businesses there.

One recent success story that I can speak about with authority is the expansion of Welshpool as a business airport, which has brought economic prosperity to the area. Bob Jones, the airport's owner, has a vision and views the airport as an important addition to the infrastructure of the mid-Wales economy, and I agree with him. The planning approvals necessary for him to expand the airport are commensurate with the strategic focus, which I hope the next Government, of whatever party, will take seriously. A partnership approach is required between the Assembly and Westminster, but I am confident that Ministers are now making the right noises. I strongly recommend that, in his summation, the Minister gives an assurance that should not be difficult to give, as he has given it before, that Labour will continue its strategic support for the expansion of a Welsh air network.

Mr. Roger Williams: I am following closely the thread of my hon. Friend's comments and he failed to mention the attractions of the international airport at Llandegly, which has just opened another runway. I would like that to be included in his network for Wales.

Lembit Öpik: My hon. Friend is describing his dream of a Eurohub in Llandegly, which has about 20 residents and a sign saying "Llandegly international airport, terminals 1 and 2." I watch developments with interest.

On manufacturing, the hon. Member for Clwyd, South (Mr. Jones) rightly outlined some of the important findings that the Welsh Affairs Committee highlighted. There is serious concern that smaller manufacturing companies are being driven to the wall, largely by competition from abroad where labour costs are lower. When focusing on the big work opportunities of 10,000 or 3,000 jobs, we must ensure that we do not take our eye off the ball and the smaller job opportunities of 20, 50 or even five jobs. First, those small companies may become large companies, and secondly, a large proportion of jobs in Wales depend on

[Lembit Öpik]

small companies. Never is that more evident than in mid-Wales and in rural areas of north and south Wales. The difficulty is that the dynamics of the economic cycle tend to have an effect on all small companies at once, so there may be many small business closures, as we had under the Conservatives in the late 1980s and early 1990s. We have had a period of relative stability, but whatever Government are elected after the anticipated election on 5 May, I hope that the Welsh Development Agency and Ministers at Westminster and the Welsh Assembly will ensure that small companies receive help when they most need it.

Mr. Llwyd: I agree with the hon. Gentleman, who knows that 90 per cent. of employees in Wales work in the small and medium sector. Does he recall the days of the Development Board for Rural Wales when his constituency had almost full employment and Meirionnydd Nant Conwy also did well? Unfortunately, although the Welsh Development Agency has done well in many ways, it has not performed well in the small and medium sector and all of us in mid and north Wales have suffered as a result.

Lembit Öpik: I concur with the hon. Gentleman's important point. I am not making a party political point, because Labour Members have had the same experience. I look forward to hearing the Minister's perspective.

On the upside, some companies have done superbly well. Sidoli's, Control Techniques, Laura Ashley and Texplan are four in my area that have consolidated and, despite some shaky times, become world leaders, particularly Control Techniques and Laura Ashley. However, the economic position is a mixed bag of good and bad—it is not as unequivocally positive as the Secretary of State suggested.

The Secretary of State spoke about other areas, so let us look at his claims. I suppose that he would say in evidence of his claim that his party is the party for social justice, but the main period of stability for the Welsh Assembly was when there was a coalition between the Liberal Democrats and the Labour party. During that period class sizes fell significantly, the Tir Gofal scheme introduced environmental opportunities for agriculture and museum charges were scrapped in Wales in advance of other parts of the United Kingdom. I would have more belief in the heady claims of the Secretary of State if those initiatives had happened at the behest of the Labour party, but they came from a Liberal Democrat manifesto. I humbly suggest that Wales was best served with the Liberal Democrats in power when we were able to provide a guiding, sage and mature hand to the impetuosity that we have come to expect from Labour.

Julie Morgan: Does the hon. Gentleman deny that free access to museums is a Labour policy?

Lembit Öpik: Jenny Randerson, the Assembly Member who is also a Liberal Democrat, was the key mechanic of the legislation that made that possible. The hon. Lady should declare an interest. I understand her need to defend the Welsh Assembly, but I am asking—it is for the voters to decide whom they believe—why, if it was the unbridled and committed policy of the Labour party to increase environmental opportunities for farmers, decrease class sizes and reintroduce school milk, has that happened only in places where the Liberal Democrats have been in power?

The Secretary of State said that his party was pro-devolution. I know that some Labour Members are, and perhaps he is too. However, it is frustrating to see the First Minister of the Welsh Assembly apparently dragging his feet and stalling in the face of a great opportunity to work hand in hand with other pro-devolution parties such as the Liberal Democrats to deliver the recommendations of the Richard commission. In the same context, it is all very well for the Secretary of State to say that his party is working hard to resolve the issues of the Welsh health service, but we all know that there is a disparity and that Labour has failed to deliver the improvements that have been seen across the border. That is even more galling for the reasons given by my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams), which are mainly that there are different waiting times for the same hospitals because of the existence of a border. The Secretary of State uttered fine words in his promises to reform that, but we must judge on results and at the moment the results are scant indeed.

Before moving on to the Conservatives, I want to raise a local issue of such importance that it needs to go on the record. Right hon. and hon. Members will be aware of the projected development of a large liquid natural gas facility in Pembroke Dock. It unquestionably has potential for jobs and will increase the economic prosperity of the area, but I am worried that the safety aspects of having such a large LNG plant there have not been sufficiently considered. The explosive potential of LNG is significant, and although it does not explode in the same way as TNT, it is capable of causing a large enough conflagration to incinerate the neighbourhood. I make the point because those who are concerned about the health and safety aspects are frustrated that the matter has not been sufficiently aired in this Chamber. I hope that the Minister will go at least as far as saying that he will consider those concerns. For a bonus for 10, it would be excellent if he was willing to meet and discuss those concerns with the objectors.

I enjoyed the contribution of the hon. Member for Leominster, but did not understand it. He said that despite the cuts in public spending that his party promised, the budget in Wales would be immune—*[Interruption.]* I am happy to have a dialogue with him if he wishes to intervene, but that must wait. I am still troubled—I sometimes wake up at night thinking about this—about the exchange in the Welsh Grand Committee when the Secretary of State said:

> "It is useful to have all this on the record; is the hon. Gentleman saying that he has a unique exemption for Wales from the shadow Chancellor's £35 billion worth of cuts and that Wales will be completely immune to those cuts?"

The hon. Member for Leominster replied:

> "The block grant is immune."—[*Official Report, Welsh Grand Committee*, 7 December 2004; c.11.]

Mr. Wiggin: I urge the hon. Gentleman not to lose sleep at night and, particularly, not to listen to the Secretary of State when he talks about Conservative policy. I can confirm that there are no plans to cut the Welsh block grant.

Lembit Öpik: It gets more curious still. I have a B in A-level maths.

Chris Bryant: You were robbed.

Lembit Öpik: Perhaps I was, but I am happy with that. I got an A in economics. *[Interruption.]* Perhaps they were robbed, but that is not a get-out for the hon. Member for Leominster. I simply fail to understand how he can get up and tell us that the block grant for Wales is immune from the Tory spending plans when everybody here knows that there is a direct link between what is spent in England and what goes into Wales. I have explicitly heard from him that he does not intend to reform the Barnett formula. Therefore, there is only one possible logical conclusion: he is wrong.

If the hon. Gentleman wants to intervene to explain the position, I will be happy to hear him, but I do not understand why he expects anyone in the Chamber to accept something that is patently wrong, and I do not expect any member of the electorate in Wales to be hoodwinked.

Huw Irranca-Davies: The hon. Gentleman is making a valid point, but he is being a little harsh. Perhaps he will agree that it would be worth while for the Conservative Front-Bench spokesman on Wales to write to Members who take part in this debate to set out clearly exactly what is happening and how the Welsh block will somehow be protected without cuts elsewhere.

Lembit Öpik: The hon. Gentleman, once again, makes a helpful point. I hope that the hon. Member for Leominster will concur.

Mr. Wiggin: I understand why the hon. Gentleman is getting in such a pickle over this, and he has my full sympathy. His view start with the premise that he believes what the Secretary of State has told him about the £35 billion of cuts, and that premise is fundamentally wrong.

Lembit Öpik: The best that I can do is assume that the Secretary of State is naive for believing what the hon. Gentleman has said. I am pretty sure that the Secretary of State quoted him, but let us not be distracted by that. A good suggestion has been made, and I hope that the hon. Gentleman will seek to clear the matter up. It is very much in his interest to do so, because I will not mislead the public about Conservative party policy if it is explained to me in a way that I can understand. At this point, I sincerely believe that he is trying to say something that he cannot support. My conclusion is that, if the Conservatives form the next Government, the Barnett formula would mean an effective cut in what is planned for Wales.

Huw Irranca-Davies: Given the offer that we have both made to the hon. Member for Leominster (Mr. Wiggin), does the hon. Gentleman agree that if we fail to have an explanation, the only version that we can give to the electorate in our respective constituencies is that there is no explanation for what has just been said?

Lembit Öpik: Perhaps the hon. Gentleman can have this conversation with the hon. Member for Leominster as they roam the streets of Ogmore looking for crime.

Mr. Roger Williams: Looking for gun crime.

Lembit Öpik: Gun crime, indeed. I note with interest the reluctance of the hon. Member for Leominster to go looking for crime with the hon. Member for Ogmore (Huw Irranca-Davies). On this occasion, I will defend the hon. Member for Leominster, because he knows that such an endeavour would be pointless. Once people got wind of the fact that he, as the shadow Secretary of State for Wales, was roaming the streets, they would stay at home for their own safety. Crime would be almost zero. It raises the spectre that he might choose to pick on the hon. Member for Ogmore just to keep the crime statistics up on that evening.

My serious concern is that the hon. Member for Leominster simply cannot expect anyone in the Chamber or any elector in Wales to attempt to forget what actually happened when the Conservatives were in government: crime doubled. If that is a testimony to failed policies, so be it. This debate is not primarily about crime, but I counsel Conservatives to recognise that the best guide to future behaviour is past experience. Therefore, there is a long way to go for many of us before we can believe that the Conservatives' policies will reduce crime. *[Interruption.]* I hear the hon. Member for Ribble Valley (Mr. Evans), and he reminds me of another point that I nearly did not make, but now it is too late.

Conservative Members voiced considerable criticism of the cost of the new building for the Welsh Assembly, but I do not like hypocrisy. I point out that some have sailed close to the wind when it comes to hypocrisy, so I would never suggest that any Member of the Chamber is a hypocrite. I would be ruled out of order if I did. I simply observe that the hon. Member for Ribble Valley—who is probably one of the finest Secretaries of State for Wales that there never was and, I fear, never will be—has consistently criticised the Welsh Assembly for thinking of spending about £67 million on a building, while he accepted a room in Portcullis House, which cost three and a half times that amount.

Mr. Evans: I had to. This is almost a tradition in this debate, and a bit like pantomime. I will go through it again. Does the hon. Gentleman believe in first past the post or proportional representation? If he believes in proportional representation, why did he accept a seat in the House under first past the post?

Lembit Öpik: The hon. Gentleman is right. Perhaps for the last time in this Parliament, the public will be treated to my standard response. Proportional representation was not an option for me, but not going into Portcullis House was an option for him. If he is so offended, he could have rent his clothes in rage and worked from home. Modern technology makes that possible. Instead, he chose to take that place. I will take no lessons from the Conservatives about a new building for Welsh devolution.

[Lembit Öpik]

The final point that I would make about the Conservatives is the astonishing risk that the shadow Secretary of State for Wales has taken tonight in expressing his views on Welsh devolution. He said that he would vote for the abolition of the Welsh Assembly, but that his opinion did not count. If his leader—himself a Welshman—gets wind of that, the hon. Gentleman's opinion probably will not count. In my judgment, it is simply not plausible to think that a man who wants to be the Secretary of State for Wales would have no influence on the party position that the Conservatives would hold in the event of a referendum. If he seriously means that, it calls into question why he would want to take a job in a Cabinet that, according to him, would overtly be opposed to his view. That is not tenable. It is certainly a much more serious divergence of policy than what the hon. Member for Arundel and South Downs (Mr. Flight) said.

Mr. Wiggin: The hon. Gentleman must be a bit more straightforward. I have been completely clear. I have expressed my opinion that if I were to have a vote, I would not be able to use it because I do not live in Wales at the moment. That is pretty open and honest, and I hope that he will respect that. He is seeking to suggest that I do not care or that I have a separate agenda, but that is not the case. I have made it very clear what the policy is. We will give a referendum to the people of Wales and will abide by their decision. That referendum will have a variety of choices, including empowerment and abolition. Unlike the Secretary of State, he should steer well clear of discussing Conservative policy.

Lembit Öpik: I am not even accusing the hon. Gentleman of sieving. I am saying that he should have the confidence that those in opposition and the other parties here would tolerate a degree of dissent in terms of party policy. We are fairly broad churches, and we have not created the problem for him. His leader fired one of his colleagues for a much more insignificant offence.

As for the hon. Gentleman's position—this is the practical point—I am not seeking his resignation or sacking, but we have to recognise that if the Secretary of State for Wales wanted the abolition of the Welsh Assembly, any reasonable politician would assume that that would have currency in the Government of the day. I shall not push it further than that, but I counsel the hon. Gentleman to recognise that his points of view have currency and are heard and listened to outside the Chamber, so it is reasonable for me to highlight that.

On what could happen after 5 May when the Liberal Democrats form the Government of this country, we would fulfil the opportunities that the current Government have not taken on council tax. I am convinced that local income tax is a fairer form of taxation than council tax. We do not need to go into detail, but let us recognise a few facts. The number of properties that moved up bands in Wales was not the same as the number that went down. Some 33 per cent. went up and 8 per cent. went down. I guarantee that, on balance, a lot of people will pay more council tax as a result of the rebanding.

If anyone wants to pretend that that is fair, let us recognise what is going on in Adamsdown in Cardiff, for example. It has a lower income than 90 per cent. of Wales, but 90 per cent. of properties moved up bands as a result of council tax rebanding. Where is the justice in that? At the same time, Llangyfelach in Swansea has a higher income than 85 per cent. of Wales, but there only 10 per cent. of properties moved up bands. That is why the Liberal Democrats are so opposed to council tax: it takes no account of ability to pay. By comparison and by contrast, local income tax is based entirely on one's ability to pay. It is not based on a person's home, but on their earnings. What could be fairer than that?

Having fought tooth and nail against the changes that the Conservatives made to local government funding, we are in the ironic situation of seeing the Labour party defend the Conservatives' proposal. The Tories introduced council tax, not Labour, but it has stuck too close to a policy that it inherited and could easily have changed.

There is a glimmer of hope, because I believe that we will have a debate, if things come to pass, on a cross-party basis, and we will put the matter to rights in a year or so. I counsel the Minister not to corner his party too far down that line, because in so doing he makes it difficult for Labour to take the policy on, even if he is persuaded by the benefits of local income tax. It will be the Government and not us who make it look like a defeat for the Labour party and a victory for the Liberal Democrats.

By the same token, it is important to recognise the injustice of tuition and top-up fees to Welsh students. Perhaps of all the social policies that Labour has introduced, this one upsets me the most. I remember campaigning with many former Labour student activists who are now Labour Members of Parliament against such ideas when they were proposed by the Conservative Government. Indeed, let us not forget that Labour promised to legislate against such charges on students. On this issue, I stand four-square with the Conservatives in feeling let down by a direct breaking of an election promise.

The students have not forgotten that because they have got debt, and some people have been put off going to university for fear of debt. More than anything, however, I believe that the Government have introduced a tax on learning. For that reason, the Liberal Democrats intend, as a high priority, to abolish tuition and top-up fees if the public choose to elect us to government.

Huw Irranca-Davies: If I recall correctly, I stood on a platform in the constituency of the hon. Gentleman's colleague, the hon. Member for Brecon and Radnorshire (Mr. Williams), in the June 2001 general election, and we both propounded our support for some form of graduate taxation. What has been proposed by the Government might seem iniquitous to the hon. Gentleman, but does he agree that it is fairer than the

graduate tax because at least there is a time limit? With the graduate tax, people carry on paying until they are in the grave.

Lembit Öpik: We do support a higher rate of tax on 98 per cent. or so—I think that that is the right figure—of the top wage earners.

Huw Irranca-Davies: No—

Lembit Öpik: The hon. Gentleman does not have to agree with me, but I am answering his question. In my book, as the majority of the richest people in this country are graduates, it is not unreasonable to charge a 50 per cent. rate of income tax on those earning more than £100,000 a year.

Is it not interesting how history changes politics? Not so long ago, the Labour party would have said that we should have even higher taxation for the richest people. Now we hear respectable and effective politicians, such as the hon. Gentleman, advocating policies that in the not-too-distant past would have branded him a Conservative. I am sad that Labour has moved so far away from the fairest form of taxation, which is income tax. Above all, I am frustrated that these fees were introduced on the basis of a false premise—a promise in a Labour manifesto that it would not introduce such fees for students.

Once again, it is for the electorate to decide whether they have accepted the Labour party's arguments for those charges. It is also a matter of record, however, that in Scotland, the Labour party, working in coalition with the Liberal Democrats, took a different view. I do not think that the Labour party is as homogeneous on the subject as it might wish. I ask Labour Members again, in the spirit of this debate, to consider whether they really want to be stuck with a policy that is iniquitous and in effect creates a higher marginal rate of tax for people on relatively low incomes than it does for those who earn more than £100,000 a year.

Much more could be said about free personal care for the elderly, the £100 extra a month on pensions at 75 and having gone to war in Iraq. Let us be clear: the Liberal Democrats opposed that war and remain convinced that history proved us right to do so. Fundamentally, should there be an election in the near future, what the public have to decide is whether they are satisfied that the old parties can make such changes in their approach to politics that things will improve, or whether they are willing to take a chance on a party that is transparent about its tax increase on those who earn more than £100,000 a year, able to afford free long-term care for the elderly, the abolition of tuition and top-up fees, and the replacement of council tax with a local income tax, and can make those figures add up in a public way.

The great thing about democracy in this country is that people have a choice. The exciting thing about the election is that they can choose between parties that have a differential. They can choose between the two old parties—Conservative and Labour—which look ever more the same, and the Liberal Democrats, who have had the courage to stand apart. I accept that there is Plaid Cymru as well, but it will never form the Government of this country. One cannot pretend that it has ambitions beyond Wales.

As the public will read every word of the debate—as they surely will—I hope that they will make the comparison between what different speakers have said here and recognise that some of us remember that politicians are elected not to rule but to serve. In so doing, we should make not just our constituencies proud, but our public inspired to believe that politicians in this place are here for the right reasons. If they feel that the Liberal Democrats fit that bill, I hope that they vote for us on 5 May.

7.49 pm

Mrs. Betty Williams (Conwy) (Lab): I very much welcome this debate and the opportunity to speak in it, especially as it now seems certain to be the final occasion in this Parliament on which we will be able to debate purely Welsh issues.

In the Queen's Speech last November, we were offered two Wales-specific Bills, both enthusiastically welcomed by my hon. Friends from across the country. Alas, election timetables wait for no legislation, however valuable, and it is obvious that at least one of those Bills is going no further in this Session. That means that today's debate is even more important. It gives me the opportunity to call for the reintroduction of both the Transport (Wales) Bill and, if necessary, the Public Service Ombudsman (Wales) Bill, which was debated earlier today, at the earliest opportunity after the general election. I would like to think that that plea will be heeded by those on both Front Benches and supported by hon. Members in all parts of the House.

Unfortunately, the commitment of the Tory party to Wales is in some doubt, bearing it in mind that its final Secretary of State for Wales represented a constituency in North Yorkshire. I hope that I will not embarrass my predecessor in Conwy, who is now in another place, if I suggest that an excellent home-grown choice was available to be Secretary of State, one who would have brought genuine commitment to the needs of Wales.

I take to heart the concern of the Archbishop of Canterbury about not exploiting people's fear in any general election. I think that we can leave such tactics to the Conservatives, who have proved themselves to be past masters at that. Last week in my constituency, a letter was distributed which purported to be signed by the right hon. and learned Member for Folkestone and Hythe (Mr. Howard). It claimed that since 1999 violent crime had risen by 96 per cent. in Conwy. The reaction from the chief constable of North Wales to similar claims relating to the Clwyd, West constituency has been well documented in the media over the past few days. Having seen at first hand the excellent work being done by North Wales police in tackling all forms of criminal activity, I can entirely understand why Chief Constable Richard Brunstrom took such offence at that misleading publicity. Although there can be no room whatsoever for complacency, particularly about violent crime, it is worth quoting the chief constable. He said:

"It is well established that crime has been falling for years, both locally and nationally."

Whipping up the fear of crime is one thing; using non-comparable statistics to do so is quite another. Nowhere does the Conservatives' material note the changes of classification of offences which occurred during the time frame used. For example, the number of offences classed

[Mrs. Betty Williams]

as violent crime increased significantly. A violent attack on three people is now counted as three crimes, not one. The figure for recorded crime is now all reported crimes, not just those proven. As the Association of Chief Police Officers commented:

"If we want to increase the fear of crime, then the selective use of statistics can help in doing just that".

I want to take this opportunity to pay tribute to the work of North Wales police. As I mentioned earlier, I am particularly proud that the western division of the force, which covers half of my constituency, recently recorded the highest detection figures in the UK and that the other two divisions in North Wales ranked in the top ten.

I certainly have no wish to play down violent crime as a serious issue in Wales. In my constituency, we experience problems related in particular to low-level violent offences and antisocial behaviour. However, significant steps have been taken to solve these problems. The Dyna Ddigon campaign run by North Wales police has made effective use of the extra resources and penalties provided by the Government. Perhaps the most dramatic example of that in my constituency has been the introduction of a dispersal order in the walled town of Conwy. This has helped to stop that world heritage site from becoming a no-go area for local residents owing to night-time antisocial behaviour. I was extremely pleased to have helped obtain an extension of the order and look forward to the community and police working together to achieve a lasting solution to that problem.

The fear of crime of course plays most heavily with pensioners. It is to avoid unnecessarily blighting lives through irrational fear that politicians of all colours must behave responsibly when discussing the issues of crime and disorder. Conwy has one of the highest proportions of retired people of any constituency in the country, so the positive effect of many of the Government's policies towards older people has been more pronounced there than elsewhere. The pension credit, the minimum income guarantee, the winter fuel allowance and free TV licences for those over 75 have made real differences to the lives of many pensioners in my constituency. I know, however, that not only do they, quite rightly in my view, demand more support but that members of a younger generation have begun to worry about their own security in retirement.

In any third-term Administration, I would hope to see a broader picture painted of how the pensions system will be managed in the future, guaranteeing the universality of the state pension alongside the extra help for the poorest pensioners already introduced by the Government. The £200 bonus announced by the Chancellor has been warmly welcomed by my constituents, particularly following this year's rebanding exercise in Wales. I look forward to the permanent guarantee of assistance with council tax bills, which will be required to assist the many pensioners in my constituency who feel penalised by a booming housing market. Any such scheme, however, needs to be targeted to help not only the poorest households but those with modest savings and income, rather than subsidising the most well-off, as suggested by the Conservative party.

I commend the Welsh Assembly Government for their policy of reducing prescription charges. I look forward to the not-too-distant day when free prescriptions will return to all in Wales, leading the way, I hope, for the whole United Kingdom, just as on free bus travel and food in schools. Although the response to Jamie Oliver's crusade has been as strong in Wales as elsewhere, the Assembly Government have already shown themselves to be well aware of the importance of diet to children and their education. Since January, a pilot scheme offering free breakfasts to primary schoolchildren has been running in 48 schools, prior to being rolled out across Wales. The scheme has, where possible, incorporated the local sourcing of ingredients and the provision of a healthy range of choices for children. The provision of breakfasts has been shown to improve children's concentration and educational achievement, as well as having an educational aspect of its own in terms of diet, nutrition and health.

Significant work on children's diet is taking place in my constituency at the school of psychology of the university of Wales, Bangor. Led by Professor Fergus Lowe and Dr. Pauline Horne, a research team has developed a programme to increase children's consumption of fruit and vegetables. This, the "food dude" healthy eating programme, has been trialled in England, Scotland and Ireland, as well as in my own constituency. Studies show that merely presenting fruit and vegetables to children is not sufficient to ensure high consumption. The "food dude" programme, however, has proved very effective in bringing about changes in children's eating habits. Once again, I hope that the Welsh experience can be replicated across the nation.

I had looked forward to a full debate on the Transport (Wales) Bill during this Session.

Lembit Öpik: On a matter related to young people, does the hon. Lady accept that one issue that we face in Wales is the absence of affordable child care, which is causing a significant problem for many families? Does she agree that we need to look at that, because it is probably holding people back from educational opportunities and from returning to economically beneficial work?

Mrs. Williams: I thank the hon. Gentleman for his question. I do not recognise the picture that he is painting, and I advise him to check with his Liberal Democrat colleagues in the Assembly and get the true facts about what is going on with child care in Wales. We have a good record and a good story to tell, and I can assure the hon. Gentleman that that is what we will be telling the people of Wales when we get the opportunity following the announcement of the election date. I thank him for giving me the opportunity to say that.

I was going to talk about the Transport (Wales) Bill. Wales faces a unique set of issues relating to its transport system, which I am convinced would be best addressed by the Assembly, as the Bill proposes. Already, the influence of the Assembly Government on the all-Wales rail franchise has been demonstrated by, among other improvements, the increasing number of direct trains between north and south Wales. However, we shall need much greater control over the franchise from Cardiff

before we see a rail renaissance of the type currently being enjoyed by Scotland under the auspices of the devolved Government there. Scotland has seen new stations, increased frequencies, new trains and funding for at least three openings or reopenings of entire lines, at a time when dark mutterings are heard in England and Wales about line closures and service withdrawals.

Devolution of powers over rail services would, I believe, produce a service more in tune with the needs of the Welsh people. I was unpleasantly surprised to be informed recently by a constituent that Arriva Trains Wales was not keeping to its franchise and passenger charter commitment to provide a Welsh language telephone information line. Having telephoned the line myself, I found it to be based in Newcastle-upon-Tyne. The supervisor told me that the ability to provide a Welsh language service was, unsurprisingly, hampered by an inability to recruit Welsh speakers in north-east England. So my Welsh-speaking constituents, who constitute a majority at the western end of the constituency, are denied access to train information in their first language because the company operating the services is unwilling to open a call centre in Wales, where that service could be provided. That cannot be allowed to continue.

I would hope that as well as improving the train services themselves, the Welsh Assembly would pay more attention than the Strategic Rail Authority has to the finer details of the service provided. Unfortunately, the Bill as proposed would not give the Assembly power over long-distance Anglo-Welsh services, such as the Virgin west coast services that link Bangor and Llandudno, in my constituency, to London. As a regular user, and on many occasions a sufferer, of those services, I am in absolute agreement with the demands from my constituents for improvements to the route. In particular, I call for the replacement of the five-car Supervoyager units with something more suitable for the service in terms of capacity, comfort and catering. In that context, I was astonished to find that seven Meridian nine-car units, which are improved versions of the Voyagers, were sitting idle. The trains were originally ordered for Midland Mainline but were prevented from running because the SRA withdrew consent for new London-to-Leeds services. They would be ideally suited to the north Wales route, but having corresponded with the SRA and Virgin Trains, I am left with the impression of two organisations failing to communicate properly with each other and of a blinkered attitude on the part of the SRA towards any use of the trains other than selling them to the Republic of Ireland.

After being told by the SRA that there was no commercial case for new trains for that route, I was all the more surprised to receive a consultation document from its west coast department on the future of services on the London to north Wales route. That made it clear that the SRA was actively considering the purchase of another set of new trains for the service, for delivery in a couple of years' time. Why force north Wales passengers to wait so long for improvements and spend millions on brand new trains when there are sets available for the route now? That lack of joined-up thinking in the rail industry is benefiting no one but the car industry. The economic future of my constituency, along with neighbouring constituencies, depends on that rail service.

I hope not only that the Transport (Wales) Bill will be reintroduced in the next Parliament, but that when it is debated, the Government will listen closely to the arguments for giving the Assembly some influence over long-distance rail services, which are as crucial as the shorter-distance ones.

Hywel Williams: Is the hon. Lady aware that the Minister, in replying to me a few weeks ago, said that long-distance travel, say from her constituency to London, is specifically excluded from the Transport (Wales) Bill? How does she react to that?

Mrs. Williams: I said that in my preamble; perhaps the hon. Gentleman was not listening, but if he cares to read *Hansard* tomorrow he will be able to confirm that.

Over the past eight years, the Government have achieved a lot for the people of Wales, and I believe that they can offer a lot more in the future. The introduction of the child trust fund—my son and daughter-in-law very much welcomed that when their first child was born, and I was very proud, as well as becoming a grandmother for the first time—and further improvements to the tax credit system will be of great benefit to hard-working families in my constituency. The Government will continue the work of moving children and older people out of poverty.

Further investment in getting more police officers on to the streets and tackling antisocial behaviour will continue to help people regain control of our towns and villages. With youth unemployment all but wiped out in my constituency, we need to increase the help available to those on incapacity benefit to return to work. As is the case in so much of Wales, I have many constituents who have suffered industrial injuries and who feel marginalised from economic prosperity. We must step up our work to end that marginalisation, through programmes to help them back to employment or to benefits of a level that allow them to live with dignity.

It is vital that time is found in the next Parliament for legislation that will build on the steps already taken by this Government to make Wales a fairer, safer and more prosperous place.

8.7 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I hope in the few minutes allowed to refer to themes that are important to me and my party—affordable housing and safer communities. We have already had a discussion about law and order, and I hope later to come on to that. I shall not fan the flames or try to whip up any antipathy, but shall instead speak from the experience that I have gained as a practitioner in law and from what I have seen over the past two or three years in various parts of Wales.

I shall refer first to affordable housing. I am pleased that we are able to discuss it now in a far more mature way than we were able to do before the last election. Indeed, I have gratefully accepted an opportunity to speak with the Under-Secretary of State on Wednesday about a discussion document that we issued in January. It contains various pointers that we hope will inform the argument and may bring about a better climate for young people in particular, and for everyone in general so that everyone can afford a roof above their head.

[Mr. Elfyn Llwyd]

Ordinary people trying to set up home in Wales are obviously hampered by the huge rise in prices. There is no doubt that the rising cost of private rentals has also made life difficult for many people. Prices have soared. Many first-time buyers, or hopeful first-time buyers, are unable to secure mortgages to buy property. That is a fairly obvious point.What is not quite so obvious is that house prices in Wales rose by 124 per cent. between 1997 and 2004. Significantly, 82 per cent. of that growth occurred between 2001 and 2004. The increase in prices was a modest 1.1 per cent. between 1997 and 1998, which was well within inflation. There was a 5 per cent. rise from 1998 to 1999, which was a warning, and then there were 9 per cent. and 6 per cent. rises. The trend has emerged: Welsh prices have outpaced the UK average. The shortage of affordable housing has spread not only to rural retreats but to city hotspots and to the valleys. Prices have doubled in Pembrokeshire in the past three years.

What can be done about that? I am not professing to have all the answers, but I think that my colleagues and I have come up with a few that might be interesting and worthy of further consideration. I will be giving a copy of our document to the Minister on Wednesday. It was issued for consultation in January, and hitherto the feedback has been fairly positive. We have engaged with many societies and individuals on the issue. Decent housing does not have to be beyond anyone's reach—action by various levels of government could and should make a real difference to the amount and range of affordable housing in Wales, including social housing. By using its budgetary and planning regulatory powers, and working with local authorities, the Assembly could give practical support to community housing initiatives, safeguard communities and help councils to enhance local housing resources.

I shall refer to one or two measures. For example, there is the approach of establishing a community land trust unit within the Assembly. With its own budget line, its functions would include assisting community land trusts with set-up costs and advice, guaranteeing low-cost loans to support community ownership of clusters of homes and/or the purchase of land on which to build them. Local authorities could be allowed to prioritise local housing needs and the authorities could be granted the right in certain circumstances to take a percentage of the enhanced land value as planning gain when developers apply for change of use. Also, and importantly, local authorities could be encouraged to require a percentage of affordable homes in all new developments of more than 10 homes.

That is being done on an ad hoc basis in some council areas. I would like to see it spread as good practice throughout Wales. We would also like to see support for council tenants who wish to buy in the private sector. Crucially, we would like councils to be given the right not to implement the right to buy. We would like more support for the homebuy initiative, and that is really a cry for more money. It is quite a good scheme that is worked through the Welsh Assembly Government. It needs more funding if it is to make a real impact but it is a good start. We want a benchmark for more affordable homes and to identify surplus land owned by public bodies that could be suitable to use for the building of those homes.

We want to stop the decline in social housing. As tenants have exercised their right to buy council homes the stock has shrunk considerably, with local authorities now possessing precious little social housing. One of the obvious answers is to support housing investment by councils. There is little indication at present that that will happen. On the contrary, the Treasury has made it clear that it will not even allow local authorities to set up companies that could borrow for the purpose of investing in housing. The UK Treasury has turned down an Assembly request to allow wholly owned local authority companies in Wales. It has advised the Welsh Minister with responsibilities for social justice and regeneration that despite a good case outlining the benefits and the limited effect on public borrowing of the proposal, it would not be acceptable because it would lead to further pressure on public expenditure limits.

Establishing a public investment trust to raise finance for Welsh housing could circumvent Treasury restrictions. If it were set up, for example, on lines similar to Glas Cymru, the company that owns Welsh water, the trust would probably succeed. I believe that that is a thought worth pursuing.

I will not shy away from the fact that there needs to be a firmer approach to second homes. I have argued long and hard about the issue. It does not matter who buys second homes—whether it is a Welsh speaker from Cardiff or someone from Peking, those homes are empty for most of the year. They contribute to the run-down of local services, of the chapels, of churches, of schools, of shops, of public transport and of the local pub, for example. They are a social problem. Let us not beat about the bush. I would like to ensure—I introduced a Bill on the issue back in 1993—that where there is a substantial number of second homes, the local planning authority should be able to bring in change-of-use criteria, under which someone who wanted to purchase a second home in the area would have to check with the council to ascertain whether the percentage of second homes that it allows in the locality had been reached.

That is not unfair to the prospective purchasers. They would know precisely where they stood. There are linguistically sensitive areas, such as places that my hon. Friend the Member for Caernarfon (Hywel Williams) and I represent, where the percentage of second homes might be quite low. However, even within my constituency at Aberdyfi, there are a huge number already. I am not proposing cutting down on them, but I am saying that for future development we must take into account what is sustainable in any given community. Very often, there is an absence of use of local services, and clearly there will be a deleterious effect upon the Welsh language and culture.

There has been some movement on council tax, but I believe that we must bite the bullet and examine planning restrictions. At the end of the day, the Welsh language belongs to every one of us in this place, and beyond to everybody in Britain. We must protect it, and I have outlined one way of doing so. I think that it is a positive way forward. It will not pull the wool over anyone's eyes if we adopt this approach. Interestingly enough, I spoke with a Cabinet Minister about the proposal before the last election. He shall remain nameless, but he was fully persuaded of the "use clause"

idea. Unfortunately, it became a minority opinion in the Cabinet at the time and did not succeed. I honestly believe that it is worth having another look at it.

I have referred to community land trusts. Something like that is happening in my home village of Llanuwchllyn, where a group of youngsters have got together. Rather than just complaining from the sidelines, they are looking for spare land. They are coming close to doing a deal with the local council for that land to be transferred to the trust at nil or nominal value. It is to be hoped that affordable homes will be built on that land, initially to let or as a "part buy" for local youngsters who are unable to get into the housing market.

I shall give the House a snapshot. Some so-called affordable housing was built in Llanuwchllyn. It consisted of nice little starter homes. They were semi-detached with small gardens and they were selling for £168,000. One couple came to me and the young lady was in tears. She has a good teaching job—indeed, both she and her husband-to-be have good jobs as he is a farmer and does some other work as well. However, when their joint income was totalled it was clear that they did not have a snowball's chance in hell of obtaining a mortgage, even at four and a half times their joint salary. They were totally out of it. Even with the homebuy contribution from Cardiff it still would not work.

The issue is critical and, if we are to serve the needs of our constituents, we need to get together to try to come up with some answers. I am sure that that is not beyond us if we pool our skills, lobby at the necessary levels of government and get something going. We cannot sit back and do nothing—that would be to abrogate a serious responsibility to the people of Wales.

I have referred to affordable housing and I shall now move on to safer communities. We hear often that social housing leads to crime—no, social exclusion leads to crime, but also partly social housing—

Mr. David: You said it.

Mr. Llwyd: Yes, I did say it. It was a mistake. The hon. Gentleman never makes a mistake except when he intervenes on me. Who knows, he might make another mistake.

I do not believe that social exclusion has to lead to crime. The equation is not as simple as that. I believe, however, that social exclusion is a factor in the causation of crime, along with the lack of healthy living, a clean environment, good, affordable housing and decent, well-paid jobs. There is great concern about behaviour that disturbs the community, but the problem is perceived to be far worse than it is in reality. In the 2003–04 British crime survey, 42 per cent. of respondents thought that antisocial behaviour had become worse over the previous two years, and only 8 per cent. thought that it had improved. I do not know what barometer those individuals were using, but the perception of crime is always far worse than the reality, and that may also be true of antisocial behaviour. Unfortunately, however, such behaviour has visible results, including vandalism, litter, graffiti and so on, which, in turn, lead to more serious crime. Disturbing antisocial behaviour, whether criminal or not, has a negative effect on the extent to which people feel comfortable in their own community and on their perception of it as a safe place in which to raise their families.

A stable community can be achieved only by taking an holistic approach to improving people's lives. Enforcement deals with today's problems, but prevention and education will take care of the future. We need to get to grips with the causes and consequences of crime alike. Locking people up and throwing away the key seldom makes a positive difference or makes our communities safer in the long-term. As an experienced practitioner in criminal law, I know that young offenders often learn more about crime in prison. There are almost 80,000 people in prison in Britain, which easily makes it the imprisonment capital of Europe. The people of the British isles are clearly not intrinsically worse than anyone else, so we must be getting something wrong.

The best place to tackle crime is in the community itself. Plaid Cymru advocates the extension of community-based penalties, which would require additional, properly funded and experienced probation officers. I know from my own experience that such orders work and make the reoffending rate far lower. I accept that they require resources, but offenders themselves are seen to make a contribution to the community in which they have offended. Greater support for victims and witnesses is an important step in ensuring that people feel safer in their communities, and good work has begun to provide that. Two thirds of property crime that comes before the courts arises from a drugs-related offence, so there is a paramount need for drug addiction to be seen and treated for what it is—an illness. The number of people experimenting with drugs is growing, and although the vast majority will not become drug users, we cannot ignore the social problems that result from drug and alcohol abuse and addiction.

Strong and vibrant communities are the best places in which people with drug and alcohol problems can recover. High-quality rehabilitation programmes are the most effective way of helping problem users to reintegrate into society. Plaid Cymru would like all moneys collected via Crown courts from the confiscation of drugs offence money to be ring-fenced to secure rehabilitation places for people in recovery. It is not a nice thing to discuss, but no one in the Chamber can put his hand on his heart and say that there is not a drugs problem in our communities. We need such facilities in every part of Wales. It is not simply an urban problem; it is just as much a rural problem. We should tackle this huge problem head on and aim to secure better rehabilitation.

I am not claiming that the confiscated money would be enough, but it would be a start. The Government must recognise that adequate funding for rehab is a sound investment in safer communities. They must invest soon in adequate additional rehabilitation places. Plaid Cymru also believes that early education is crucial in helping to prevent problems developing in the first place, so we call for the delivery of an effective drugs education programme in every school in Wales, using trained peripatetic teachers to serve groups of schools.

We all know that alcohol-fuelled behaviour has been increasing alarmingly, harming individuals and society, not to mention police budgets. The Government

[Mr. Llwyd]

famously targeted thousands of young people by text message shortly before the last election, advising them to vote Labour if they wanted 24-hour drinking. In the meantime, they produced a strategy to reduce the harm caused by alcohol drinking, which is hardly an example of joined-up thinking. Twenty-four-hour drinking is probably one of the few pledges that new Labour is likely to deliver, with its proposed new licensing laws. Plaid Cymru, the party of Wales, will continue to oppose 24-hour licensing, which places heavy additional burdens on the police, causes further harm to the health of vulnerable people and puts smaller local publicans out of business. Heaven help people who live near licensed premises and have to put up with noisy exchanges all night long.

Mr. David: Does the hon. Gentleman accept that a key part of the Licensing Act 2003 gives more power to local authorities to determine what is best for their local communities?

Mr. Llwyd: Yes, but it is akin to the old licensing system for music on licensed premises. Local authorities, rather than the courts, were responsible for such licences. It was not a brilliant system then, and I am not sure that it will be a brilliant system now. I might be wrong, but heaven forbid that I should live next door to a pub with a 24-hour licence. If licensing is carried out sympathetically, fine. In 24 months' time, perhaps we can have this argument again and I might accept that I am wrong. However, at the moment it appears to be a dodgy policy.

I am not being patronising when I say that educating people, especially the young, is an essential tool in dealing with the problem. Responsible behaviour is also required from the companies that profit from alcohol and must be enforced by legislation if necessary. High-alcohol drinks such as alcopops are clearly targeted on the young and are often consumed to excess by under-age drinkers. The Portman Group may say that that is not the case, but any fool can see that the advertising and marketing of drinks are directed at the young. I must watch what I say, but in many cases those products are consumed by under-age drinkers.

If those drinks are sold, they should carry a compulsory warning reminding consumers of the dangers, and they should be subject to far higher duty, thereby making them less accessible to young people and under-age drinkers. In addition, we believe that there should be stricter controls on marketing and advertising. More legal and financial responsibility should be placed on the owners of pubs and clubs, who are making money by transferring their costs to the community and especially the police forces, as we have seen in places such as Wrexham, Swansea and Cardiff.

If the law as it currently stands were strictly enforced, there would be far fewer problems. We all know that it is an offence to serve somebody who is already under the influence of drink. Why are there only one or two prosecutions throughout the UK in any given year?

Huw Irranca-Davies: I agree with the hon. Gentleman. As a former licence-holder, I knew that my job was on the line if I served people irresponsibly on my premises. On the point made by my hon. Friend the Member for Caerphilly (Mr. David), we are giving a great deal of responsibility to local authorities. We all need to make sure that our local authorities are using those powers responsibly and adopting an area-wide strategic view of licensing and the application of the existing powers. If that means taking licences away from licence-holders, local authorities should do that now and in the future.

Mr. Llwyd: I agree entirely. A consensus is clearly building on the subject, and I am pleased that it is.

Enforcement alone is not enough to free local communities from the threat of antisocial behaviour. I had an exchange earlier with the Chairman of the Welsh Affairs Committee, the hon. Member for Clwyd, South (Mr. Jones). He made the point that we are all aware of the problem and the need to deal with it, but that looking at how many antisocial behaviour orders have been applied for is a crude way of assessing the extent of the problem. Last week I spoke with the area divisional commander of the western division, much praised by the hon. Member for Conwy (Mrs. Williams) and rightly so, about how the system was working. The force has a five-stage mechanism leading up to an ASBO. It has very few ASBOs in place, but that is a feather in its cap, not a criticism of the force. However, it takes more time, patience, energy and skill to deal with the problems in the first four stages, rather than going straight to court.

Julie Morgan: I agree with the points that the hon. Gentleman is making. Does he agree that it is important for us to convey them to the public? It is sometimes difficult for the public to understand that the policy is successful in Wales, and that not imposing an ASBO represents a success.

Mr. Llwyd: Absolutely. The hon. Lady is right. I understand that the Welsh Affairs Committee has been trying to make that public. The last thing I want to do is to criminalise youngsters, who will probably grow out of the behaviour in a fairly short time. If they can be assisted through the first four stages of the process, well and good. The hon. Lady is right that people do not realise that the fact that ASBOs are not being applied for is a good thing, rather than a bad one. It behoves us all across the spectrum to consider that and to speak candidly with our constituents and explain the position.

Of course we need more community beat officers. I am not always a fan of the North Wales police—not an unqualified fan, anyway—but I must congratulate the force on creating community beat officers throughout the North Wales area and giving them extra salaries to keep them in that work for five years, or whatever the agreed period is. I am very happy with the excellent work that is being done. I speak as one whose father was a police officer who served in Holyhead and Amlwch in Anglesey. My brother is also a serving police officer.

I can see the good sense in community beat officers. It is reckoned that 90 per cent. of all crimes are solved as a result of information passed on by the public. If there is a good link and a good relationship between an officer and the public, the policing becomes better and everybody wins hands down. It is said to be an expensive form of policing, but there must be a read-across to the prevention of crime. I recognise that the nature of

modern crime has changed and that rapid response vehicles are needed, but there will always be a role for the traditional bobby, the community beat manager.

Before I conclude, I want to praise Dyfed-Powys police for its initiative of opening up offices throughout the police area, in some places taking the corner of a shop. That is far-sighted of the force, which is enhancing its estate rather than cutting back. There might be just a table and a hot phone, and sometimes civilians manning the point. That is good practice, which I hope will be emulated by others.

I am not suggesting that I have all the answers this evening, but in the spirit of reasonable political discourse I hope that some of the points that I have made will be picked up by other hon. Members and that we might have a further discussion, in particular about the housing issue. I am pleased that I am meeting the Minister on Wednesday.

8.34 pm

Mr. Martin Caton (Gower) (Lab): I should like to take the opportunity of this debate to focus on a local issue in my constituency—one that I believe has lessons certainly for the whole of the city and county of Swansea, of which Gower is part, and for the planning system throughout Wales and perhaps the United Kingdom.

Since the last local government elections, Labour no longer runs Swansea. Fellow fans of the excellent Russell Davies television serial "Mine All Mine" might have the impression that it is now in the charge of Max Vivaldi and its name has been changed to Barbara, but that is not the case, I am afraid. In fact, in charge now is a ragbag mixture of Liberal Democrats, Tories and independents from across the political spectrum. This is a coalition that is so broad and so unprincipled that there is even room in it for people who copy their election literature word for word, picture for picture, from British National party leaflets. So perhaps it is no surprise that it is prepared to renege on its commitments to the communities of Swansea and drive a coach and horses through its own planning policies if someone offers it enough money.

Gorseinon, the small town at the heart of my constituency, was, until a few weeks ago, to be the home of a new state-of-the-art bowling and leisure pavilion, providing facilities for all ages, both local and from farther afield. We were within days of seeing a planning application when the rug was pulled. What happened? Asda and Wal-Mart came along with a big fat wallet and offered the council £11 million to lease the same piece of land for a superstore, and it jumped at it. In doing so, it is not just breaking a promise to Gorseinon and the bowlers of Swansea, and, incidentally, upsetting the tennis players of the region as it now intends to put the bowls facility in the indoor tennis centre at Morfa, it is going against every policy that applies to the site. They are the Lliw valley local plan, the new Swansea unitary development plan, the Gorseinon regeneration strategy and the specific site development brief itself—all the major planning guidance documents that are supposed to inform the council as it decides the way forward for that city. Those polices ruled out large-scale food retailing on the land because the council knew that a superstore would threaten the viability of many of the small shops in the high street and jeopardise the regeneration of the whole town. But now it is prepared to tear those policies up for cash. It is not just selling Gorseinon down the river, it is undermining the integrity of its own planning system.

Between them, Asda, Tesco, Sainsbury's and Morrisons control over 76 per cent. of the food retailing market in the UK. In 2000, the Competition Commission defined the grocery market as a complex monopoly that works against the long-term interests of the consumer. The National Retail Planning Forum, which is partly funded by the supermarkets, recently studied the changes that have taken place in the areas surrounding 93 new superstores. It found that the stores were responsible for a net loss of 25,685 employees. In other words, every time a large supermarket opened 276 people lost their jobs. It is probably true that sometimes a new supermarket can provide a focus and encourage people to use neighbouring retailers and other facilities when they do their main grocery shopping, but I think that that scenario is rare and I am absolutely certain that it is not the one that we face in Gorseinon.

In 1998, the New Economics Foundation calculated that every £50,000 spent in small local shops creates one job. In supermarkets, £250,000 has to be spent to create extra employment. This is exactly the wrong time to move in this direction. Increasingly, people are finding that they prefer the experience of shopping in a traditional high street to that of supermarket buying.

Gorseinon high street is looking better today than at any time in the last decade or more, partly thanks to a successful and stable economy and partly thanks to a regeneration strategy that was supported by the council. The people of Gorseinon, I am pleased to say, are not taking this lying down. The community council, the chamber of trade, city councillors, the Assembly Member, Edwina Hart, and I as Member of Parliament are working together to stop this happening. We are mounting a campaign to convince people across Swansea that this is a bad decision, not made for good, objective reasons after due consideration and proper consultation, but made in a hurry in response to a very large financial inducement.

That is bad news for every part of the city and county of Swansea, because a promise broken in Gorseinon today can be a commitment reneged on in any part of the county tomorrow. A totally inappropriate development in Gorseinon imposed for money this year can mean future blight for any other community when similar resources are offered in the years ahead. That has to be resisted now.

If the development is allowed to go ahead, it will effectively be a shift in policy from looking to shared resources and opportunities throughout the city and county of Swansea towards centralisation of facilities in a limited number of the locations. The consequences of that approach will impact on communities throughout Swansea. At the same time, we intend to persuade councillors from across the political spectrum, including in the ruling administration, that this is a wrong decision for the future of the council itself. It is a wrong decision that has been made in the wrong way, and it will damage the reputation of the council if the direction is not changed, and not just in the short term.

[Mr. Martin Caton]

We are reminding councillors of all parties of their commitments and responsibility in respect of the principles of openness and transparency, community involvement and developing trust through engagement. We have seen precious little of any of that in Gorseinon in recent weeks. If those words are anything more than meaningless jargon, the council should reverse its decision and enter into proper consultation with the community about its future.

In the next Parliament, we need to look at ways in which we can protect communities such as Gorseinon from administrations such as the one in power in this city when they blatantly ignore their own democratically developed planning polices—perhaps through a limited third-party right of appeal. I remember that it was at one time Labour party policy to move away from the presumption in favour of development when a council acting as planning authority went against its own adopted planning policies, particularly in the local plan, which has now been replaced by the unitary development plan in Wales. In those circumstances, members of the community would be able to use the appeal process to challenge a determination of approval. I think that we should take another look at that policy.

We have not yet reached the stage of a planning application for an Asda superstore in Gorseinon. When we do, I hope that good sense and good judgment will prevail and that the proposal will be thrown out. What I can tell this House is that the people of Gorseinon will fight Swansea council's money-grabbing U-turn every inch of the way.

8.42 pm

Hywel Williams (Caernarfon) (PC): I should like to use the time available to me to look at the provision of public services in Wales, particularly through the medium of Welsh.

It is a responsibility for all of us here to ensure that public services are delivered to our citizens at a proper standard, as a matter of right. That is not the case, however, in respect of the provision of public services through the medium of Welsh, and I would like to develop that argument by looking at the Welsh Language Act 1993 and looking a little bit at its antecedents. I want to look at what I think would be a creative and positive way of addressing this deficiency.

The history of the legal status of the Welsh language is a history of change. It goes back a very long way. To see the very first reference to the Welsh language in legislation, one looks to the Acts of Union of 1532 and 1536, which explicitly banned the use of Welsh by saying that no person who uses

"the Welsh speech or language shall have or enjoy any manner of office or fees"

in England, Wales or any of the King's dominions. The Welsh Courts Act 1942 changed that to some extent, allowing translation in courts. The Welsh Language Act 1967—I remember it going through Parliament—established the principle of equal validity, whereby, if anything was done in Welsh, it was as if it had been done in English. The Act stated, however, that in the case of any discrepancy between an English and a Welsh text, the English text would prevail. It was not a matter of equality.

The Welsh Language Act 1993 had been campaigned for by a wide range of groups with an interest in Wales. It was, of course, passed by the previous Administration, and it established the principle that English and Welsh should be treated on the basis of equality, which is slightly different from equality itself. My party and, significantly, the then Labour Opposition opposed the 1993 Act, and Mr. Rhodri Morgan himself said that an incoming Labour Government would introduce a proper Welsh language Bill.

The 1993 Act set up the Welsh Language Board, which stated that the Welsh and English languages should be treated on the basis of equality. That statement was qualified by the 1993 Act, which stated that that should happen only where practicable and appropriate—again, qualified equality rather than absolute equality. The 1993 Act was unacceptable to the then Labour Opposition and Mr. Morgan, but it is now defended as the epitome of common sense and good practice.

I have asked about Welsh language provision in the public services on a number of occasions in this House, most recently on 23 March, when I asked about services through the medium of Welsh for people with dementia. I do not know how many times I have written to public bodies in England and Wales and to Ministers in Cardiff and London about the provision of public services in Welsh. Such bodies always reply that they have a language scheme that has been approved by the Welsh Language Board.

I wrote to the then Minister for Health and Social Services in Cardiff asking about the status of health records written in Welsh and whether such records are acceptable. After a great deal of consideration—the legal department spent three months considering the matter—the Welsh Assembly told me that the receiving body is responsible for translating such records. In that case, the Welsh Assembly decided, outside the 1993 Act, that medical records in Welsh are acceptable and that the receiving body should translate them.

I have pursued the issue for a long time. Many Welsh language schemes are good—some are very good indeed, as far as they go—but they all share this generic problem: they might specify that a public body should correspond with the public through the media of Welsh and English in providing a public service, that public signs inside and outside offices should be in both Welsh and English and, perhaps, that receptionists should be able to give information in Welsh and English, which is all very good, but when one examines the actual service—not the signs, letters or leaflets, but the service itself—it is provided in English only. Many of my constituents would prefer to speak Welsh when communicating with a public body and to receive services through the medium of Welsh. Some of them cannot receive services through the medium of English because of their age or their ability.

The Welsh Language Board has done a great deal of work in promoting the use of Welsh in public services, but it faces becoming part of the Welsh Assembly

Government, and it is quite a question whether it will function as effectively in the future. Mr. Rhodri Morgan and the Welsh Assembly Government want to bring the board into the Welsh Assembly Government. How will that be done and is it an opportunity to extend and improve public services through the medium of Welsh?

I recently asked the Secretary of State for Wales whether

"he will bring forward further legislative proposals in relation to the Welsh language."

He replied:

"I have no plans to do so."

When I asked whether any legislative changes would be required to bring the Welsh Language Board back into the Welsh Assembly Government, however, the Secretary of State replied:

"I have not received any request for legislative proposals in that respect, although the First Minister has said that he will look for an opportunity, should it arise."—[*Official Report*, 2 March 2005; Vol. 431, c. 943.]

One can thus infer that it is not whether but when we shall have Welsh language legislation and what it will be. With the current legislative congestion, it may take some time, but it is legitimate for us to discuss what the legislation might be and how we can use that opportunity constructively for public services in Welsh for the proportion of the population that wants them.

My aim, like that of many people who have the interests of the Welsh language at heart, is to ensure that people in Wales have as much opportunity to live their lives through the medium of Welsh as through English. That is a laudable aim. That is what equality is about. There is some hope in some areas. I live in Caernarfon where Welsh is the common language of the town, so one can live one's life mainly through the medium of Welsh if one chooses. However, when one tries to access public services one comes up against the block that they are usually available only through the medium of English.

Some years ago, I was a social worker in Pwllheli, for Gwynedd social services department. In that area, there was no language problem; it had been solved. If one came into the social services department and spoke in English, the service was provided in English. If one spoke in Welsh, the service was in Welsh. That bilingual service met the highest standards. The clients of the department were provided with the linguistically appropriate service, there was no language problem. That is also the case in other communities, but their number shrinks every year. Such communities are under threat, so we need to take advantage of any legislative opportunities to address the problem.

Furthermore, about 40 per cent. of Welsh speakers in Wales live outside the core Welsh-speaking areas. In general, they live in the south and the east, in communities where Welsh is not a socially prominent aspect of life, where one can live one's life through the medium of Welsh as long as it is under the hatches. If one tries to access any public service, one comes up against the block that they are available only in English.

Given current demographic trends, it seems that the percentage of Welsh speakers living in the south and east is likely to increase, so there will be more and more pressure to do something about the language problem. It will not be solved informally as it is in the north and the west. That demands a response from the Government; a change in the law. As I have already argued, the history of Welsh language legislation is one of change—from an outright ban to the situation of near equality brought about by the previous Conservative Government.

With the demise of the Welsh Language Board, we may face some losses; for example, the board has done much good work on language planning in a wholly apolitical way, looking first at the best interests of the language. We may face the danger of losing the consensus on the language that has been reached in the Chamber and in other political forums in Wales. We may see some losses in language-related industries, where the board has also done good work; for example, on translation, especially in the north and the west. There are questions about the function of the board in hearing and pursuing complaints. I referred to that in my speech on the Public Service Ombudsman (Wales) Bill earlier this afternoon. I accept that the Government have come up with some answers, but they need to be developed.

The Welsh-speaking population of the south and east is growing, but there is no informal way to ensure that those people will be guaranteed good-quality public services through the medium of Welsh. How are we to respond to that?

My response is rather different from the one that has been the consensus over the past 10 or 15 years, whereby language planning has taken place using language schemes that clearly have not worked properly. What I suggest tonight and what I will pursue over the next few months is what could be termed a rights approach. We must look carefully at the rights of individual citizens to receive appropriate public services through the medium of English or the medium of Welsh, as they choose. Such an approach has been pioneered by other groups in terms of race, gender, disability and, most recently, age.

A rights approach offers a constructive way out of the current situation where services are not being developed. We should put an initial emphasis on developing the services that are most important to users who are in some difficulty, such as people with health problems or care problems and people who are facing the courts or who require Government information directly. To improve public services, people should have positive rights. Why should a child called Siôn have a lesser right to speech therapy through the medium of Welsh than his friend, John, has to speech therapy through the medium of English? That is a hard question to answer, and, indeed, the answer is long, practical and costs money, but finding the answer must start with a change in attitude and some long-term planning.

Other areas that offer themselves most readily to such a rights approach, which is a departure from the most recent way to tackle problems, include the assessment of older people with dementia, dealing with people with mental health problems and people with learning difficulties, the provision of Government information directly to the public over the phone and responses from the emergency services, such as 999 calls, where clear communication is of the utmost importance.

We were lucky enough recently to have the draft Mental Health Bill discussed by a Joint Committee of the House and the other place, and we had the

[Hywel Williams]

opportunity to meet the Minister and the Welsh Assembly Government. I raised this very issue with Jane Hutt and asked her whether people would have a positive right to be assessed through the medium of Welsh for compulsory admission to hospital if and when the Mental Health Bill was enacted in Wales. Her answer to that fundamental question was a very positive "Certainly", thereby going outside the scope of the Mental Health Act 1983. However, that is a lucky circumstance; we just happened to have mental health legislation on the stocks, and I happened to be in the right place to ask the Minister, who happened to have a positive attitude to the question and answered in a way that I found very acceptable indeed.

If we are to systemise such improvements to public services through the medium of Welsh, we must take legislative action, and I will certainly press for that if I am returned after the next election. I have commissioned some research on the issue. I will circulate it to anyone who is interested, and I am looking for responses that provide a constructive way forward. Apart from the procedures that I have mentioned already, such as health assessments, others offer themselves for consideration. For example, there has been some cross-party support in the House and in the other place for Welsh-speaking juries and for Welsh language provision for children held in custody.

About six weeks ago, I attended a criminal justice conference in Llandudno and heard Professor Rod Morgan, who is the head of the Youth Justice Board, talking about the number children from Wales who are held in custody. There are about 200 every year, 80 of whom are held in Wales and 120 of whom are held in England. Those 120 are held contrary to the guidelines that say that young people should be held within 50 miles of their homes. Welsh-speaking children from my constituency and other constituencies are certainly held in places where no provision is made in Welsh. Professor Morgan was extremely disturbed by that because, as we know, tragically young people who are held in isolation far away from their homes in strange circumstances harm themselves, sometimes even to the extent of killing themselves. He was worried because he said that such provision was probably the major issue facing the Youth Justice Board in Wales. The provision should exist, but it certainly does not, as mental health provision in the medium of Welsh does not.

I recognise immediately that it is now easier to tackle the problem because of the progress that has been made over several years following the Welsh Language Act 1993. In 1995, I surveyed 15 social services departments and probation services in Wales to ask what sort of provision they had. In response to that survey I received one fairly full answer, one partial answer and one reply saying that the body had a sprinkling of Welsh speakers—whatever that means. One reply told me that it would be an

"unwarranted diversion of staff resources"

even to look at the matter. I do not think that any local authority or anyone involved in probation would say that today.

We have come a long way since then, but we must recognise that more progress must be made. We have come up against a brick wall. We have the opportunity, perhaps with the change of the status of the language board, to move the matter on. I certainly think that a rights approach would be the way in which to tackle the problem so that we can deliver public services to people who speak Welsh that are of the same standard as those available in English.

9.1 pm

Mr. Dai Havard (Merthyr Tydfil and Rhymney) (Lab): I too was going to concentrate on a specific set of initiatives in my constituency and talk about the improvements that have been made on crime, unemployment and several other issues. I was interested by the contributions made by some Opposition Members about the positive work that is going on and the partnership working that is taking place to drive such matters forward.

I have sat through debates in the House over almost four years, but I cannot let the contribution made by the hon. Member for Leominster (Mr. Wiggin) go. He described a land that I do not see and a community in which I do not live. I actually live in my community, as opposed to Conservative Members, who talk about us, but often do not come and talk to us. I heard an insult tonight to not only my constituents but my country. It was also an insult both to the people in institutions in my country who are actually trying to build it and to police officers. If Conservative Members bothered to speak to police officers in my community about the way in which they are working in partnership with people from other agencies to improve things, they might have a better view of the world.

Frankly, the hon. Gentleman's comments were an insult to his own party. He does not represent the members of the Conservative party in my constituency to whom I talk. I represent the Conservatives in my constituency far better than Conservative Members, so I really cannot let this go. Conservative Members peddle a view from the outside—not only in the Chamber, because I have heard it elsewhere—but frankly we are fed up with it. Their views are a caricature of the Welsh nation and many of our communities.

An article appeared in the national press several weeks ago about the serious problem of economic inactivity, and my hon. Friend the Member for Rhondda (Chris Bryant) tried to raise a constructive point earlier about what we are trying to do to deal with that. I thank the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), who visited my constituency last week to launch an initiative by the Merthyr Tydfil Institute for the Blind, which not only deals with the blind but is a major provider of opportunities to bring people into work and make the journey from economic inactivity and ill health back to productive employment. Of course, many such people are in that position because of the activities and policies of the Conservative party, which now claims to want to do something about the problem, although it created it in the first place. Good people in my community are trying to do something about the situation.

I do not deny that there are needs in my constituency, that there are problems, that there are issues relating to ill health and economic incapacity, or that we have

problems relating to the quality of work. As was pointed out earlier, we need to have higher-order employment activities, so that we do not just have jobs that can be overtaken by low wages in the rest of the world. Those are real issues that warrant a proper debate, not caricatures and sloganising.

What is happening is sustained investment in my community. That is what I am interested in, because it is what I need to solve some of those problems. The history of the valleys is one of episodes. We have had jobs and work, and then they have disappeared. We need sustained economic investment in our communities, and that is what we are beginning to get.

One way that we can address this issue is by using the agencies available to us. As was pointed out earlier, our experience in Wales has been that many things have happened in Cardiff, along the M4 and so on, but we are now beginning to see investment being made elsewhere. As a new Member of Parliament, I joined several of my colleagues and came up with a small amount of money to do some research into where Wales could go. One thing that came out of that research was a "Heads of the Valleys" strategy. In effect, it is the road from England that runs along the whole of the old coalfield of south-east Wales. That initiative has been taken up by the National Assembly for Wales. Good things are happening, and we will start investing across that crescent. Such investment is long overdue.

One of my particular disappointments in my four years in this House—I have several disappointments concerning the conduct of some matters here—has been that initiatives are not seized as quickly as they could be by the Assembly and some of its agencies. We must be honest about that and try to make it work, rather than bleating on, saying that it did not happen and will not happen. If we put the work in, it can happen. I praise what my colleagues in the Welsh Affairs Committee have said in the various reports about how the agencies and institutions could work better together.

In my four years in the House, I have also seen where my community and Wales are in the world. Wales does not operate in isolation—that is the point that the Conservatives are missing. They invite us into a trap. They invite us to consider things individually and not in context. Well, I have been a member of the Defence Committee for a couple of years, and as a member of it I have had the opportunity to visit other parts of the world. I have been to Iraq twice and seen the work that the Welsh military are doing in trying to build that community. I have also been to Afghanistan. People say, "Why are you going to Afghanistan?" I go there because that is where the drugs that end up in the veins of some of my constituents are grown. I want to see how the British military and other institutions are dealing with the problem of drugs being grown in Afghanistan, exported through Turkey and into Kosovo—where we are also engaged in a policing operation—in an effort to stop them being split, bagged, put on the streets and into the veins of my constituents.

That is why there is a link. It is strategically important that we engage in these issues in the world. When one goes to such communities, one finds ordinary people who wish to build a community and get on with their lives. It is interesting to note that the local authority in my area is celebrating its centenary. Of course, there are all sorts of centenary celebrations. We have had the centenary of the formation of the Labour party, and there is a lot of history in the Labour party. I must carry some of the baggage, because Keir Hardie was the first Labour MP. The point is simply that when one visits other parts of the world, one discovers that—albeit that the form of the questions and the way in which they come up are different—the politics remains the same. People are looking for enfranchisement, development and somebody to give them positive help and investment to build their communities.

That is the community that I live in. It is not the community of fat, feckless, gun-toting, drugged-up individuals that the Opposition seemed to describe. It is not that community, but one that has ambition. Frankly, that was the Opposition's description. Apparently we are all an obese bunch of criminals who tote guns and do not want to go to work. That is the vision, that is the insult, of Conservative Members. It is certainly not the community in which I live: I resent the accusations and I will not have it. We are being invited into a trap. We are being invited to look at points of disaffection individually, one at a time, without seeing them in their proper context. The Conservatives are then trying to whip up hysteria and concern over and above what is warranted on each individual issue in order to distort the truth and invite people into the very trap of not seeing the whole of the argument in its proper context.

The people in my community are not so daft, Mr. Deputy Speaker. They have seen it before; they understand it. They know the community and the world in which they live and they do not need any lessons about their problems, as they experience them every day. The difference is that they are prepared to make a constructive contribution and do something about their problems.

9.10 pm

Mr. Huw Edwards (Monmouth) (Lab): It is privilege to follow my hon. Friend the Member for Merthyr Tydfil and Rhymney (Mr. Havard), who has delivered one of his commendably and characteristically robust speeches. Those of us who have been Members of the House slightly longer than him will remember the robust speeches of his predecessor, Ted Rowlands, who also spoke well in this debate for many years.

I heard the sensitive speech of the hon. Member for Caernarfon (Hywel Williams) about the Welsh language. When he gets on a train and goes to south Wales through the Severn tunnel, I wonder whether he is aware that, by the time that he comes out of it, he has already passed Wales's first Welsh-medium primary school, Ysgol y Ffin, in a little railway village called Sudbrook in the very corner of my constituency.

I would like to commend the speech of my hon. Friend the Member for Cardiff, North (Julie Morgan) when she paid tribute to Lord Callaghan. She spoke eloquently about her meeting with him when she was a young Labour party campaigner. I met Lord Callaghan more recently at a soirée, as it used to be called, hosted by the previous Speaker, Betty Boothroyd, in Speaker's House on a lovely evening, to celebrate the songs and music of Ivor Novello. Lord Callaghan was there with his wife, Audrey, and it was a delightful evening.

Four years ago, when we had a similar debate before what we expected would be a general election, we were in the depths of a foot and mouth crisis, which hit my

[Mr. Huw Edwards]

constituency in a devastating way. I will never forget the images of the huge pyres that I saw during the culling of hundreds and hundreds of sheep and cattle in my constituency. There was a devastating feeling throughout the countryside at that time, but I am pleased to say that there has been a significant improvement in the farming community since then. There has been improvement in farm incomes in the livestock sector, notwithstanding the fact that there are still serious problems in the dairy sector, particularly in the price that dairy producers are able to get for their raw milk.

I did not hear the speech of the hon. Member for Leominster (Mr. Wiggin)—*[Interruption.]* I should apologise for that, as my hon. Friend the Member for Merthyr Tydfil and Rhymney has just reminded me.

I did hear the speech of the hon. Member for Montgomeryshire (Lembit Öpik). I agree with some of his points, and I share his party's concern about the council tax. I want to tell my right hon. and hon. Friends on the Front Bench that council tax is the issue that crops up on the doorsteps of my constituents. My constituency, in common with all the constituencies in Wales, has undergone the rebanding exercise. It has had a significant effect in my constituency, given the substantial increase in house prices over recent years without any substantial increase in the capacity of my constituents to pay the council tax. I have every sympathy with them. I certainly commend the £200 rebate that the Government have provided, but the fact that it has been necessary is symptomatic of an underlying problem with the council tax system. I applaud the Government's review of that system and hope that something is done about it within a year.

David Taylor (North-West Leicestershire) (Lab/Co-op): We are in the fourth day of the rebanding exercise that is under way in England, so will my hon. Friend tell the House whether there are any lessons to be learned from the Welsh rebanding exercise, which could help to head off the concerns that he is graphically describing?

Mr. Edwards: My hon. Friend might want to make representations to the Government's review of the council tax system, which is under way.

I agree with what my right hon. Friend the Secretary of State said about the optimism in the Welsh economy. That is certainly evident in my constituency, where there has been investment in communities, social investment, investment by the private sector and new infrastructure. Anyone who comes to Monmouth can see the new leisure centre that is being built, the new road that is helping to regenerate the town, and the health and social care facilities that are being developed. There has been investment in the health service with a new community hospital in Chepstow. It is the first new hospital to be opened in this country under this Government. I have seen the new day surgery unit opened at Nevill Hall hospital, and recently I was at the opening of the new CT scanner which will greatly increase the capacity of doctors and nurses to diagnose heart disease, cancer and so on and ensure that patients can be treated quickly and more effectively.

I have been involved in campaigns in recent months that the House should be aware of. One was an environmental campaign. Many hon. Members may see attractive signs saying "Woodland for sale" when they drive around their constituencies and the country. I warn them that that is a scam. Those woodlands are being subdivided and sold off. Hon. Members have identified the problem as it affects agricultural land in England, but there is a problem with the subdivision and sale of woodland and meadow land throughout Wales. It has been a particular problem in my constituency, and those who have campaigned against that subdivision have been pioneers in recognising the capacity and limitations of the planning system through the use of an article 4 directive to restrict subdivision and sale of woodland. That has been a particular problem. The website of the company involved is woodlands.co.uk and shows the threat to many of the beautiful woodlands of Wales.

I represent an area with high standards of education and results. It has schools of great excellence in the public and independent sectors and it is a great privilege to represent them. One of my most serious concerns in recent months has been the threat to a number of small schools in my constituency. I have made representations in support of Darenfelin school, which is a delightful small school in Llanelli hill, Clydach; Llanover school, which is a typical rural school; and Ponthir school in the Torfaen area of my constituency. Of all the school campaigns with which I have been involved, the one that has angered me most is the treatment of Ponthir school by Torfaen borough council.

Ponthir school is the smallest school in Torfaen, but it serves a distinct community two or three miles from other areas of Torfaen. It had a few dismantlable classrooms when it was bursting to capacity a few years ago, so it has been deemed to have an excessive number of surplus places and earmarked for closure. I am very sad at the strategy of Torfaen borough council for that school, which has the best performance results of any school in Torfaen. The director of education acknowledged that it achieved 100 per cent. in the last SATs results, but said that one year's results were not an average. A Wimbledon champion is a Wimbledon champion, and it does not matter that they were not a Wimbledon champion three years ago or that they might not be in future.

If Ponthir is the best performing school at the moment, it deserves to kept open, especially as a private nursery is being built immediately adjacent to it which will have a breakfast club, nursery provision and after-school provision. In these days when we must accept the mixed economy of education as well as the mixed economy of health care, it would be a tragedy beyond all tragedies to build a new nursery with an after-school club next to a school that is being closed so that its pupils could not use those new facilities after school. I attended the public meeting where there was wonderful support from the local community, and I will do everything I can to support those parents who want to keep Ponthir school open.

Finally, I have a few comments about social services. One of the great privileges of being in the House in recent years has been to witness the legislation that the Government have passed on carers. There are 9,000 carers in my constituency, probably no greater a

proportion than in any other constituency. The House has passed two important pieces of legislation, the most recent initiated by my hon. Friend the Member for Aberavon (Dr. Francis), who has a particular interest in the subject and set up the all-party carers group since introducing the Carers (Equal Opportunities) Act 2004. I wish to pay particular credit to all the carers in my constituency, not least a carer whom I mentioned when I spoke on the Second Reading of that Act. Hermione Ford has campaigned vigorously and rigorously for carers for many years. Sadly, the person she cared for recently died, but I sincerely hope that she will continue with her campaigns.

It has been a privilege to contribute to the debate this year. I look forward to representing my constituents here in the House in future debates on Welsh affairs.

9.20 pm

Julie Morgan (Cardiff, North) (Lab): It is a pleasure to follow my hon. Friend the Member for Monmouth (Mr. Edwards), who works so hard for all his constituents. I am also pleased to speak in this debate so close to an election. It is good to represent Labour at such a time. I am confident that the people of Wales will recognise what Labour has brought to Wales and Cardiff, from both the Westminster Government and the Welsh Assembly.

As my right hon. Friend the Secretary of State said in his opening remarks, Cardiff has become a much more dynamic and prosperous place over the past few years. Cardiff is booming, and I do not apologise for that. If we have a prosperous capital city, it will help to spread prosperity throughout the rest of Wales. It is great to be a Member of Parliament in Cardiff at the moment.

Cardiff has recently been boosted by the opening of the Millennium arts centre in Cardiff bay. Its ticket prices are affordable—one can get one for £5—and it is open and accessible to all the people of Cardiff and Wales. We also celebrate the continued success of the Millennium stadium, and we were all hugely boosted by the winning of the grand slam. I noticed in Cardiff this morning that flags with red dragons are still flying from cars. The victory has produced in Cardiff and throughout Wales a feel-good sensation that we can all celebrate.

The university in Cardiff is also a success. It has recently merged with the medical school in my constituency, and that has brought great benefits to the capital.

Cardiff has a thriving nightlife, but that brings its problems. Policing Cardiff after dark creates major issues and means that community beat officers from areas such as Cardiff, North and the outer suburbs are drawn into the city centre to ensure that law and order are maintained. That is a big problem in a city such as Cardiff, despite the fact that the nightlife brings wealth and people into the city centre. The additional problems mean that the suburbs sometimes suffer. My constituency has the antisocial behaviour problems that other Members have mentioned, but we lose community beat officers to the city centre. That is a major problem. Even if other police are drafted in, they do not know the area as well as the local police force, and that causes difficulties.

My constituents have benefited from many of the facilities that have been introduced since 1997. They benefit from the free access to museums introduced by the Assembly Government in Wales and from the access to museums in England that was introduced by the Government in Westminster. I am sure that many Members will have seen people flooding to St. Fagans, with the queues almost up to the M4. The museum is hugely successful and provides a free day out for all the family. The same is true of the national museum in Cathays park, with its wonderful impressionist galleries. They have all been opened to the people of Wales, and I believe that I am allowed to have my view on this issue, despite the rather old-fashioned approach to women's views of the hon. Member for Montgomeryshire (Lembit Öpik).

Lembit Öpik *rose—*

Julie Morgan: Wales is benefiting from the Chancellor's steady hand on the tiller. My constituents appreciate the benefits of free bus travel for all pensioners in Wales that was introduced in the last term of the Welsh Assembly. I am very pleased that England is doing the same for off-peak travel. I hope that the English Minister who introduces the policy will consult my Assembly colleague, Sue Essex, who is also the Assembly Member for Cardiff, North. She made a phenomenal success of free bus travel in Wales. I have met pensioners in my constituency who say that it has transformed their lives. As so many pensioners use the bus service, more services are being put on because they have become so popular. That is one of the single acts by the Assembly Government that has transformed people's lives in terms of health, wealth and well-being. I am pleased that it is happening in England as well.

Prescription charges have gone down another £1 in Wales and eventually we will have free prescriptions, which is a tremendously positive move. Children whose parents so wish now benefit from free breakfasts in the pilot scheme areas. Obviously, an awful lot more needs to be done. We must continue to improve our public services and to tackle the pay gap between women and men. Although it is smaller in Wales than in the rest of the UK, it is important and directly affects poverty in Wales. However, since 1997 we have succeeded in making solid progress, on the basis of which we can move on.

Local issues greatly concern my constituents, of course. One of the major issues in Cardiff, North is Western Power Distribution's development plan for the Llanishen and Lisvane reservoirs. It plans to build 300 houses and to concrete over part of the reservoirs. That is almost universally opposed by local residents and local politicians of all parties. I pay tribute to RAG—the Reservoir Action Group—chaired by Ted Thurgood, which has led a brilliant campaign in organising opposition to the development.

The root of the problem goes back to the privatisation of the water industry, which resulted in the water industry's assets being sold off. I am opposed to the development not only because of the loss of the amenity to the residents of Cardiff as a whole, but because it is a short-sighted policy. How do we know, in these days of global warming, that we will not need the extra reservoirs? In fact, they were used very recently to supply the Celsa steel works in Cardiff.

[Julie Morgan]

I am calling for a country park to be created in that part of Cardiff. The sailing school operates on the Llanishen reservoir, although the developers have put up an ugly grey spiky fence all around it. The sailing centre has produced world champions, such as Hannah Mills and David Evans, but the proposed development would largely drain the reservoir and severely restrict the sailing centre's activities. The development is opposed by the Welsh Yatching Association and the Sports Council for Wales. I have also drawn the proposal to the attention of Ellen MacArthur, the round-the-world sportswoman, who sent good wishes to the young people training at the centre. The 300 planned houses are bound to have an impact on the neighbouring Lisvane reservoir, which is a site of special scientific interest.

I met the managing director of Western Power Distribution in Bristol to persuade him to think of the greater good of Cardiff, rather than maximising profits from the sale of the land. I am pleased about the amount of work that Western Power Distribution does in Wales, but I appeal to it to take into account the feelings of people in Cardiff. The issue has attracted a tremendous amount of support from people from all parts of the community.

On Friday, I was pleased to present a picture of the young sailors of the centre, signed by Ellen MacArthur, wishing them good luck with their sailing. Surely we should be building on and encouraging that sort of activity, rather than restricting it in the way proposed by the plans by reducing the amount of water in the reservoirs. I appeal to Western Power Distribution to think again. The land was in public ownership for many years, and the local people think that it is their land. They have walked their dogs on it and jogged around the reservoirs. It has been part of their life in Cardiff, North. The land needs to be opened up and made available to even more people.

I urge Western Power Distribution to withdraw its planning application, get into discussions with the city council and find a way to benefit the people of Cardiff.

9.29 pm

Mr. Nigel Evans (Ribble Valley) (Con): It is a great pleasure to be back at the Dispatch Box. It is after only a short interval, but it is wonderful to be back, and for a St. David's day debate as well. It is not quite St. David's day, and I know that much has been made of whether it is closer to St. George's day or St. Patrick's day. We know that it is nearest to April Fools' day; I am not sure what that says about any of us.

I want to pay tribute to at least three Members who I know are about to stand down if the general election is about to happen. One is the right hon. Member for Llanelli (Denzil Davies), who normally takes part in these debates. He makes lucid, superb contributions, particularly on the economy, and the House will miss him. We will also miss the right hon. Member for Swansea, East (Donald Anderson), particularly for his insight into foreign affairs. He has been a tremendous Chairman of that Select Committee. I grew up in Swansea and followed his career with great interest. The hon. Member for Bridgend (Mr. Griffiths), who is sitting in his usual place, has made continual contributions to these debates over the years, particularly on the health service. We will miss him too, and we wish him well in whatever he decides to do in what I am sure will be a busy retirement.

I should like to associate myself with the words of the Prime Minister and the Leader of the Opposition about the sad death of Lord Callaghan. He was a superb man, as we can see from all the tributes that were paid to him earlier. The Father of the House, in particular, spoke warmly of Jim Callaghan's character. We will certainly miss him, too.

If the general election is coming—clearly the Leader of the House will not comment on that now—we must pay particular attention to the comments of the judge in the investigation into the rigging of postal votes. He said that the electoral fraud in Birmingham

"would disgrace a banana republic".

He went on to say:

"The fact is that there are no systems to deal realistically with fraud and there never have been. Until there are, fraud will continue unabated."

The general election is coming in Wales and the rest of the United Kingdom, and I hope that the Leader of the House will at least be able to address some of the points made in that important case.

Turning to the subject matter of today's debate, I hope to touch on as many of the issues raised as possible, but I have agreed to speak for only about 10 minutes so that the Minister will have more than ample time to—*[Interruption.]* To apologise, indeed, and to answer many of the points that have been made.

Council tax has been mentioned time and again. Nobody can be happy about the current levels or, indeed, about the revaluation that has taken place in Wales. The hon. Member for Monmouth (Mr. Edwards) said that it is the question that is coming up on the doorstep time after time. Knowing the houses in Monmouth that I do, I can only imagine how disheartened people are by the council tax bills that they now receive. A gentleman from Sketty in Swansea wrote to me:

"Since my last letter I have received my council tax for 2005, and because they have rebanded, my tax has risen from £872.20 in band D to £1102.32 in band E. So my pension increase for this year is £4.30, and will disappear when my council tax is implemented."

That is the sort of situation that people face up and down the country. They have seen their council tax increase eating away at any pension increase they have had. Clearly that is something that must be tackled. I do not think that the answer is a local income tax, and I shall come to that in a moment, but we need to address the issue properly. Given the increases that we have seen, the £200 that the Government are offering senior citizens simply is not enough, particularly as it is for only one year. Something far more radical is needed.

I have looked at today's edition of the *South Wales Evening Post*, not my normal reading matter. Of course, when I ran a shop in Swansea, I used to sell that newspaper. We have been talking about the national health service, and the front page of the newspaper says:

"Queues have been forming in the rain outside a Swansea dentist—to sign up for private places. The dental crisis rocking the city was brought into sharp focus when would-be patients stood in the pouring rain to grab one of 300 Denplan places available at Quentin Jones surgery in Walter Road."

One of the people waiting said:

"As a socialist and trade unionist the concept of private dental care isn't one I feel comfortable with . . . But as my teeth aren't in the best of condition, and as I have an 82-year-old mother who needs to have treatment available to her, I felt I had no choice.

The amazing thing was that the people in the line were so placid and accepting, me included, as I was desperate."

The article said:

"Practice Manager Jackie Hall said it was not a decision they had taken lightly , but a lack of NHS investment had forced them to start down the private road."

Chris Ruane: It takes eight years to train a dentist.

Mr. Evans: The hon. Gentleman can say that, but the Government have been in power for eight years, so it is about time for them to have done something about it. We were told at the 1997 general election that we had only 24 hours to save the national health service, but this is testament to what is happening now. The hon. Member for Monmouth spoke a year or so ago about the problems of finding an NHS dentist for his own constituency. It is a real problem.

Mr. Edwards: Will the hon. Gentleman acknowledge the NHS dentist who has set up a practice in Abergavenny, which was the case I was discussing at that time?

Mr. Evans: Absolutely, but I can only imagine the queue that formed outside that dental practice. People will have travelled for miles to try to get on to that NHS list. We all know that there are huge deficiencies.

Let us stay with Monmouth for a second, and with the national health service. A lot has been said about statistics, but statistics hide the human tragedies of individual cases. The front page of the *Monmouthshire Beacon* on 24 February was headlined "Home sale to pay for hip operation". The story said:

"A Monmouth couple say they are being forced to sell their home in order to pay for a hip operation which the NHS would not have performed for years."

Alan Scott, whose house is up for sale, has gone private, paying £9,000 for an operation, because he was going to have to wait so long, in pain. This is not a person who had taken out private health care. This is a man who was in pain and whom the national health service let down. That is a tragic story. We can all bandy figures around, but that is something that has actually happened in the national health service in Wales. We can talk about waiting lists being this and waiting lists being that, but the reality for people who are waiting in pain for operations is that they know they are not getting the service they are paying for, the service they want, and the service that the doctors and nurses who work in the NHS want to give them. That has to be radically altered. Not so long ago, I read in the *Western Mail* that the Secretary of State had had urgent talks with the Health Secretary about the crisis in the NHS in Wales, particularly compared with the position in England. Clearly, something needs to be done.

I shall not be able to consider all the issues discussed by everybody today because I have only a few more minutes. However, over the past few years manufacturing jobs have been in decline throughout the country and particularly in Wales, which has been proportionately more dependent on those jobs. I have spoken many times to the Secretary of State about the climate change levy, which needs to be looked at seriously. It is having an impact on manufacturing jobs in Wales, and if anything can be done to shore up those jobs and ensure that manufacturing has a bright future, it should be.

We cannot put all our eggs in one basket, as has happened with call centres. We want higher-quality, value-added jobs, too, and we also need manufacturing jobs in Wales, which has depended on them in the past.

I pay tribute to the Chairman of the Select Committee on Welsh Affairs. The sheer number of its reports is testament to the Committee's hard work over the past 12 months, and I wish the Committee well for the future in dealing with all the other subjects that need to be addressed. I hope that after the election, irrespective of who is in government, we will keep the Select Committee going, and the Welsh Grand Committee, too. I hope that we will even keep the position of Secretary of State for Wales, in order to ensure that the issues are properly dealt with.

It is said time and again that there have been drops in unemployment, but there is also the concept of NEET—people not in employment, education or training and who do not show up in the statistics. We have to look at economic activity in each constituency in Wales. I heard what some Plaid Cymru Members have said about the rural areas where depravity is more—

Mr. Llwyd: Depravity?

Mr. Evans: No, no. I did not mean that.

Mr. Llwyd: Will the hon. Gentleman give way?

Mr. Evans: No, I cannot take an intervention. I meant the paucity of being able to get investment in jobs into some of the far-flung areas. I could say that in the case of depravity, those areas could not be represented by a finer Member of Parliament, but I shall not.

We need to ensure that all areas of Wales are able to access the opportunities for investment in jobs, whether in the manufacturing or service sector. We must ensure that everybody is able to take advantage of that.

I shall say something about the Liberal Democrats. Some people say, "What about them?" I say to them, "What about the Liberal Democrats?" We have heard the usual story today. They say, "We want to scrap the council tax," but they say hardly anything about the income tax that will replace it, which will damage people, particularly families with two workers. They then say, "We want to scrap tuition fees," but they say nothing about the graduate tax that will kick in, which will mean that people will pay for the education that they get. They say that they will scrap one tax, but they would introduce another.

People in Wales must wake up to the fact that there is nothing for nothing in society, particularly with the Liberal Democrats. We get what we pay for, and with the Liberal Democrats people would pay considerably more.

Let me end by saying—

Huw Irranca-Davies: Will the hon. Gentleman give way?

Mr. Evans: No, I must end now.

[Mr. Evans]

The general election will soon be here. We will all be going out to the hustings, probably within a couple of days. We hear the Labour party talking about going forward and not back. What does it do? It goes back to Campbell and to Mandelson, to get them back into the team for the general election. I think, and I believe that the people of Wales believe, that the time for spin is over. People know that their lives have not improved, that the public services have not improved and that they are paying higher taxes through the roof, whether stealth taxes or national insurance.

I believe that the people are thinking what we're thinking: "Bring on the election, Prime Minister. It is time for a change."

9.41 pm

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): We have a proud Welsh tradition of story telling, and it has certainly been in evidence today. We have heard some amazing stories and quite a few myths and fables during the debate.

My right hon. Friend the Secretary of State, in opening the debate, paid tribute to Lord Jim Callaghan, whose story was a lifetime of service to the people of Britain. It was a story of hope that started with the great reforming Government of Clem Attlee and Nye Bevan. Jim Callaghan's story included the nightmare of Thatcherism and the war that the Conservative party waged on working communities in Wales. I believe that Lord Callaghan would be deeply proud to hear the debate today and its story of Wales under a Labour Government, where opportunity extends to the many and not the few and families raise their children in hope and not in poverty and despair.

The story of Wales today is one of unprecedented prosperity and economic success never seen before. It is a Labour story. The Government, working in partnership with the Assembly, have provided the stability and the incentives that businesses in Wales need to grow. Under Labour, our companies have picked themselves up from the battering of the Tory years and Wales is now able to compete with the best in the world. We will never compete on low wages and unskilled sweat-shop labour, but we have changed and adapted and acquired new skills and abilities. As my right hon. Friend the Chancellor of the Exchequer said recently, there is no escape from change and no comfort in standing still. In our new Welsh economy there will be no complacency, no inflexibility, no resistance to change, no outmoded ways of working and no restrictive practices. Let businesses and workers in Wales remember that this Labour Government are prepared to take on any vested interest and to make any change that will take us forward in our aim of making Wales one of the most adaptable, skilled and enterprising economies on the planet. In doing that we come closer to our vision—to our goal—of full employment.

The economy of Wales is doing increasingly well. There are better-paid workers, increasing skills, increasing investment, increasing growth and increasing prosperity. This year, the minimum wage will rise to more than £5 for the first time, benefiting more than 80,000 workers, two thirds of them women. It is the story of a well-run and exciting economy. It is matched by the story of an economy increasingly run with families and children not around the edges, but at its core. Under Labour, we have a Government who show mothers and fathers that we are listening to them and that we understand the challenges that they face as they juggle their business and work lives with their need to be home with their children and with child care and school provision.

Just as we believe in a better deal for families, we believe in a decent income and dignity for pensioners in their old age. We are matching our commitment with actions with the winter fuel allowance and extra payments now to help offset council tax increases. Thousands of pensioners in Wales have seen their guaranteed income rise by 50 per cent. since Labour came to power and ended the shameful Tory degradation of pensioners who were forced to live on £69 a week. It is not just the pensioners of today whose retirement has been protected by the Labour Government. Through the Pension Protection Fund and the retrospective financial assistance scheme, the Government are giving hope to workers at Allied Steel and Wire and Abingdon Carpets in my constituency, as well as thousands of others who have been robbed of their pensions by callous and irresponsible employers.

Wales today is a story of hope, opportunity and prosperity delivered by the Labour Government, but some of the stories that we have heard have been bizarre and ridiculous. If I were generous, I would say that the hon. Member for Leominster (Mr. Wiggin) entertained us, as he always does, doing his best in the absence of any Tory MPs with Welsh constituencies. It is just as well that he is getting in the practice, because if we have our way there will not be any Tory MPs in Wales after the next general election either. In all seriousness, however, as we approach the election there is a temptation to over-egg the pudding and exaggerate a little, but the hon. Gentleman's remarks on crime whipped up the fear of crime and were an inexcusably shameful performance. Are there no depths to which the Opposition will not plunge for a cheap headline?

When the Leader of the Opposition was Home Secretary, recorded violent crime rose by 19 per cent. and there was a 166 per cent. increase in overall recorded violent crime. Under the Tory Government, convictions fell by a third. The British crime survey shows that there has been a fall in violent crime of 26 per cent. since 1997 in England and Wales. Yes, there has been a rise in violent crime of 7 per cent. now, but that reflects continuing efforts to improve the recording process, as pointed out by my hon. Friend the Member for Newport, West (Paul Flynn). The plain fact is that since 1997, crime in England and Wales has fallen by 30 per cent., burglary is down by 42 per cent., and vehicle thefts are down by 40 per cent.

A number of hon. Members have mentioned the North Wales police. The posters and advertising by the Conservative party are shameful and have been condemned by the chief constable and other senior police officers as a disgrace. Under this Government, there are more than 850 extra police officers in Wales because we believe in providing that investment. The Conservative party, however, is not committed to that aim.

The hon. Member for Leominster went on to refer to the national health service. I remind him that his hon. Friend the Member for Woodspring (Dr. Fox) said:

"We've got a problem in this country where the NHS and healthcare has been synonymous. We're here to break that."

The Leader of the Opposition said that the NHS was a "Stalinist creation". The Tories do not have any credibility on the issue of tackling MRSA. In government, they forced compulsory competitive tendering for cleaning contracts on to hospitals. The cheapest provider got to do the job. The Tories ran down hospitals and under-investment led to the problem that we face.

The plain fact is that £4.3 billion is now being spent on the health service in Wales. The budget for new buildings and hospital equipment has risen by £107 million. There are 350 more whole-time-equivalent consultants and 5,000 more qualified nurses in Wales. By 2010, the Assembly plans 700 more consultants and GPs, 6,000 more nurses and 2,000 other health professionals. We are putting right 18 years of under-investment, when the Tories closed 70 hospitals and cut training for nurses and midwives. The Labour Government will deliver improvements to the national health service.

The hon. Member for Leominster said that GCSE attainments were not as good as they were three years ago, and cited the Assembly targets. However, in August 2004 we had the best ever GCSE results in Wales, and the percentage of passes increased considerably. We are therefore making an important contribution.

My hon. Friend the Member for Clwyd, South (Mr. Jones) referred to the excellent work done by the Welsh Affairs Committee, which he chairs, and the reports that it has produced. He sought reassurance about the future of structural funds in Wales, and I can tell him that the Government believe that regional aid, including investment aid for large companies, remains an important tool in helping to raise economic performance in underperforming areas. The Government support the European Commission's underlying aims of less but better targeted state aid. At the same time, we consider that the state aid regime needs to be flexible, and member states must be able to tackle underperformance where it arises.

Like children at a pick-'n'-mix sweet stall, the Liberal Democrats produced their usual bag of delights in the debate today. We expect nothing less from a party of opportunists who say one thing in Wales and do another when they vote in the Lobby in the House of Commons. All their ideas are hastily put together, and none are costed. I noticed that they were rather quiet about their party's support for yobs, rather than for victims. They will have a job in the coming general election explaining to the people of Wales their plans to leave teenage criminals on our streets and give murderers a vote. That is the policy of the Liberal Democrats.

The hon. Member for Montgomeryshire (Lembit Öpik) spoke about the importance of the aerospace industry in Wales and about improved air links. I can tell him that the National Assembly supports intra-Wales air services and is looking to improve that as part of its Wales transport strategy. The Transport (Wales) Bill mentioned by my hon. Friend the Member for Conwy (Mrs. Williams) would allow the Assembly to arrange such public transport services, where they would not otherwise be provided.

The hon. Member for Montgomeryshire spoke about manufacturing, as did other hon. Members. Manufacturing remains subject to intense global pressures, but it still has a strong base in Wales with world-class companies like Airbus, Sharp, Sony, Ford, Cogent, Logica and DeepStream Technologies. Manufacturing continues to make a significant improvement in the Welsh economy, accounts for 21 per cent. of GVA and employs 70 per cent. of the work force in Wales.

Welsh exports are up 7.3 per cent. on the previous year. Confidence and activity have been backed by recent business surveys. February saw the 23rd successive month of growth and new business activity in Wales. That is because the Labour Government have put a strong and sound economy at the heart of all we are doing. Atraverda, a battery manufacturer at Abertillery, has created an extra 40 jobs. TTems, a Rogerstone electronics manufacturing company, has secured a £6 million contract to supply underwater sensors to the Ministry of Defence. BSW Timber in mid-Wales has invested £15 million in a sawmill, safeguarding 100 jobs and creating a further 24.

The hon. Gentleman teased us a little and spoke about the value of the Liberal Democrats when they were in partnership with Labour in the coalition in the Assembly. He went on to criticise the revaluation, and did so again a moment ago in an interjection. Again, the Liberal Democrats say one thing and do another. As part of the Administration in Cardiff, in the Cabinet, they supported the idea of revaluation in Wales. They must be straight with people. That is not what they said in the Chamber tonight.

Lembit Öpik: First, is the Minister denying that the Liberal Democrats in government argued in favour of local income tax, but failed to get the support of Labour Ministers for that? Secondly, is he denying that the partnership agreed a method of revaluation which was subsequently junked by Labour, and that what was implemented was nothing like what had been agreed with the Liberal Democrats?

Mr. Touhig: Not at all.

The hon. Gentleman speaks about his party's policy on the local council tax. Let us look at the figures that the Liberals have put together in their own report. I hope the people of Cardiff bear this in mind. Under the Liberal Democrat council leadership of Cardiff city council, the average band D payer would have to pay an extra £42 a month as a result of their proposals for a local council tax. When one asks the people of Cardiff in all the Cardiff constituencies—Cardiff, North; Cardiff, West; Cardiff, Central; and Cardiff, South and Penarth—"Do you want Rodney Berman and the Liberal Democrats in city hall deciding the level of your local tax?", they certainly do not.

[Mr. Touhig]

The hon. Member for Montgomeryshire then had a little slap at both the Conservatives and the Labour party, calling us the two old parties. The Liberal Democrats have had more reincarnations than Dr. Who.

Mrs. Betty Williams: Will my hon. Friend confirm that when rebanding for revaluation was discussed and decided on at the National Assembly for Wales, no political party objected to the process?

Mr. Touhig: That is my understanding.

My hon. Friend the Member for Conwy spoke about the reaction of the police to the Tory scares about crime in Wales. She praised the work of the North Wales police service, and she is right to do so. It is doing an excellent job. It has 232 extra officers since Labour came to office, an increase of 17 per cent.

The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) spoke about affordable housing and referred to the fact that he and I are to meet later this week, and I look forward to the paper that he will present to us. But the Government have taken a number of steps to try to help to overcome some of the difficulties that he raises. In Wales, 68 per cent. of all transactions will be exempt from stamp duty, and as my right hon. Friend the Chancellor recently announced in his Budget, first-time buyers will be helped by the doubling of the stamp duty threshold to £120,000.

The hon. Gentleman talked about the issue of second homes, and I have no doubt that that does impinge on linguistic issues. In Wales, about 1.3 per cent. of houses are second homes, but I appreciate that in his constituency that figure could be much higher. His comments about crime were measured and helpful, and I took on board his comments about social exclusion and drugs and alcohol problems. As a Back Bencher, I remember having an Adjournment debate about alcohol misuse, and at that time a company was doing market research on alcohol-based milk shakes. If they were not targeted at young people, I do not know who they were targeted at. I regret that the hon. Gentleman was somewhat dismissive of the powers to be given to local councils to decide licensing hours, because that will be a major contribution.

My hon. Friend the Member for Gower (Mr. Caton) gave us quite an insight into the ragbag bunch led by the Liberal Democrats who run his council in Swansea. I hope that in the weeks ahead he continues to expose the shameful fraud that they have perpetrated on the electors of Swansea, and the sooner they are kicked out the better.

Lembit Öpik: Will the Minister give way?

Mr. Touhig: I am sorry, but I am pressed for time.

The hon. Member for Caernarfon (Hywel Williams) spoke about the importance of the Welsh language legislation and its impact on Welsh public services. The Government are committed to the principle of treating Welsh and English on the basis of equality in the delivery of public services, although he is right to point out that there are difficulties in that respect. I am sure that he is aware that the former chairman of the Welsh Language Board, Rhodri Williams, said that it had not supported calls for new Welsh language legislation, and he believes that persuasion is the way to equip and prepare people to handle queries in the Welsh language.

My hon. Friend the Member for Merthyr Tydfil and Rhymney (Mr. Havard) spoke with a passion about the true state of Wales, not the myths and the picture that was painted by the official Opposition spokesman of a Wales that I did not recognise, a Wales that I do not live in. Of course, he does not live there either, and that is why he does not know the real state of things in Wales.

My hon. Friend the Member for Monmouth (Mr. Edwards) spoke about the improvement in the farming community in his area, whose interests he represents so well. It is a major employer and forms a major part of the economy in his constituency. He also covered a range of other measures that the Government are taking to help to improve the lot of his constituents.

My hon. Friend the Member for Cardiff, North (Julie Morgan) talked about the booming city of Cardiff. It is a great and wonderful city and we are proud that it is our capital city.

Then we had the hon. Member for Ribble Valley (Mr. Evans). I have two words for the hon. Gentleman: welcome back. He has not changed, but in contrast to the hon. Member for Leominster he had a much more sensible approach to the debate, although we would not agree with some of what he said. However, he certainly did not paint the exaggerated picture of our Wales that his hon. Friend did.

Throughout Wales's industrial history, working people have had their lives shortened because of poverty grinding down and crushing their spirit. We have come far because Labour Governments have done much to raise families up from poverty and disease. I am deeply proud of this Labour Government's historic commitment to halve child poverty by 2010 and to end it within a generation. The great socialist James Maxton said:

"Poverty is man made therefore open to change".

That is the view of this Labour Government. Because of what we have done, that depth of poverty is now the exception and not the rule.

Unemployment in Wales is now less than 60,000, from a Tory high of over 150,000, and that teaches us that Wales faces a choice. The great Labour Welshman, Nye Bevan, saw unemployment as the acid that eats into the homes of the poor. The choice as we face a general election will be simple. The choice is between a Conservative party whose leader called the minimum wage absurd, and a Labour party that believes in a decent wage for a decent day's work. The choice is between a Conservative party that would charge for delivering the health service and a Labour Government who will ensure that the health service is free at the point of need. The choice is between a Labour party that will deliver for the people of Wales and a Tory party that will take us back and destroy Wales. I know that when the election comes the people of Wales will choose Labour.

Lord Commissioner of Her Majesty's Treasury (Mr. Nick Ainger): I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn

PETITION

Make Poverty History Campaign

9.59 pm

Mr. Paul Truswell (Pudsey) (Lab): This petition, collected over a relatively short period, demonstrates the support of my constituents and others for the "Make poverty history" campaign. The petition echoes early-day motion 9, tabled by my hon. Friend the Member for South Swindon (Ms Drown), whose tireless work on international development issues will be sadly missed. The petition reads:

The Petition of residents of Pudsey constituency and others,

Declares that the current debt crisis, trade injustice and shortcomings of aid exacerbate poverty, inequality, the HIV/AIDS crisis and environmental degradation across the developing world; and further declares that if the international community is to make poverty history then there needs to be further co-ordinated political action by the world's governments, including the United Kingdom, aimed at trade justice, dropping the debt and providing more and better aid.

The Petitioners therefore request that the House of Commons call upon the United Kingdom Government to lead the way for change, and to use its influence when holding the presidency of the G8 and chairing the EU to make poverty history in 2005.

And the Petitioners remain, etc.

To lie upon the Table.

Mr. Michael Hart

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

10.1 pm

Mr. Richard Bacon (South Norfolk) (Con): I am pleased to have the opportunity to open this debate, and I am grateful to the Financial Secretary for joining me in a debate about a financial fraud that discloses some glaring inadequacies in financial regulation and that leaves investors and anyone who writes a cheque worryingly exposed. I have attended a number of Adjournment debates recently in which the Minister's winding-up speech has had a slightly depressing ring to it. I do not accuse the Financial Secretary in that regard, but I am looking for a serious reply on a very serious issue that affects many people who have had money stolen and raises wide public policy implications.

The fraud came to light about two years ago, when an independent financial adviser, Michael Hart, delayed returning funds due to one of his investors on a maturing investment, so much so that the investor, a constituent of mine, raised the matter with Hart's employers, Lucas Fettes, who called in the police. I have five constituents who have been victims of this theft and have had money stolen from them in amounts ranging from £10,000 to £90,000. This was part of a widespread fraud involving a total of 22 investors over 12 years, mostly in East Anglia. My hon. Friends the Members for Cities of London and Westminster (Mr. Field) and for Mid-Norfolk (Mr. Simpson) also have constituents who were affected and they send their apologies that they cannot be here this evening.

In total, Michael Hart stole some £1.7 million, most of which he has spent. Last November, he pleaded guilty to 14 specimen charges and was convicted of theft and other offences, and he is now serving a six-year prison sentence. The fraud was a simple one that has astonished all who have heard about it. In recent years, the fraud mainly involved Abbey National, because as it turned out, it was the most lax and the easiest to use to perpetrate the fraud. There are also some cases, including those involving my constituents, which involved the Norwich and Peterborough building society, and others involving the Leeds and Holbeck building society.

Michael Hart, working for a respected firm of financial advisers, Lucas Fettes, persuaded investors to take out Abbey National and other investment products such as individual savings accounts. He told them to write out crossed cheques payable only to the financial institution, for example a cheque made payable to "Abbey National" or to "Norwich and Peterborough Building Society", precisely so that their money was safe; at least, that is what he told them. He then took the cheques to an Abbey branch in Norwich or to the Norwich and Peterborough building society and so on, where he paid them into his own personal savings account in the name of Michael Hart. Even though some of the cheques were for up to £50,000, Abbey and other financial institutions did not ask the cheque signatories whether the bank had their permission to divert the money into Hart's account; they just paid it directly to him. This happened 25 times in the last two years of the fraud.

[Mr. Richard Bacon]

Three of the big unanswered questions to this day are as follows. Why would anyone who had wanted to pay money to Michael Hart make his or her cheque payable to Abbey National, to the Norwich and Peterborough building society or to the Leeds and Holbeck? Why would the bank and building societies involved assume that the victims did want to pay money to Hart? How did Abbey and the others know that the payment was not intended to reduce the cheque writer's mortgage, for example?

Certainly Abbey and the building societies have no answer to those questions, but they have refused to compensate victims, in the case of Abbey saying to some that since it paid the money into a fraudster's account, the victims were not even technically customers of the bank.

Hart's Abbey pass book for the two years before he was caught shows that in that time alone he paid cheques worth some £1,030,000 into that account. Hart laundered the money so fast that in all that time it earned just £60 in interest. Despite regularly inspecting Hart's pass book and auditing the account five times, Abbey saw nothing suspicious. To this day, neither my constituents nor any other victims have had their money back.

For its part, Abbey said it was satisfied with its security arrangements and that it had merely followed industry practice on processing cheques. However, it had not followed industry practice—section 90 of the Bills of Exchange Act 1882 states that cheques crossed and marked "account payee" cannot be paid into an account other than that of the named payee. At the very least, Abbey should have held the money in its own account until it found out the payee's intentions.

The legislation's intentions are highlighted in the Association for Payment Clearing Services' "Definitive Guide to Cheques and the UK Clearing System", which states:

"if a cheque is crossed a/c payee only, it can only be paid into the account of the named payee. The crossing cannot be deleted, nor can the cheque be endorsed over to a third party."

That is common knowledge or, at least, people think it common knowledge. The irony is that APACS itself is made up entirely of the clearing banks, including Abbey National. When the Hart case came to trial, the Crown court judge, the Crown Prosecution Service and the police were extremely critical of Abbey National and its regulator, the Financial Services Authority. Indeed, the police and the CPS have written to the FSA about the abuses that they saw.

Few people believe that their cheques are vulnerable in the way that that case has exposed or that banks and building societies can avoid their obligations. However, despite the intervention of the police, the Crown Prosecution Service, three Members of Parliament, the financial ombudsman service and the media, none of the victims has received a penny in compensation.

Direct appeals to Abbey and to the other institutions have fallen on deaf ears, and the financial ombudsman service has been ruminating on the case for more than six months, held back from issuing a ruling by delaying tactics from the financial institutions. Money that could have been spent compensating victims has been invested in a QC to help defend the institutions' position. Even direct appeals by Abbey victims to Lord Burns, the chairman, and by some of the other victims to the chief executives of the building societies involved have amounted to nothing. During Abbey's sale to the Spanish business Banco Santander last year, victims urged the new owners to set compensation aside during the due diligence phase, but nothing has been heard since.

As a result, those who lost money set up the Abbey National Victims Group to urge the FSA to intercede in order to alert the public to the abuses of the crossed cheque system, to introduce better safeguards to protect the public and to right the wrongs that the victims have suffered. Those points apply equally to the victims of the scam whose cheques were made payable to the Norwich and Peterborough building society and to the Leeds and Holbeck building society, and the group includes others in addition to Abbey National victims.

The FSA was established to maintain confidence in and to promote understanding of the financial system, to secure the appropriate degree of protection for consumers and to reduce the extent to which it is possible for a business carried on by a regulated person to be used for a purpose connected with financial crime. Since the fraud came to light more than a year ago—it is five months since Hart was convicted—the FSA has done nothing; the public remain unaware of the dangers that they face; the banking regulations have not been changed; the victims have not been compensated; and the FSA has issued no directions.

However, this is the same FSA which, less than six months before the Hart fraud came to light, fined the same Abbey National £2.3 million for money-laundering offences. In a press release on 10 December 2003, which is still on the FSA website, the FSA fined Abbey National companies £2,320,000. The FSA director of enforcement, Andrew Procter, stated:

"The failure by Abbey National to monitor compliance with FSA Money Laundering Rules demonstrated a marked lack of regard for its regulatory obligations. Abbey National failed to ensure that suspicious activity reports were promptly considered and reported to the National Criminal Intelligence Service and to identify customers adequately. Both these controls are fundamental to the UK's Anti-Money Laundering regime's effectiveness. Their failings also reflected the fact that the overall control environment, particularly compliance monitoring, has been weak across the group over a prolonged period."

That is a fairly damning indictment.

In fairness, the FSA expressed confidence that Abbey would fall into line, but it is quite clear that the bank did not do so, because the Hart money-laundering offences were committed during the FSA's investigation and for months afterwards. Hart was not stopped by the FSA's or Abbey's new checks and controls, but by one of my constituents who had suspicions about a maturing investment that he believed he had purchased through one of the other institutions—the Norwich and Peterborough—and raised his concerns with Michael Hart's employer.

The FSA was partly responsible for that fraud being able to continue for so long. Its duties include authorising people to be fit and proper financial advisers. It is the only financial authority with access to criminal records to confirm an adviser's suitability and

failed to spot that Hart had a criminal record for theft, or to pass that on to his employers. Yes, that is right: Michael Hart already had a criminal conviction. About 20 years ago, he was convicted of stealing money from his employer, an insurance broker, and was given a two-year suspended sentence. After that, he continued to work in the financial services industry, with jobs at Norwich Union, Clerical Medical, CE Heath & Co., an insurance broker, and Lucas Fettes, an independent financial adviser.

Last December, disgusted by eight months of inactivity on the FSA's part, the victims group lodged a formal complaint with its chief executive John Tiner. Nearly four months on, the FSA has not even begun its investigation. Its excuse is that it is unable to investigate a complaint while its own inquiries are continuing. A whole year to investigate the background to a simple fraud, to alert consumers and to change the regulations is excessive. The authority has still reached no conclusions.

Unfortunately, the story gets worse still. When the FSA broke the news of the delayed investigation into the complaint, it revealed that it would not be investigating failings of the crossed cheque system. Its reasoning shocked the victims and still shocks me today. Despite having asked the banking industry to set up a committee to review problems with the cheque clearing system, the FSA said:

"Cheque payments are not in themselves a regulated activity in the UK. Therefore this aspect of the matter is not a direct responsibility of the FSA. The standards for cheque payment activities are in the main set by APACS."

APACS, as I have already outlined, is made up exclusively of the clearing banks themselves, so we have a case of the banks policing themselves and failing the consumer.

If the FSA has no responsibilities, what about the Treasury? As the Financial Secretary knows, he wrote to me on 25 January, stating that

"the Government is aware of current concerns relating to cheque fraud".

However, he went on to say:

"Under the Financial Services and Markets Act 2000 the FSA is operationally independent of the Government but subject to a number of accountability mechanisms . . . Accordingly, if your constituents are unhappy about the way the FSA has carried out its functions in relation to the matter, they might wish to use the FSA's complaints scheme."

We find ourselves in a situation where the victims, the FSA and the Treasury all recognise that there is a crisis in the cheque clearing system and that it is failing consumers, but no arm of the Government has the ownership or authority to resolve the problem; instead, it is left in the hands of the banks that created it.

That is a serious failing at the heart of Government and, because of it, consumers are blissfully unaware that the crossed cheque system can leave their money exposed, that no arm of Government is able to warn or protect them and that they, like my constituents and those of other Members, can go unrecompensed. Throughout the UK, people writing crossed cheques across the UK remain at risk because their banks can still pay the money into someone else's account and refuse to compensate them. The FSA has refused point-blank to investigate its failure to regulate the cheque handling system, referring victims to a body made up exclusively of the banks themselves, including of course Abbey. The Government and the FSA have failed to warn the public or to change the system. The Government, the FSA and the institutions involved—Abbey, the Norwich and Peterborough, and the Leeds and Holbeck—have stonewalled both victims and MPs, and refused to compensate victims or be part of a compensation package involving Lucas Fettes and Hart's sequestered assets. The CPS complaints to the FSA about Abbey's behaviour seem to be ignored. The financial institutions are using delaying tactics with the financial services ombudsman, and the FSA is refusing to investigate complaints into its own behaviour until it eventually gets round to taking a decision on Abbey.

Everyone seems to think that it is someone else's responsibility. The Department of Trade and Industry says it is the Treasury's. I have a letter from the office of the Secretary of State for Trade and Industry saying that it is a matter for the Treasury and referring my letter to the Chancellor's office. The Treasury says that it is really a matter for the FSA. Meanwhile, the FSA says that it is really down to APACS, which is responsible for cheque clearing. The FSA says that it has "initiated discussions" with the main trade associations on the banking side

"in the context of seeing if banks might be able to take more measures to guard against fraud".

That is simply inadequate.

The FSA has a statutory duty to safeguard consumers and to act in their best interests. It has an obligation to ensure consumers are compensated where financial institutions have acted negligently. It has the lead role in policing the banking and investment sectors and in setting standards, rules and codes to protect consumers, to eliminate fraud and to prevent money laundering. In the case of Michael Hart, it has failed in each of those areas. People have lost £1.7 million, and as a direct result of FSA inertia, people still do not have their money back.

The FSA has failed to identify the most basic and fundamental weaknesses in the crossed cheque system. It has failed to protect consumers when the flaws were drawn to its attention by victims, so that nearly two years after the danger was exposed and five months after Hart was convicted, customers are still exposed. It has failed to draw wider consumer attention to the weaknesses, thereby allowing consumers generally to be put at risk for longer. It failed to identify that Michael Hart had a criminal record for dishonesty and was simply not a fit and proper person to be an FSA-authorised independent financial adviser.

The FSA has failed to put pressure on the banks and building societies, and the best that it can come up with is the wholly inadequate response that it has initiated discussions. Rather than issuing a direction or holding the most urgent review with the Government, it has merely set up a committee inviting the industry to propose a solution. It has failed to put pressure on banks and building societies to compensate victims or to remind financial institutions of their duty of care obligations to customers. It has failed to monitor Abbey's security failings, even though it had clear early warning of them and had fined Abbey £2.3 million for

[Mr. Richard Bacon]

having a slack regime: a rum world this, where the bank gets fined because it has opened itself to the risk of money laundering, but when it actually occurs, nothing happens.

The FSA has failed to communicate effectively or in a timely manner with Members of Parliament or victims, even taking three months to respond to one MP. That farce cannot continue. I urge the Financial Secretary to do four things: first, to commit the Treasury to undertake a full and fundamental review of the failings of the system; secondly, to recommend changes; thirdly, to publish the findings; and, fourthly, to intercede in this case and tell the FSA to bring its review to a very speedy conclusion and to give the highest priority to compensating the victims of what is plainly a dangerous systemic failure.

10.17 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I very much welcome the fact that the hon. Member for South Norfolk (Mr. Bacon) has secured the debate, and congratulate him on doing so. He has written to me twice on this case and spoken to me informally about it. I am grateful to him for bringing to my attention what is clearly a very important issue. As he said, his constituents and others have lost substantial sums as a result of Michael Hart's activities, and I should like to express my sympathy to Mr. Hart's victims—both the five people in hon. Gentleman's constituency and all the others—for the dreadful distress that they have endured.

The hon. Gentleman accurately describes the fraud that was perpetrated, and as he said, Mr. Hart has since been convicted and is serving a six-year sentence for numerous counts of theft. The Financial Services Authority has been working closely with the firms concerned about how best to achieve compensation for the investors who have been affected.

The hon. Gentleman asks how it was that the banks and building societies involved were willing to pay cheques made out to them into Mr. Hart's personal accounts. A number of people would fairly raise that question. For completeness, in the unlikely event that they have not already done so, I point out that the hon. Gentleman's constituents should complain directly to the firm in question, but I imagine that they have already done so. If they are dissatisfied with the response that they receive, they can take their complaints to the independent financial ombudsman service. From what he says, that may well also have happened. If they are unhappy with the FSA's handling of the matter, they can complain to the FSA directly. He says that that has been done. If they are still dissatisfied, they can complain to the independent complaints commissioner. Of course, they can do so if they are dissatisfied about the time taken to determine their complaints, and I gather from what the hon. Gentleman says that that has been an issue in this case.

It is interesting to note what the Building Societies Association has said about the topic. It pointed out that the current practice is for many banks, building societies and other institutions to accept cheque deposits made by customers that are payable to the institution. It is estimated that 20 per cent. of all cheques deposited are made out as payable to financial institutions. That is a long-standing practice, and although it is clearly of little comfort to the hon. Gentleman's constituents, there have been only a handful of cases of theft of this kind in 150 years. I listened carefully to the good case that he made, but when he referred to a crisis in the cheque clearing system, I thought that he was somewhat overstating the position at which we have arrived. If depositing cheques in such a way was banned, there could be substantial inconvenience, and perhaps financial loss if people who were intended to receive payment were not able to do so.

The FSA is in discussion with the banking industry to identify the scale of the risks relating to the handling of cheques made payable simply to banks or building societies and what can be done to reduce the chances of future fraud of this kind. I await the outcome of those discussions with great interest and hope that they will not be long delayed. The hon. Gentleman referred to the amount of time that has passed, and I agree with him that it is clearly important, from everyone's point of view, that such fraud should not be repeated elsewhere.

Some steps have already been taken. The new edition of the banking code, which was published last month, gives clearer advice to customers about how to reduce the risk of fraud when making out cheques payable to banks and building societies. It might be worth reading to the House what the new edition says at paragraph 12.6:

> "When you write a cheque, it will help to prevent fraud if you clearly write the name of the person you are paying the cheque to and put extra information about them on the cheque especially if you are not personally paying a cheque in (for example, because you are sending a cheque by post)."

A little later it says:

> "If you are making a cheque payable to a bank or building society, do not make the cheque payable simply to that organisation. Add further details in the payee line (for example XYZ Bank, re J Jones, account number xxxxxx). You should draw a line through unused space on the cheque so unauthorised people cannot add extra numbers or names."

I hope that the new guidance will be widely publicised and that cheque users will heed it. It is clearly of little comfort to Michael Hart's victims, because they have already been victims of fraud, but its observance will make it much less likely that others will be defrauded in the same way in the future. I welcome the change to the banking code and hope that other effective and proportionate ways can be found to reduce the risks of future fraud.

Mr. Bacon: If there is new guidance that is clear, it is obviously welcome. However, none of that alters the fact that the APACS definitive guide to cheques and the UK clearing system states:

> "if a cheque is crossed a/c payee only, it can only be paid into the account of the named payee."

That is the guidance now. The Financial Secretary must accept that when people are asked to write a cheque to a financial institution rather than to Michael Hart, for example, they think that that means something.

Mr. Timms: As I say, I understand that 20 per cent. of cheques are made payable to a financial institution. The long-standing practice has been to permit them to be

treated in the way in which they were treated in this case. I certainly hope that the guidance will be widely publicised so that people appreciate the steps that they can take to protect themselves from a recurrence of the problem.

I think that the banking code works well. The Treasury Committee has made the point that

"the Banking Code is a good model of self-regulation."

We should look primarily to the banking code as the vehicle for addressing the issue, although I recognise that it is important to improve the protection that consumers may enjoy.

Mr. Bacon: I accept that the practice is long-standing, but it is directly contrary to the APACS definitive guide. If the practice is leaving people exposed in such a way, perhaps the Treasury and the FSA should get together to review the entire system to ensure that the problem simply cannot arise. I am trying to make the point that when people write a cheque payable to an institution, they think that a safeguard is being rendered to them that would otherwise not exist. They are thus being misled.

Mr. Timms: The issue is the interpretation of the guidance quoted, and in practice it has been interpreted in the way that I described. Hopefully, the new guidance will make it clear to people what they need to do to ensure that they enjoy the protection that, according to the hon. Gentleman, they have always believed that they enjoyed when writing out a cheque in the name of a financial institution.

Let me say a few words about the more general problem of cheque fraud, which we are determined to tackle. We have established a specific policing unit—the dedicated cheque and plastic crime unit—that works closely with the banking industry to reduce card and cheque fraud, using intelligence provided largely by the industry. In addition, since April last year the Home Office has provided additional funds to enable the City of London police to expand its fraud squad. The Home Office and the Corporation of London each contributed £1 million in the last financial year, and the Home Office has also provided capital start-up costs. That significant addition to resources for the fight against fraud will enable the City of London police to take a lead role in that fight, and not just in the square mile.

I understand that one of institutions involved in this case—Abbey, of which the hon. Gentleman was very critical—has said that if, after the legal channels have been exhausted, the investors have still not been fully refunded, it would be happy to offer an ex gratia payment, so that no one who thought that they were buying an Abbey product will be financially out of pocket. I welcome that reassurance, which it is important to put on the record. In the case of another of the institutions involved, I am told that the making of such a payment might be conditional on the FSA's agreeing to undertake an investigation of Lucas Fettes. It is not clear to me that that is an appropriate stipulation to impose. As a matter of policy and because of the confidentiality requirements imposed by section 348 of the Financial Services and Markets Act 2000, the FSA does not normally make public whether it is investigating a particular matter, or, necessarily, the findings or conclusions of an investigation. Of course, if the investigation leads to enforcement action, the FSA will publicise it, as happened in the earlier Abbey case to which the hon. Gentleman referred.

I understand that the FSA has considered the circumstances carefully in the light of the criteria published in its enforcement manual, and it has concluded that it is unable to state whether it is investigating this particular firm; for the same reason I, too, have not been informed. The FSA has, for very good reasons, genuine operational independence from the Government, and I note in the light of the Conservative party's recent policy statement on financial services regulation that there is agreement across the House on the value of independence for the regulatory agency.

To protect investors, the 2000 Act established the financial services compensation scheme in order to act as a safety net and fund of last resort for consumers and small business customers of FSA-regulated financial services firms that are unable, or likely to be unable, to pay claims against them because they have gone out of business or are insolvent. The 2000 Act also established the single financial ombudsman service to adjudicate over customers' complaints against regulated firms. As I set out in my letter to the hon. Gentleman, the FSA is accountable to Parliament, Ministers, consumers and the industry via a number of mechanisms. They include the independent complaints commissioner, who investigates complaints against the FSA; an independent tribunal, which reviews the FSA's regulatory decisions; the requirement for the FSA to submit an annual report to the Treasury on the discharge of its functions; the Government's power to appoint and dismiss the FSA chairman and board; and the independent consumer and practitioner panels, which advise on and represent consumer and industry concerns to the FSA.

I think that the balance is now about right. I note that the shadow Chancellor called last week for consumer protection to be provided in the "least burdensome manner possible". It is right to look to the banking code in particular as a way forward and a means of addressing the problem that the hon. Gentleman has properly drawn to our attention. That would be preferable to introducing new regulations.

I commend the vigour with which the hon. Gentleman has pursued this case and I want to assure him and his constituents—and indeed others rightly concerned about the matter—of the very high seriousness with which the Government regard these issues. The industry also needs to recognise the seriousness with which the House is viewing the matter.

I have no doubt that the hon. Gentleman will, like me, look forward to the outcome of the FSA's talks with the industry, which I hope will reach a conclusion sooner rather than later. I have asked Treasury officials to keep me abreast of progress in those discussions and I hope that their outcome will provide all of us with grounds for optimism that the dreadful experiences suffered by the victims of Michael Hart will not be experienced by others in the future.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes to Eleven o'clock.

House of Commons

Tuesday 5 April 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON BILL *(By Order)*

Order for Second Reading read.

To be read a Second time on Tuesday 12 April.

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

India (UN Security Council)

1. **Mr. Peter Luff** (Mid-Worcestershire) (Con): What recent discussions he has had with representatives of the Government of India about membership of the UN Security Council. [224384]

The Minister for Trade and Investment (Mr. Douglas Alexander): I acknowledge the hon. Gentleman's long-standing interest in Indian affairs. My right hon. Friend the Foreign Secretary last discussed the issue with his Indian counterpart, Mr. Natwar Singh, during his visit to India on 18 February. The Foreign Secretary made clear the Government's long-standing position, which commands consensus across the House, of support for India's candidacy for permanent membership of the Security Council without the power of veto.

Mr. Luff: I am very grateful to the Minister for that reply. Does he agree that India, as the largest democracy in the world, one of the fastest developing economies in the world and with a long-standing reputation as a champion of the wider developing world, has a right to expect that Security Council seat at the earliest possible date?

Mr. Alexander: It is obviously the case that it is appropriate that India's significance strategically, both in the regional grouping and around the world, is reflected in the support that Britain has offered. It is also the case that the Secretary-General, in his most recent report, indicated his personal desire that the matter be moved forward rapidly, which is obviously a subject of discussion in the United Nations at present.

Mr. Liam Byrne (Birmingham, Hodge Hill) (Lab): The people of Kashmir have yearned for justice and the quiet miracle of a normal life for more than 57 years. My hon. Friend must recognise that there are grave reservations in many quarters of this country and beyond about admitting any nation to the United Nations Security Council while it is in breach of UNSC resolutions. Will he press the Indian Government in any future negotiations about the UNSC on the need for movement in implementing Security Council resolutions, and in particular on the need to admit independent human rights observers to all parts of Kashmir? Will he go further and tell political parties in this country that it is high time that one and all published their position on the region?

Mr. Alexander: I acknowledge my hon. Friend's considerable interest in Kashmir. The United Nations charter does not link Security Council membership with full implementation of all UN resolutions, but the important point to recognise is that there is a moment of opportunity in relations between India and Pakistan. I know that the subject has been of some interest to my hon. Friend for some time. We are greatly encouraged by the work on the consolidated process to date, so we encourage all parties to the conflict in Kashmir—the Indians, the Pakistanis and the people of Kashmir—to continue to engage in that constructive process.

Mr. Crispin Blunt (Reigate) (Con): Will the Minister reiterate to the House and to his hon. Friend the Member for Birmingham, Hodge Hill (Mr. Byrne) that the issue of Kashmir will not be allowed to act as a veto on the important case for India's membership of the Security Council, support for which is shared across the House, even if not entirely unanimously on the Labour Benches? Can the Minister give the House his best estimate of when we can expect the whole business of the new Security Council membership to be resolved? How long does he think the process will take?

Mr. Alexander: The recent report by the Secretary-General, "In Larger Freedom", indicates his desire to see the matter moved forward expeditiously before the UN millennium development goals review summit in September. Whether that is feasible, time will tell, but the subject is clearly receiving much greater attention than it has previously and I am assured that much work is being taken forward by India and other nations concerned about and interested in those matters to try to find a way forward in the months ahead.

Dr. Brian Iddon (Bolton, South-East) (Lab): Although admitting that India has a good case to argue for a place on the Security Council, does my hon. Friend agree that it is important to build confidence between Pakistan and India over the talks on Kashmir? If we allowed non-governmental organisations, such as Amnesty, and UN observers to monitor human rights in Indian-controlled Kashmir that would help to bring the two sides together.

Mr. Alexander: We all have an interest in ensuring that breaches of human rights in that part of the world, or anywhere, are ended, so I endorse my hon. Friend's sentiments. However, it is also important to acknowledge the pace of the progress that has already been achieved by India and Pakistan. Recently, I had

the opportunity to discuss that with the Pakistani high commissioner in London and I celebrated the fact that a new bus service is being established between Pakistan and India, which is just the latest confidence-building measure in a process that we are keen should be continued and taken forward constructively.

Iraq

2. **Mr. Harry Barnes** (North-East Derbyshire) (Lab): What recent discussions he has had with the Foreign Secretary of Australia on policies in relation to the future of Iraq. [224385]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): My right hon. Friend the Foreign Secretary has been in contact several times with Foreign Minister Downer to discuss the situation in Iraq and in particular the deployment of additional Australian forces. We certainly welcome the Australian decision to deploy 450 troops to al-Muthanna, one of the four provinces in southern Iraq in the UK's area of responsibility.

Mr. Barnes: Is my hon. Friend aware that on four recent occasions in Question Time in the Australian Parliament the Australian Foreign Secretary has used my involvement with the organisation Labour Friends of Iraq in an attempt to undermine the stance adopted by the Australian Labour party? However, that has led only to establishing better links between Labour Friends of Iraq and the Australian Labour party. As in Britain, people, whether for or against the invasion, can unite in helping the emerging Iraqi trade union and labour movement to play an active role in the development of civil society and democracy in that country.

Mr. Rammell: I thank my hon. Friend for that question. He will forgive me if I do not delve into Australian electoral politics, given that we have got a bit of that going on in this country at the moment, but I genuinely congratulate him not only on forming Labour Friends of Iraq, but on the significant contribution that he has made to the House over the past 18 years. I disagree with him over the decision to go to war with Iraq, but I respect his view, and I think that he respects mine. However, as he has demonstrated by his actions, whatever view we took on the war, it is crucial that we now work together to unite to help the Iraqis to build a free and peaceful Iraq, and I believe that his efforts in that regard represent a positive step forward.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): On Iraq's future, I spent some time out there about three weeks ago, and I was reminded by many people of the need for the infrastructure to be rebuilt as soon as possible. I realise that, in the less secure areas, such as Baghdad, that is impossible at this stage, although there is a huge task ahead: it is estimated that $55 billion needs to be spent between now and 2007, but only $2.5 billion has been spent hitherto. May I urge on the Minister the need to consider the possibility of putting in new infrastructure as soon as possible in the more secure areas, such as the south, Basra and so on? That is fundamentally important to keep everyone on board. By the way, the importance of this issue was confirmed by the head of the UN mission out there.

Mr. Rammell: I thank the hon. Gentleman for that question. It is critically important that we redouble our efforts to improve the infrastructure in Iraq. Things are improving, and the Department for International Development is committing £40 million to a project to improve water supplies, sanitation and other aspects of the infrastructure. That project, which will start in April, is just one part of our overall commitment to rebuilding Iraq.

Darfur

3. **Tony Baldry** (Banbury) (Con): If he will make a statement on the position taken by the UK in the UN on Darfur. [224386]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): We have been very active in the UN Security Council to secure the passage of three Security Council resolutions on Sudan: 1590, on 24 March, provides for troops in support of the comprehensive peace agreement; and 1591, on 29 March, applies sanctions against those who impede the peace process and pose a threat to stability in Darfur. The third resolution, 1593, was passed early last Friday, after weeks of intensive negotiations. It refers those identified as complicit in war crimes in Darfur to the International Criminal Court. Notwithstanding its opposition in principle to the ICC, the United States abstained on that resolution, as did China, Algeria and Brazil. Eleven nations voted in its favour, led by the United Kingdom, which sponsored the resolution. That resolution was, therefore, historic, because for the first time, the Security Council has made a referral to the ICC, sending out a clear message that there is now no hiding place for those who commit crimes against humanity.

Tony Baldry: I think that the whole House would welcome the passing of Security Council resolution 1593—as the Foreign Secretary says, it is an historic one—but does he agree that the only way that we will stop the killing in Darfur is if the Security Council introduces a chapter VII resolution to give an enhanced mandate to the African Union, increasing its deployment and giving it a peace-enforcing mandate, rather than simply a peace-monitoring mandate?

Mr. Straw: I agree with the burden of the hon. Gentleman's remarks. The problem that we faced was to gain nine votes in the Security Council. When it came to resolution 1590, gaining a sufficient consensus for that deployment of troops was very difficult. Throughout, we have had to get other member states of the Security Council to recognise the gravity of the situation and some of them to appreciate that their obligations under the UN charter must take precedence over their immediate commercial or political interests with the Government of Sudan.

Tony Cunningham (Workington) (Lab): I warmly welcome the UK position on this, and I also welcome the United States position on this. Will the Foreign Secretary tell us what influence he had over the US making that decision?

Mr. Straw: It is for that Administration to answer that, but all I can say is that there was a lengthy, yet constructive, period of negotiation with Condoleezza Rice, the US Secretary of State. The US, along with several other countries on the Security Council, including China and Russia, is not a state party to the International Criminal Court—that is on an all-party basis. I am very grateful to Secretary of State Condoleezza Rice and the US Government for their constructive approach and for the fact that they allowed the resolution to go through and thus let the International Criminal Court make an effective start, not withstanding that opposition.

Mr. Mark Simmonds (Boston and Skegness) (Con): The International Development Select Committee, in its recent excellent report, estimated that up to 300,000 deaths might have occurred in Darfur and that the UK Government should have done more initially with the international community to raise the alarm. Does the Foreign Secretary agree that the Sudanese Government must be compelled to halt their genocide; that the perpetrators of the appalling crimes must be brought to justice; that a no-fly zone must be enforced over Darfur; that oil and arms sanctions must be imposed and that the African Union, as my hon. Friend the Member for Banbury (Tony Baldry) said, must be authorised to undertake peacekeeping instead of monitoring?

Mr. Straw: I refute entirely the suggestion that the British Government did not act quickly enough. Our aid programme is more than twice the level of that which we inherited from the previous Conservative Government. There is one absolute certainty of many: if there were a Conservative Government, aid would be the first casualty of the public spending cuts that they have in store. We have always argued for the toughest possible action in Sudan, but achieving that depends on gaining agreement inside the Security Council.

Mr. Simmonds: I am sorry that the Foreign Secretary finds it appropriate to go into party political politics because this important issue concerns hon. Members on both sides of the House. Conservative Members accept UN resolutions 1591 and 1593 as a small step forward. We welcome the travel ban and the assets freeze, but that is not enough to stop the genocide. After seven Security Council resolutions, 10 reports to the Security Council, 2 million people being displaced and 300,000 deaths, it is scandalous that the African Union force has less ability to protect civilians than the UN mission in southern Sudan. Why did the UK Government and the UN ambassador not insist at least on that minimum condition?

Mr. Straw: What that question shows is how detached the hon. Gentleman and the official Opposition are from the way in which the UN operates. We have to gain a consensus, which involves international engagement and even engagement with our European partners to gain the four votes of the EU members of the Security Council. We have been arguing for months for tougher action, but in case the hon. Gentleman has not noticed, one or two members of the Security Council with veto powers have been reluctant to achieve that. We have not got to the point that we would wish to get to, but it is infinitely better than where we might have got to—and certainly better than where we would have got under a Conservative Government.

David Winnick (Walsall, North) (Lab): Although I recognise the lead taken by the Government, does my right hon. Friend accept that the failure of the international community as a whole to act on the terrible crimes and atrocities in Darfur reminds one of what happened 11 years ago in Rwanda? Is he further aware that those of us who have seen the film "Hotel Rwanda" are reminded once again how the international community—of course there was a different Government in Britain then—stood aside while some of the most terrifying crimes were committed, which were, in fact, the worst since 1945?

Mr. Straw: I entirely accept what my hon. Friend says. Rwanda was the most appalling example of brazen neglect by the international community, including the United Kingdom at the time. We in this Government have adopted a different approach, but the truth is that there are still members of the so-called international community—member states of the Security Council and others—that are turning a blind eye to clear atrocities that have taken place in Darfur. The United Kingdom has not been one of those countries because we have been at the forefront of not only giving aid to the benighted people of Darfur, but calling for effective international action.

Sir Menzies Campbell (North-East Fife) (LD): May I welcome the progress that has been made on Darfur and especially the fact that the jurisdiction of the International Criminal Court has been invoked in the way in which the Foreign Secretary described? May I press him a little further on an answer that he has already given? He knows that the African Union committed to provide 3,600 troops and police, but only two thirds of that number have actually been deployed. Two years after the crisis began, with estimates that as many as 300,000 people have been killed, what steps can he take to persuade those in the Security Council who might be otherwise minded of the urgent need to provide a larger force of at least 10,000 with a clear and unequivocal mandate for the protection of civilians, who, not withstanding the welcome progress, remain at grievous risk?

Mr. Straw: Resolution 1590 provides for an AU mission of up to 10,000 military personnel. There is agreement to that. The problem is finding the necessary troops and, as its leaders accept, the African Union's capacity is an issue. Our aim is to give the African Union active military and other technical support—some of which is elementary logistical support—so that we can get the available troops into the region and deployed effectively.

4. **Ann McKechin** (Glasgow, Maryhill) (Lab): What action the Government are taking, in conjunction with others, (a) to bring an end to killings in Darfur and (b) to ensure that essential supplies reach the region. [224387]

7. **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): What action the Government are taking with the international community to ensure aid supplies reach Darfur. [224390]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): Insecurity remains the biggest obstacle to the delivery of humanitarian assistance in Darfur. We continue to insist that the parties stop fighting and abide by their commitments and we have provided significant technical and financial support to the African Union force. The UK is also one of the leading humanitarian donors to the crisis.

Ann McKechin: My hon. Friend is aware of the huge development need of all the people of Sudan. However, there is concern about the way in which development aid and debt relief are provided to the current Government, whom many of us do not trust at all. Does he agree that it is imperative that the entire international community, particularly the European Union, agrees a set of clear benchmarks and timetables for the provision of aid to the Government of Sudan and clearly states the consequences if the Government do not comply with the conditions of those grants?

Mr. Mullin: I certainly agree. We have made it clear to the Government of Sudan that there is no prospect of, for example, action on debt relief, which they urgently want, until there is a wholly different approach in Darfur. We provide substantial aid and will continue to do so, but much of it goes through the UN agencies and NGOs that are active on the ground, not through the Government of Sudan.

Mr. Lazarowicz: My hon. Friend is right to refer to the aid that the UK Government have given, but he must be aware of the indications of the immense impact of the crisis on the region's population. It is suggested that up to 2 million people have left their homes and fields and, according to the most optimistic analysis, at least that number will remain in that position until 2006 and possibly beyond. In those circumstances, what is the likelihood of the Government providing additional aid, especially for the NGOs, and what is the likelihood of the level of contributions being increased at the forthcoming donor conference?

Mr. Mullin: We stand ready to increase our aid as needed, but the key issue on the ground is security. The African Union force now numbers about 2,500, including 200 police, and as my right hon. Friend the Foreign Secretary mentioned, there are plans to increase it to 10,000 if necessary. The signs are that the force is becoming more effective in protecting civilians, and once security on the ground has been established it will become far easier to get aid to the people who need it. Part of the problem now is not a shortage of aid, but an inability to get the aid that is already available to the people who need it.

Rev. Martin Smyth (Belfast, South) (UUP): The hon. Member for Glasgow, Maryhill (Ann McKechin) referred to the lack of trust in the Sudanese Government. Although one welcomes the improvement of the situation in Darfur, albeit there is still a long way to go, what assessment has been made of the impact of the continuing conflict in Darfur on the peace deal between the south and the north?

Mr. Mullin: As the hon. Gentleman knows, the whole international community is extremely anxious to see the comprehensive peace agreement that has been signed between the south and the north succeed. I am glad to say that representatives of the Sudanese People's Liberation Army have now arrived in Khartoum; we think that that will make a difference to the Khartoum Government's approach in Darfur and other parts of the country. We do not want to take our eye off the ball of the north-south peace agreement, because the prize is great. Our view has always been that the settlement reached between the north and the south could form the basis of an eventual settlement in Darfur. It is important to note that the civil war in Sudan between the north and the south was the longest-running civil war in Africa, in which 2 million people died.

Mr. John Bercow (Buckingham) (Con): As justice delayed is justice denied, I warmly welcome the referral of the war crime suspects to the International Criminal Court, a step for which many of us have long been arguing. I enthusiastically congratulate the Foreign Secretary on his role in bringing about that important achievement. Given, however, that we are all agreed that the priority must be to stop the killing in Darfur now—killing that continues to take place at anywhere between 10,000 and 30,000 people a month—would the Minister again accept that there is a distinction between peacekeeping and peace enforcement? What is needed is peace enforcement through a larger African Union force, and a force that is blue-helmeted so that it receives the logistical and financial support that it requires to do its job.

Mr. Mullin: I certainly accept that there is a difference between peacekeeping and peace enforcement. The mandate of the AU force is a matter for the AU, and up to now it has expressed itself satisfied with its mandate, the exercise of which is open to quite wide discretion. It has used force to protect civilians on occasion. In the past couple of months, the UN special representative, Mr. Pronk, has commented increasingly that the AU, as it extends its presence on the ground, is becoming increasingly effective at protecting civilians by a combination of what he describes as "deterrence and mediation". He says that it has "surpassed expectations". The key issue is to get more troops on the ground and there are plans for an eventual deployment of up to 10,000. Indeed, the numbers have increased substantially in the first few months of this year.

As for resolution 1593, I am grateful to the hon. Gentleman for his remarks about my right hon. Friend the Foreign Secretary, who is far too modest to say that

he played a crucial role in obtaining that resolution. I have no doubt that but for his intervention it would not have been obtained.

Kashmir

6. **Simon Hughes** (Southwark, North and Bermondsey) (LD): if he will make a statement on Government policy on Kashmir. [224389]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): The Government fully support the ongoing composite dialogue between India and Pakistan, which includes the issue of Kashmir.

We warmly welcome the progress made over the last 18 months, including the ceasefire over the line of control and, among other things, the agreement to run a bus service between Srinagar and Muzaffarabad, scheduled to start in two days' time. We continue to urge both countries to seek a just and lasting resolution to their dispute that takes into account the wishes of the people of Kashmir.

Simon Hughes: The right hon. Gentleman knows that I commend his interest in the subject. Indeed, we were in the region at the same time. Can I have an assurance that when he was in India he made clear to the Government of India that any violations of human rights of the people in Kashmir would be unacceptable, and always has been unacceptable, and that proper remedies are required? Will he assure me that this outgoing Administration will leave with a clear message by repeating the final point in his main response: that the only solution that will be satisfactory for the people of Kashmir is one that they agree is satisfactory and where they determine their own future?

Mr. Straw: Yes, I did discuss the issue of human rights in Kashmir when I was last in India, which was in February, at about the same time that I went to Pakistan. We always raise the issue. Some limited progress has been made on that front, which I welcome. We shall continue to maintain the pressure. The fact that there is now a Congress-led Government is important in this respect because they realise that there is a human rights deficit in respect of Jammu and Kashmir. As for Kashmir generally, I commend what the hon. Gentleman said recently:

"What is needed in Kashmir is a broad based peace process, in which all the communities of the province feel that they have a part to play and have their voices heard."

That is our position too.

Mr. Peter Pike (Burnley) (Lab): My right hon. Friend will recognise that this problem has gone on for 57 and a half years too long. The answer that he has just given was very encouraging, and we all welcome the positive signs that progress is now being made. He will also recognise, however, that there is still some way to go before the problem is solved. Will he ensure that this country gives the necessary support and encouragement to India and Pakistan in this regard? I agree with the final part of his first answer, in which he said that if there is to be justice for the people on both sides in Kashmir, a solution must be found that is acceptable to the people of Kashmir as well as to those of India and Pakistan.

Mr. Straw: Of course I agree with my hon. Friend. As this is probably the last exchange that he and I will enjoy in the Chamber, may I wish him well in his retirement? He is a close neighbour and a good friend of mine, as well as an active and fine parliamentarian.

It is perfectly plain that there cannot be justice or a solution to the terrible problem in Kashmir without a solution that enjoys the consent of all the peoples on either side of the line of control, and that is something that we shall continue to press for. We shall also continue with our active engagement. It was the British and American Governments who played a very active part in persuading India and Pakistan just over three years ago that their mobilisation to war—they were right on the brink of war at that time—would have done nothing for the people of Kashmir and would have led to the deaths of hundreds of thousands of people on either side of the line of control. Since then, we have actively supported the composite dialogue.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): I would like to congratulate my right hon. Friend on all his hard work to ensure that Pakistan and India came together to engage in this dialogue. Does he agree, however, that he need take no lessons from the hon. Member for Southwark, North and Bermondsey (Simon Hughes) on this matter? We have an all-party parliamentary group on Kashmir, but not one Liberal Democrat Member has turned up to any of its meetings to discuss any of these issues—

Mr. Speaker: Order. These are not matters for the Minister.

Tyrannical Regimes

8. **Mr. Graham Allen** (Nottingham, North) (Lab): What progress has been made in implementing the proposals on international law and tyrannical regimes put forward by the UN's high level panel in November 2004. [224391]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): We continue to work actively with the United Nations on improving collective action against tyrannical regimes. The high level panel and Kofi Annan's report, "In Larger Freedom", offer bold ideas for reform. These proposals will enable the UN to deal with the challenges that it faces, including the international community's collective responsibility to act against regimes that are unwilling or unable to protect the fundamental human rights of their people.

Mr. Allen: I congratulate the Minister and the Foreign Secretary on the priority that they have given to the work of the high level panel. This involves the big picture and the long-term perspective, but unless the United Nations has teeth, and the willingness to use them, nations on the Security Council and outside it will always be tempted to act unilaterally. Will my hon. Friend therefore ensure that the United Nations extends its willingness to take action to protect the human rights of the citizens of the nations of the world, and will he

redouble his efforts to ensure that the UN eventually gets the teeth to make our international peace more secure?

Mr. Rammell: I thank my hon. Friend for that question and for his interest in this issue; I think that this is the third time that he has raised it in Foreign Office questions. As many hon. Members have already said, the most damning indictment of the international community and the United Nations was the failure to act in Rwanda in 1994. If we can grasp the opportunity presented by the high level panel's report and the Secretary-General's response to it, we shall be in a better position to prevent similar situations from occurring. That is why we must strongly support the proposals.

Donald Anderson (Swansea, East) (Lab): What can be done about the United Nations Commission on Human Rights? The panel has pointed out the crisis of credibility, and the problems relating to membership and to the blocking of serious discussion of the major transgressors of human rights. The panel also made various recommendations. What are the prospects of their being carried forward?

Mr. Rammell: There is a genuine problem with the United Nations Commission on Human Rights. I have spoken at meetings of that body three years in a row and it is a deeply problematic organisation. One aspect of the high level panel report that did not come up to scratch was its recommendations on that commission. In that regard, the Secretary-General's proposals, especially for a human rights council, are well worth exploring. We want that to happen.

Ukraine

9. **Mr. Peter Viggers** (Gosport) (Con): If he will make a statement on Ukraine's progress towards fulfilling its action plan with NATO. [224392]

The Minister for Europe (Mr. Denis MacShane): Following the election of President Yushchenko, European and NATO partners have stepped up dialogues with Ukraine. I held talks with President Yushchenko last week in Kiev. Through the annual target plan, Ukraine is moving towards NATO standards.

Mr. Viggers: Will the Minister join me in sending good wishes to the people of Ukraine as they move closer to accountable democracy, including political control of the military? Will he also comment on press reports that the previous Kuchma regime sold Cruise missiles to other nations, including Iran? Is the Yushchenko Government co-operating fully in having the matter thoroughly investigated? What impact will that information have on our discussions with Iran?

Mr. MacShane: I fully support the hon. Gentleman's first point. I encourage hon. Members to visit Ukraine, which, after the Orange revolution, is moving forward towards a European future as a strong democracy, and we must be there with the Ukrainian people.

I have raised directly with Ukrainian Government officials and the Foreign Minister exactly the problem to which the hon. Gentleman referred of illegal sales of what they described as defunct Cruise missiles to Iran and China. They promised a full investigation and co-operation with us and other NATO Governments in finding out what went on.

Iran

10. **Mr. Geoffrey Clifton-Brown** (Cotswold) (Con): If he will make a statement on the progress of the EU negotiations with Iran about Iran's nuclear programme. [224393]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): Representatives of the United Kingdom, France, Germany, the EU High Representative, the European Commission and the Luxembourg EU presidency met an Iranian delegation in Paris on 23 March. The meeting was the latest in a series launched by the Paris agreement of 15 November 2004. All sides remain committed to agreeing long-term arrangements, as envisaged in the Paris agreement.

Mr. Clifton-Brown: I thank the Foreign Secretary for that answer. However, bearing in mind the Government's use of intelligence over Iraq, how can we trust their assessment of Iran's weapons of mass destruction?

Mr. Straw: We have made no published assessment based on intelligence about Iran and we have no plans to do so. The international community is concerned about Iran not because we have seen incontrovertible evidence that it has a nuclear weapons programme, but because of what is plainly on the record in the reports of the director general and the board of the International Atomic Energy Agency—namely, that Iran, over a period that goes back 20 years, has failed to comply with its safeguard agreements to give notice to the IAEA of all areas in which it was pursuing dual-use nuclear programmes. That is the basis on which we, in the so-called E3, have been taking forward the negotiations. I hope and believe that they are tough and will produce an acceptable solution.

Mr. Tam Dalyell (Linlithgow) (Lab): We should acknowledge the great personal effort that the Foreign Secretary has put into our relations with Iran by going to Tehran, but, to be fair to the Iranians, is not it also true that they have suspended all nuclear activity over the past 18 months? Is it not the case that, on 23 March, Condoleezza Rice put forward some pretty positive ideas? Are they acceptable to the British Government? Do the Government stand by the commitment that there will be no military action against Iran? Is there some divergence from the French over attitudes to Iran in that they are more favourable towards having more positive relations than perhaps we are?

Mr. Straw: My hon. Friend asks me several questions. First, if I may, I should like to pay tribute to him because it is his last Foreign and Commonwealth Office Question Time and probably his last three days as a Member of this House after 42 years, including the past four years as Father of the House. My hon. Friend has been a good friend to me. He is a great parliamentarian, who will be remembered for his commitment to

Parliament. He provides a fine example, which all should follow, whatever position they hold. I commend his work in Parliament and wish him well for the future.

I shall take my hon. Friend's questions in reverse order. He asked whether there was any divergence between us and France; there is not. Some have long suggested that there is such a divergence of view. The disappointment for some in Iran and some in the United States is that the United Kingdom, France and Germany have clearly kept together.

On military action, I have made it clear beyond peradventure that we can conceive of no circumstances in which military action against Iran would be justified. I cannot be clearer than that—*[Interruption.]* Do not forget what?

Mr. John Bercow (Buckingham) (Con): Do not forget the word "gravamen".

Mr. Straw: On the issue of the offers made by Condoleezza Rice on 23 March, we welcome those and they are a product of the negotiations. The real importance of the announcements made by the United States Government on 23 March was that they had moved from a position of some detachment about the E3 process to one of active support. Some of the things that we want to give to the Iranians we can only give to them if the US also does so. That is what we have now got, with the United States commendably agreeing not to block Iran's application for membership of the World Trade Organisation and to provide Iran with much-needed aircraft spares.

Sir Teddy Taylor (Rochford and Southend, East) (Con): Is the Foreign Secretary aware that while many of us criticise the Government for many things, a lot of us would like to pay tribute to him for his enormous efforts to maintain co-operation with Iran on the difficult nuclear issue? Does he accept that real progress is now being made, with access to all the appropriate centres at which such activities take place? Will he carry on with the good work, which is helping to maintain a situation that is desperately important for stability in the middle east?

Mr. Straw: I am grateful for the comments of the hon. Gentleman, who has taken such an interest in this issue over many years. It has helped me, and us, to know that there is wide support for our efforts to secure a peaceful solution to Iran's problems. Iran is not the easiest country with which to negotiate. It has made progress, however, and has suspended its reprocessing and uranium enrichment activities, which is of great importance in order to ensure, as provided by the Paris agreement, that there are objective guarantees that Iran does not have a nuclear weapons programme. Although I am clear that negotiations will continue to be difficult, I look forward to their satisfactory conclusion.

Mr. Graham Brady (Altrincham and Sale, West) (Con): First, may I associate the Conservative Benches with the Foreign Secretary's tribute to the Father of the House, and also pay tribute to my hon. Friend the Member for Rochford and Southend, East (Sir Teddy Taylor) who is also retiring shortly? Is it not the case that the United States' support for the negotiations was only won following the pledge that in the event of failure, the UK and the EU would support a reference to the Security Council? What is the deadline for progress to be seen to be taking place before a referral will be supported?

Mr. Straw: I apologise for the fact that I omitted to pay tribute to the hon. Member for Rochford and Southend, East (Sir Teddy Taylor). As an Essex lad, it always seemed slightly improbable to me that he, coming from the west coast of Scotland, should have taken to the rather raucous people whom I know and love in Southend, but he has done so, and they have to him. It has been a wonderful relationship. He, too, is a great parliamentarian.

There has been no change of approach by the E3. What was on the table right from the start of discussions between Joska Fischer, Dominique de Villepin, the then Foreign Minister of France, and me in June 2003 was that the default setting would be that we would join with other partners in referring Iran's clear breach of its safeguards agreement to the Security Council. That has always been in reserve, and it has been the means by which we have encouraged Iran to come to the negotiating table. Some active discussions took place on 1 March between the three European Foreign Ministers and Condoleezza Rice in private, and those discussions led, I believe, to the movement by the United States.

We have no specific time scale, and cannot set a specific one. I hope that the moment does not arise, but if and when it does, we shall all be clear that it has arrived.

Simon Wiesenthal Centre

11. **Mr. Mohammad Sarwar** (Glasgow, Govan) (Lab): What assistance he is giving to the Simon Wiesenthal Centre to bring suspected Holocaust perpetrators to justice. [224394]

The Minister for Europe (Mr. Denis MacShane): The Government believe strongly that all war criminals should be brought to justice whenever possible, and we support the aim of the Simon Wiesenthal Centre to do that. I am sure that the whole House will share my pleasure that the Queen last year awarded an honorary knighthood to Sir Simon Wiesenthal as Britain's tribute to his contribution to righting the wrongs of the great evils of the Nazi era, which must never be forgotten.

Mr. Sarwar: I thank the Minister for his reply, but does he accept that the international community must take the final opportunity to deliver justice to the victims of the holocaust, and bring to account those who committed acts of genocide?

Mr. MacShane: Very much so. In January, the Simon Wiesenthal Centre launched what it called Operation Last Chance, a campaign in eight countries to identify suspected Nazi war criminals and bring them to justice. It has the Government's full support.

Middle East

13. **Mr. Ernie Ross** (Dundee, West) (Lab): If he will make a statement on the middle east peace process. [224396]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): Securing peace in the middle east through the implementation of the road map, leading to the establishment of a viable independent state of Palestine alongside a secure state of Israel, is a top priority for this Government. The London meeting that we hosted on 1 March was a successful example of our commitment to working with the international community and the parties concerned to achieve a negotiated settlement.

Mr. Ross: I thank my right hon. Friend and wish him every success in the ongoing dialogue that will be required. May I remind him, however, that while we recognise that the core of the middle east problem is the Israel-Palestine question, if there is to be peace in the middle east, Israel must live in peace with all its neighbours? People in Israel—Israeli Jews, Israeli Christians, Israeli Muslims—need to feel that they are living in a democratic state that recognises their rights as well. May I ask my right hon. Friend to continue to press, in the months ahead, to ensure that there is a comprehensive peace plan so that all peoples in the middle east can live in peace together?

Mr. Straw: My hon. Friend and I entered the House on the same day in 1979. He, too, has been a very fine parliamentarian, but he has also been extremely active—indeed, I can think of no one more active—on the issue of peace in the middle east and justice for the Palestinian people, as well as security for the Israelis. He has been Chairman of our party's foreign affairs committee for many years, and I am extremely grateful to him for supporting it. I am sure that the whole House wishes him well in his retirement.

I agree with my hon. Friend. I hope that after years of frustration, not least for him personally, he can now see some light in the middle east. The prospects are better than they have been at any time in the past four years, and the London meeting called by my right hon. Friend the Prime Minister and attended by representatives of the Palestinian Authority, many Arab leaders and members of the Security Council set out tangible steps that we in the international community are taking better to support the creation of that Palestinian state.

Mr. James Clappison (Hertsmere) (Con): Does the Foreign Secretary agree that it is clearly in everyone's interests in the middle east today—in the interests of both the security of Israel and the settlement of the problems from the Palestinian point of view—for all possible support to be given to the moderate Palestinian leadership that has emerged? Does he also agree that one way of doing that is to give more material support, particularly for economic development of the infrastructure of the Palestinian people, and that more careful account should be taken of the way in which such aid has been used than has been taken in the past?

Mr. Straw: I agree with everything that the hon. Gentleman said. There have been defects, to say the least, in the way in which aid has been used in the past. That has changed in the past two years under Mr. Fayyad, the Finance Minister: indeed, it is now changing rapidly.

One of the many good things to emerge from the meeting on 1 March was a clear international commitment—and the involvement of the World Bank—to achieving precisely what the hon. Gentleman seeks and what is wanted in the Palestinian area, namely, an active programme of economic reconstruction.

Ms Meg Munn (Sheffield, Heeley) (Lab/Co-op): Will my right hon. Friend congratulate the Israeli Government on the progress made so far on the implementation of the Gaza withdrawal plan and on beginning the handover of Palestinian towns? What more can the Government do to support the Palestinian leadership in dealing with the terrorism sponsored by external agents?

Mr. Straw: I am glad that my hon. Friend put on the record her support for the action taken by the Israeli Government, because the truth is that Prime Minister Sharon and his Government and the majority in the Knesset have shown enormous courage in the decisions that they have taken to secure long-term peace and a degree of stability never enjoyed before in the whole of the region. On support for the Palestinians as the Gaza withdrawal takes place, we are giving the Palestinians active support in rebuilding their security forces, reforming their political institutions and reconstructing their economy.

NATO Meeting (Vilnius)

14. **Mr. George Foulkes** (Carrick, Cumnock and Doon Valley) (Lab/Co-op): What issues will be discussed at the NATO Foreign Ministers meeting in Vilnius. [224397]

The Minister for Europe (Mr. Denis MacShane): NATO Foreign Ministers will discuss enhancing political dialogue in NATO and current operations, particularly those in Afghanistan and Kosovo. The NATO-Russia Council will focus on enhancing political dialogue and practical co-operation.

Mr. Foulkes: Is the Minister aware that when I attended the headquarters of NATO with a Western European Union delegation recently, it took a somewhat mischievous question from me—

David Winnick (Walsall, North) (Lab): Most unusual!

Mr. Foulkes: Yes, most unusual, as my hon. Friend says.

It took a somewhat mischievous question from me to elicit a clear and robust explanation of NATO's developing role, which I got from the British ambassador, rather than from the Secretary-General. Will the Minister—or whichever Minister is going to Vilnius—make it clear to the Secretary-General that we

expect him to be a robust and clear defender of NATO's new role and particularly of the transatlantic link, including Canada as well as the United States?

Mr. Desmond Swayne (New Forest, West) (Con): Put him in the House of Lords.

Mr. MacShane: In my right hon. Friend's perhaps final contribution, he shows just how much the House will miss him. But he is a very young man and a great Scot, so perhaps there is a role for him in international activity; and—who knows?—perhaps the post of Secretary-General of NATO might fall vacant. I will certainly vote for him.

The NATO alliance remains the guarantor of our collective defence, a key forum for transatlantic consultations and security, and an effective vehicle for crisis management, as we have seen in the Balkans and Afghanistan. It is also central to the development of stability and security beyond its borders, through partnerships in the middle east and central Asia. That is why I find it so distressing that the leader of the Conservative party is as unwelcome in Washington as he is unwanted in Europe. I hope that the people of Britain deliver a verdict on the Tories' cynical policy. In fact, the one party committed to NATO—

Mr. Speaker: Order. There are still two days to go.

Chechnya

17. **Ann Clwyd** (Cynon Valley) (Lab): If he will discuss the situation in Chechnya with the Russian authorities. [224400]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): The Government remain concerned about the situation in Chechnya. Ministers and officials, including the Secretary of State, frequently discuss our concerns with the Russian authorities and will carry on doing so. The Government will continue to work with the Russian authorities to identify further opportunities to support social and economic development in Chechnya and in the wider north Caucasus region.

Ann Clwyd: My hon. Friend will doubtless have read the latest Human Rights Watch report on Chechnya, which is extremely worrying. It shows that disappearances in that country are continuing and that, in the view of the HRW, they constitute a crime against humanity. Will he point out to the Russian ambassador that in 2002, the all-party group on human rights sent a delegation to Russia, backed by the Foreign Office, to ask about Chechnya, and that we met a high-level Russian group and were invited to visit Chechnya? That invitation has not been followed up, despite requests on our part. Will my hon. Friend ensure when he next meets the Russian ambassador that that invitation is honoured?

Mr. Rammell: I thank my hon. Friend for that question. There are genuine concerns in Chechnya about disappearances and abductions, and we do press these issues very strongly. We have been encouraged by recent indications that Russia is willing to collaborate with other states to improve the situation in Chechnya. It wants to work with them to bring positive improvements to the region, and we should respond in that regard.

In specific response to my hon. Friend's question about the all-party group, there are some genuine security concerns within Chechnya that would make such a visit exceedingly difficult at the moment. Nevertheless, I shall ensure in my discussions with the Russian ambassador that my hon. Friend's commitment and enthusiasm is communicated to him so that he can correspond directly with her.

Arms Sales (China)

19. **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on the EU embargo on arms sales to China. [224403]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): The arms embargo review announced by the December 2003 European Council is ongoing. In December 2004, the European Council concluded that any decision regarding embargo lift should not result in an increase of arms exports from EU member states to China. We continue to work with our partners on that issue. We recognise that the political environment has become more difficult in the light of the passing of the anti-secession law in China on 14 March. We are consulting widely and taking all relevant factors into account.

Miss McIntosh: I thank the Minister for that reply. What is the point of lifting the embargo if it is not going to increase arms sales, and what is the point of having an embargo when the Foreign Office is committed to an ethical foreign policy?

Mr. Rammell: It is clear that the vast bulk of arms sales blocked by the embargo would have been blocked by the EU code of conduct on arms sales. That is the element that provides us with protection and reassurance. Nevertheless, there is a debate across the EU about the issues and questions involved. I believe that it is important to take time to deal with those issues properly, so the process will take as long as it takes.

Chris Bryant (Rhondda) (Lab): Notwithstanding the Minister's answer, is it not important to take note of the Amnesty International report today, which makes it clear that the death penalty is still very much alive in many parts of the world, particularly in China? Nearly half of all the death penalty executions last year occurred in China. Should we not also take human rights issues in China into account?

Mr. Rammell: We take strong account of the human rights situation in China. Indeed, we have a twice-yearly human rights dialogue with China and one of the key issues that we consistently raise is the widespread resort to the death penalty. As my hon. Friend is aware, the death penalty applies, though we oppose it, in many parts of the world. We need to take the opportunity to put forward our concerns on human rights, but the process will take, as I said, as long as it takes for all the EU concerns to be addressed.

Mr. Mark Simmonds (Boston and Skegness) (Con): There is a strong and growing alliance against lifting the EU embargo. All the informed regional players—the United States, Japan, Australia, Russia and South Korea—are, for regional security reasons, all against lifting the ban.

In the context of China's anti-secession legislation, which talks about using non-peaceful means against Taiwan, is it not time that the UK Government stopped vacillating and that the Prime Minister and Foreign Secretary took a principled stance on this issue?

Mr. Rammell: I seem to recall that the arms embargo was put in place in response to the events in Tiananmen square and that the first Government to visit Beijing after that event was the previous Conservative Government.

Let me deal with the hon. Gentleman's specific concerns. As the Foreign Secretary has made clear, he recognises that the political environment has become more difficult in the light of the passing of the anti-secession law in China on 14 March. Nevertheless, China is a major strategic partner in the international community and the hon. Gentleman needs to reflect on whether it is right to put China in the same basket as Burma and Zimbabwe. We do not believe that it is, and we are protected by the EU code of conduct. There are questions and concerns across the EU and we must deal with them effectively. As I said, that process will take as long as it takes.

Croatia

21. **Mr. Wayne David** (Caerphilly) (Lab): What progress is being made with Croatia's application to join the EU. [224405]

The Minister for Europe (Mr. Denis MacShane): The European Council of December last year agreed to open accession negotiations with Croatia on 17 March 2005, provided that there was full co-operation with the International Criminal Tribunal for the Former Yugoslavia. On 16 March, EU Foreign Ministers concluded that the conditions for opening negotiations had not been met and postponed their opening. We hope that the Croatians will meet those requirements as soon as possible.

Mr. David: I thank my hon. Friend for that answer, and I am pleased that the Government are taking a strong line on this matter. Many of us agree wholeheartedly that the apprehension of war criminals is of the greatest importance. Will he pursue that policy well into the future?

Mr. MacShane: When I was appointed four years ago, my first visit was to Zagreb, when I urged full co-operation with ICTY in respect of a gentleman called Gotovina. After serving in the French Foreign Legion, he was reported to have popped up in Guatemala and Argentina in the years of dictatorship in those countries, before returning to his native Croatia. He is wanted on very serious charges. I appeal to him to report to The Hague so that the barrier to Croatia starting negotiations for EU membership can be lifted. That membership is a policy goal that the Government fully support.

Several Hon. Members *rose—*

12.31 pm

Mr. Speaker: Order. I call Michael Jack.

Zimbabwe

5. **Mr. Michael Jack** (Fylde) (Con): What assessment his Department has made of the fairness of the Zimbabwe general election. [224388]

15. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet his EU counterparts to discuss the recent election campaign in Zimbabwe. [224398]

16. **Gregory Barker** (Bexhill and Battle) (Con): If he will make a statement on the recent election in Zimbabwe. [224399]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): As the House is aware, elections were held in Zimbabwe last Thursday, 31 March. The declared results give ZANU-PF 78 seats, the Movement for Democratic Change 41, and Independent one. With 30 further seats being by appointment, the gift of the president, the declared result will give ZANU-PF the two-thirds majority required for amending the Zimbabwe constitution.

Those are the official published results, but there is strong evidence that they do not reflect the free democratic will of the Zimbabwean people. There was, it is true, less violence than in 2000 and 2002 but, overall, the election process was seriously flawed. Thousands were turned away from the polling booths. There are serious unexplained discrepancies between the votes tallied and the official number announced, and other abuse was rife. That included the misuse of food aid, ghost voters, a lack of equal access to the media, the use of draconian security legislation, and an election commission packed with ZANU-PF supporters.

If Mr. Mugabe had had nothing to hide over the conduct of these elections, he would have allowed full access by the international media and experienced external election observers. Yet the BBC and others were banned, Commonwealth and EU monitors were refused access and, most revealing of all, even observers from the experienced and respected Southern African Development Community Parliamentary Forum were banned—presumably to punish them for their critical report in 2002.

The recent official report by the Commission for Africa rightly set out the need for stronger action by the international community to address Africa's problems. However, the commission also made it crystal clear how much bad governance has "blighted"—its word, not mine—parts of Africa, and frustrated people's hopes of building for themselves a better and more prosperous future. There is, tragically, no more powerful example of that than the situation in Zimbabwe.

Given all of that, I am surprised and saddened that Zimbabwe's neighbours have chosen to ignore the obvious and serious flaws in these elections, and have declared them fair. However, many in southern Africa

have spoken out about the reality of the situation in Zimbabwe. Just two months ago, Archbishop Desmond Tutu said that Zimbabwe was a

"huge blot on the record"

of the world's poorest continent. Moreover, the deputy president of the Confederation of South African Trades Unions, Mr. Joe Nkosi, complained that free and fair elections could not occur "under current legislation". Confederation delegations have been banned from Zimbabwe for their stand.

The UK will continue to work with its international partners for a return to accountable, democratic government that respects the rule of law and the human rights of Zimbabweans.

The EU's common position on Zimbabwe is the strongest on any country in Africa, and includes targeted sanctions against the Government of Zimbabwe and an arms embargo. Meanwhile, the UK is committed to doing all that it can to help to meet the humanitarian needs of the Zimbabwean population. The UK has made a major contribution to ensuring that Zimbabwe's food shortages do not lead to a famine by donating over £71 million in food aid since September 2001. We have also contributed £26.5 million to efforts by non-governmental organisations to tackle the AIDS epidemic now affecting one in four Zimbabweans.

A strong statement about the elections was issued last night by the EU presidency. That statement concluded that the elections could not be judged free or fair, and called on Zimbabwe to restore democracy. International measures taken show the widespread condemnation of President Mugabe's ruinous policies. Until Mr. Mugabe and his regime respond, that regime will continue to be isolated internationally.

Mr. Jack: I thank the Foreign Secretary for that comprehensive statement, which shows what a falsehood the elections were. What steps can be taken to stop the President of South Africa, in particular, seemingly being in denial of the fact that the elections were totally unfair? On humanitarian aid, what further steps can be taken to stop people in Zimbabwe being exploited by a sudden rise in the cost of just about everything they need for their everyday lives?

Mr. Straw: On the position of the South African Government, they must make their own decisions. South Africa is a neighbour and the largest and most significant country in the whole of southern Africa. It, like Botswana and all the other adjoining countries, has suffered grievously as a result of the ruinous policies practised by President Mugabe, including the flight of hundreds of thousands of refugees from Zimbabwe, particularly to the countries in the south. We have a different view and a different analysis of what has happened in Zimbabwe from that taken by the South African Government. I regret that we have a different view, but I happen to believe that our view is based on the best evidence available.

As to aid, we have throughout the period of difficulty following the policies of President Mugabe made it crystal clear that we will continue to stand by the people of Zimbabwe, who have been the victims of President Mugabe's ruinous policies. We have already put in very large amounts of aid, and we shall continue to do so.

Mr. Bellingham: The election was a total insult to democracy. In some districts, dead people were on the electoral roll, whereas thousands of people who wanted to register could not do so. Furthermore, in some of the seats in which the MDC is now challenging the result, more votes were counted than were cast. The Foreign Secretary mentions South Africa. Cannot pressure be put on South Africa by the EU and the US to take a much stronger stance?

Mr. Straw: The hon. Gentleman is right in what he says about flaws. I understand that even those who were allowed to observe the elections because they were thought to be more sympathetic to Mugabe have commented that at least 10 per cent. of those who tried to cast a vote were prevented from doing so. Independent observers suggest that 30 per cent. of people who tried to cast a vote were prevented from doing so. Meanwhile, there was much stuffing of the ballot boxes, use of the votes of ghost voters and so on.

It is a matter of fact and of great regret to everybody in the House that, as I said, we take a different view from the South African Government. The EU shares our view. The way forward is to continue to maintain a close dialogue with the Government of South Africa. I am certain of one thing. I cannot say how long President Mugabe will stay, but I know for certain that he lacks any effective consent of the people. Beneath an apparently strong veneer, his Government are weak and fragile and will collapse sooner rather than later. The responsibility for rebuilding the Government of Zimbabwe will fall on everybody in the international community, not least South Africa.

Gregory Barker: Sadly, as in so much else, the Government are all talk and no action when it comes to Zimbabwe. Is that not well illustrated by the fact that they signally failed to get Zimbabwe on to the agenda of the recent EU summit?

Mr. Straw: The reason that Zimbabwe was not on the agenda of the EU summit was that it had been on the agenda of the Foreign Ministers who met a week before, and we had unanimously agreed a position which was followed through last night, after the elections. The hon. Gentleman wishes to mix it. His party's policy is detachment from the European Union. The right hon. and learned Member for Devizes (Mr. Ancram), the deputy Leader of the Conservative party and shadow Foreign Secretary, is unaccountably absent today. He is apparently in the west of England, scared to death about the Liberal Democrat challenge, even in Devizes. He has made it clear that he does not want a common foreign and security policy and has said that it is absurd. Without the common foreign and security policy and our engagement inside the European Union there would have been no common policy on Zimbabwe, no sanctions against it and no arms embargo—*[Interruption.]* Somebody said from a sedentary position, "What is the difference?" The difference is that we would have been on our own and would have played into Mugabe's hands. He has long suggested that the dispute is a bilateral one between us and Zimbabwe. It is not. It is an international scandal for which he is responsible.

Mr. Bruce George (Walsall, South) (Lab): Does the Foreign Secretary agree that domestic and international observers are the key to democratic elections? What discussions has he had with the Home Secretary to ensure a change in the law that prohibits international and domestic observers at British elections? Will he allow international observers to come to this country with freedom of access to all polling stations? Perhaps he would consider sending them to the midlands where they would be greatly appreciated.

Mr. Straw: That is a matter for my right hon. Friend the Home Secretary and my noble and learned Friend the Secretary of State for Constitutional Affairs. However, as far as I am aware, anyone can come to this country and observe elections. I have no evidence whatever to suggest that we would not welcome observers, and they are present in any event.

Mr. Graham Brady (Altrincham and Sale, West) (Con): I can understand why the Foreign Secretary chose to deal with Zimbabwe in that way rather than with a full statement. If one issue highlights the total failure of the Government's foreign policy, it is Zimbabwe. The electoral fraud did not spring up suddenly. Mugabe has been preparing the way for years. He has put in place the Public Order and Security Act and the infamous Non-governmental Organisations Bill under the gaze of the international community which stood by and watched. Is not Mugabe's victory proof that the EU's sanctions were too weak?

Will the Foreign Secretary tell the House where that fraud leaves the Prime Minister's Commission for Africa? Good governance is a prerequisite for progress. With so many African countries endorsing the electoral process as free and fair, has the commission not fallen at the first hurdle?

Is not the Foreign Secretary ashamed that the Government have failed to give effective leadership to the international community in Zimbabwe? After eight years of talk, is it not time for a Government who will act to restore freedom and security to the people of Zimbabwe?

Mr. Straw: It is a great shame that the hon. Gentleman was unable to see the grimaces of wiser and more experienced colleagues behind him. The House knows that it is absurd to try to imply that any party in this House is responsible for Mugabe's outrages.

I understand the frustration felt by everyone in the House and around the world about President Mugabe, but in the absence of military action—neither we nor the Conservatives have ever countenanced that and it has never been on the agenda—there are understandable limits to the action that can be taken. The hon. Gentleman invites us to look into the crystal ball to see what might happen to policy on Zimbabwe if the Conservatives come to power, but we might as well examine the book to see what happened when they were last in power. Far from standing up against Robert Mugabe, who was then and still is in power, and calling for international sanctions, they did two things; they closed their eyes to appalling atrocities in Matabeleland and gave Robert Mugabe a knighthood.

Mr. Malcolm Savidge (Aberdeen, North) (Lab): Many of us who are utterly revolted at the way in which Mugabe has engineered the election and damaged Zimbabwe and its people consider that, in view of the cynical way in which he sought to exploit Britain's former colonial status during the election, our Government have been wise to seek to work in concert with the international community, including Zimbabwe's neighbours. Will we continue to encourage those neighbours to put far more pressure on Mugabe?

Mr. Straw: I pay tribute to my hon. Friend because I know that that was probably one of his last interventions in the House, at least for the time being, and we wish him well.

Yes, we will continue to apply all the pressure we can and to engage in dialogue with our friends in southern Africa about why it is in their interests as well as ours for them to take a tougher line on Zimbabwe. In respect of the future of the Africa Commission, the current situation in Zimbabwe shows not that the commission's report is stillborn, but the urgency of implementing its recommendations.

Sir Nicholas Winterton (Macclesfield) (Con): I do not think that a single Member of the House of Commons does not believe that Mr. Mugabe is destroying one of the most prosperous countries in central southern Africa. *May I make a* plea that the House remains united in its opposition to Mr. Mugabe so that we and other international bodies can bring about his downfall and a change towards a democratic African system in that wonderful country? Can we pray for the people in their hour of need and hope that Pius Ncube will not be forced to repeat his request to people to go out on to the streets, which may be one way to bring Mr. Mugabe down?

Mr. Straw: The hon. Gentleman has been consistent and courageous in his position on Zimbabwe. I entirely agree about the need for an all-party consensus, which I believe exists. I hope that his Front-Bench team accept the reproach to their attitude that he has just administered.

Kate Hoey (Vauxhall) (Lab): I thank the Foreign Secretary for his robust statement, which the whole House will genuinely welcome. Does he share my concern that one member of the Africa Commission, the President of Tanzania, recently said:

"I don't see Zimbabwe as illustrating bad governance. I don't buy it."

That strikes me as worrying.

Does the Foreign Secretary further agree that the key to the future will be South Africa and the role of President Mbeki? Will he ensure, when this country chairs the G8 and African leaders, including President Mbeki, come to Gleneagles, that Zimbabwe is made an issue of principle? We must begin to accept that President Mbeki is not a Mandela.

Mr. Straw: My hon. Friend, like the hon. Member for Macclesfield (Sir Nicholas Winterton), has been consistent in her approach on Zimbabwe, and I commend her for that. As I have explained, and as the House is well aware, it is a fact that the Government of South Africa take a different position from that of the

whole European Union, the United States and many others in the international community. It is currently taking a different stand from that of the UN Secretary-General Kofi Annan, who yesterday said, in very measured terms, that he was

"concerned that the electoral process had not countered the sense of disadvantage felt by the opposition political parties who consider the conditions were unfair."

He went on in a similar vein.

We have good relations with South Africa. If there is ever to be any solution to the issue of Zimbabwe, we have to maintain and build those relations so that we can strengthen dialogue, which is what the Prime Minister, myself, my right hon. Friend the Secretary of State for International Development and many others are doing all the time. In the end, I believe that those countries that neighbour Zimbabwe will be forced by the pressure of events to recognise the reality going on underneath their noses.

Sir Patrick Cormack (South Staffordshire) (Con): Bearing it in mind that there is truly a consensus in this House and that South Africa has such a crucial role to play, will the Foreign Secretary invite the admirable and much-admired South African high commissioner to see him later today and tell her just how *strongly people in* all parts of the House feel about the appalling tyranny in Zimbabwe?

Mr. Straw: If that is the will of the House, I shall certainly invite the high commissioner in. It may not be this afternoon, but it will be before Parliament dissolves.

Mr. Brady: He is going off to Blackburn.

Mr. Straw: No, I am not.

Sir Menzies Campbell (North-East Fife) (LD): I am grateful to the Foreign Secretary for explaining the absence of the right hon. and learned Member for Devizes (Mr. Ancram). I have given careful consideration to that information, and I think that, on balance, he would have been better off here, but only just.

In a country with 50 per cent. unemployment, with 120 per cent. inflation and with 25 per cent. of its population affected by HIV/AIDS, just how revealing does the Foreign Secretary think it was when Mr. Mugabe thanked the people of Zimbabwe for having voted, in his words, "correctly"?

Mr. Straw: That one adverb spoke volumes, because there was huge intimidation of voters. It is true that there was less violence than in 2000 or 2002, but let us be clear that the state-controlled media, everybody in ZANU-PF and that apparatus, the police and the army—all the security forces—were all saying that if people voted for the Movement for Democratic Change, they were both cowards and traitors. Being a traitor in Zimbabwe is not just being damned in words; it means losing one's livelihood and, often, being locked up. The level of intimidation was intense, in addition to, as we now know, there being high levels of fraud.

Angus Robertson (Moray) (SNP): The Foreign Secretary will appreciate that I am no fan of colonial or neo-colonial policies anywhere. Does he agree that the European Union has an essential role to play here? What enhanced measures is the EU considering? After all, that would help to combat false accusations from Zimbabwe that international concerns come only from past colonial masters.

Mr. Straw: On the hon. Gentleman's last point, may I just say that, these days, nobody in this House has any interest in neo-colonialism? Our past is our past, and Africa's past is its past. No one here is directly responsible for that, and we have to deal with that aspect of the past. What we have shown in respect of every other country that is a former British colony is our ability to develop good relations with those countries—across Africa, across Asia and across the whole Indian subcontinent—building on the best of our shared experience and disposing of the worst. It is tragic that in Zimbabwe President Mugabe has repeatedly used as an excuse for his own ruination of a once fine and wonderfully prosperous country his suggestion that the reason for everything that he has done, in an independent, sovereign state, is our neo-colonial aspirations. It is nonsense; it remains nonsense, and we will continue, with our European partners, to work on ways to increase the pressure on Mugabe.

Business of the House

12.53 pm

The Leader of the House of Commons (Mr. Peter Hain): Mr. Speaker, I should like to make a business statement. Following the Prime Minister's announcement earlier today, business for tomorrow will now be as follows:

WEDNESDAY 6 APRIL—Consideration of a business of the House motion to facilitate business for prorogation, followed by all stages of the Finance (No. 2) Bill followed by formal proceedings on the Appropriation Bill, followed by remaining stages of the Inquiries Bill *[Lords]*, followed by consideration in Committee and Third Reading of the Disability Discrimination Bill *[Lords]*, followed by consideration in Committee and remaining stages of the Public Service Ombudsman (Wales) Bill *[Lords]*, followed by consideration of Lords Amendments.

The House may also be asked to consider any Lords messages which may be received.

THURSDAY 7 APRIL—Consideration of Lords Amendments, followed by remaining stages of the Education Bill *[Lords]*, followed by motion to approve the carry-over of the Crossrail Bill, followed by consideration of Lords Amendments, followed by all stages of the International Organisations Bill *[Lords]*, followed by consideration of Lords Amendments.

The House may also be asked to consider any Lords messages which may be received, and if necessary:

FRIDAY 8 APRIL—The House may be asked to consider any Lords messages which may be received.

The House will not adjourn until Royal Assent has been received to all Acts.

The House will be prorogued when Royal Assent to all Acts has been signified.

Parliament will be dissolved on Monday 11 April by proclamation.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I thank the Leader of the House for his statement and his courtesy in letting me have early sight of it. Conservative Members are pleased that this surprise election has been announced. We are prepared to be constructive in discussions about the Bills currently before Parliament, but does he not agree that there are many Bills that have not completed their normal passage, and indeed some have not been debated at all? The Government have also lost a day for reasons that we all understand and agree with. So, Bills will be lost. Will the Leader of the House confirm that his statement does not affect questions or Adjournment debates, which will go ahead as before?

Mr. Hain: May I say how grateful I am for the response of the shadow Leader of the House? We are working together through the usual channels to try to bring about the normal orderly conclusion of business in these circumstances. Questions will continue, including questions to the Prime Minister tomorrow, and Adjournment debates will continue. However, in Westminster Hall on Thursday there will be no private Member's debates, although they will happen on Wednesday—tomorrow.

May I say for the record that if, the discussions that have been conducted with the Opposition through the usual channels, which have been constructive, reach the expected conclusion, we will have secured Royal Assent for 16 Bills, more than half the programme of Bills announced in the Queen's Speech? That will be a considerable achievement.

Mr. Paul Tyler (North Cornwall) (LD): Will the Leader of the House confirm that however constructive our discussions over the next few days—I am sure that my colleagues in both Houses will be constructive—the Government do not have to dissolve the House for another 15 months, five years after the date of the last general election? In those circumstances do the Government really believe that this is the right way to conduct the business of the House? If there is so much vital business still to be scrutinised by Parliament, why does it have to be dissolved so early? Does the Leader of the House recall that the Prime Minister himself said, in an earlier manifesto:

"We will introduce as a general rule a fixed parliamentary term"?

Does he appreciate that although I might, as a result, have to delay my retirement, there is still a good case for a longer Parliament?

Mr. Hain: I am not sure whether the hon. Gentleman was making a plea to enhance his pension. I am sure that the House agrees with me that he has had many distinguished years here and that he will be sorely missed. I wish him a very happy retirement, but I cannot help him on any of the other points.

Several hon. Members *rose—*

Mr. Speaker: Order. May I inform the House that questions should be limited to the subject put forward by the Leader of the House today?

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Will my right hon. Friend consider carrying over for consideration tomorrow the Mental Capacity Bill, which is due to be considered this afternoon but not for another six hours, so that the House may be fully satisfied that, by accepting the amendment tabled by my hon. Friend the Member for Heywood and Middleton (Jim Dobbin), the assurance to the Archbishop of Cardiff which the Government gave the last time the Bill was considered will be totally and fully fulfilled, and those of us who are to be asked to vote with the Government in the next few days will be able to do so, rather than feeling that we need more assurances?

Mr. Hain: My right hon. Friend puts the point very fairly and sensitively. We are seeking to move ahead in the way that he describes. It is our objective to get Royal Assent, if we can, but it may not be achievable because of the sensitivities involved; we will just have to do our best.

Sir Michael Spicer (West Worcestershire) (Con): What time will the House be dissolved on Monday?

Mr. Hain: That is a matter for Her Majesty because, as the hon. Gentleman knows, it is done by royal proclamation. The normal dissolution arrangements will apply in the normal fashion, and the precedents established for when the House dissolves will apply as normal.

Tom Levitt (High Peak) (Lab): I am delighted that the Disability Discrimination Bill is scheduled for tomorrow, so it will be completed. Will my right hon. Friend assure me that the measure will go through intact, thereby fulfilling Labour's commitment to comprehensive civil rights for disabled people during this Parliament?

Mr. Hain: I very much hope so. I share my hon. Friend's objectives. The Bill is one of the most important pieces of legislation of this Parliament, to give extra rights to people with disabilities. I hope that all Opposition parties will be in constructive mode in giving the Government every opportunity to get the legislation on to the statute book, and that it will receive Royal Assent as soon as possible.

Mr. Edward Leigh (Gainsborough) (Con): What will happen to the private Members' Bills scheduled for debate on Friday? I am promoting one such Bill, to remove discrimination against Catholics under the Act of Settlement and other Acts, and was confident that the Government would facilitate progress on the measure. What do they now intend to do about that and other Bills, and will the Leader of the House, on behalf of Her Majesty's Government, join the Leader of the Opposition in saying that he will seriously consider removing the last piece of religious discrimination in our constitution?

Mr. Hain: I realise that the hon. Gentleman is disappointed that there will be no private Members' Bills on Friday, but there is simply no opportunity to take them forward. Other Members whose Bills are making progress will also be disappointed, but I am afraid that is a consequence of the choices that always have to be made in the run-up to a general election.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): Why has the Road Safety Bill been left out of my right hon. Friend's list? Over which aspects of saving lives on roads was it not possible to reach agreement with Opposition parties?

Mr. Hain: The Opposition said that there was insufficient time for the proper scrutiny that they demanded, so it has not been possible to make progress on that Bill—which I regret, because it is a vital life-saving measure on which we should have been able to achieve Royal Assent.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Leader of the House confirm that the business on the Order Paper today remains as stated? If it does, what is the point? We have a Second Reading on a Bill that cannot go forward, and a programme motion saying that some of the proceedings on it must finish by 21 April.

Mr. Hain: As the hon. Gentleman knows, having been here—

Mr. Andrew Robathan (Blaby) (Con): Answer.

Mr. Hain: I am trying to answer. The hon. Member for South Staffordshire (Sir Patrick Cormack) has been a Member much longer than me and is a much more distinguished parliamentarian than me—*[Interruption.]* I happily give him that; there are probably many others.

Mr. Eric Forth (Bromley and Chislehurst) (Con): It is not difficult.

Mr. Hain: The former shadow Leader of the House, in his normal charitable fashion, says that it is not difficult. I will buy him a pint afterwards.

As the hon. Member for South Staffordshire knows, these are the normal circumstances in which a business statement is made before Prorogation.

Paul Farrelly (Newcastle-under-Lyme) (Lab): The Leader of the House will be aware that the Consumer Credit Bill commanded cross-party support in this place. In his negotiations with Opposition parties, may I prevail on him to allow the Bill to complete its parliamentary passage so that constituents in Newcastle-under-Lyme, north Staffordshire and across the country will no longer be victimised by loan sharks?

Mr. Hain: That is another Bill on which we should very much like to have achieved early Royal Assent, so that it could go on to the statute book, for the very reasons noted by my hon. Friend: loan sharks are a scourge across the country and we wanted to deal with them through the Bill. Unfortunately, the Opposition say that there is no proper time to scrutinise it, so we shall not make the progress that we wanted.

Pete Wishart (North Tayside) (SNP): In terms of outstanding business, motion 32 on the Order Paper, on the conduct of the Prime Minister in relation to the war against Iraq, is still outstanding. There will obviously be no opportunity to discuss the motion before the end of this Parliament, but does the Leader of the House agree that the opportunity of getting the Prime Minister bang to rights over the illegal war in Iraq could be significantly easier in the next Parliament?

Mr. Hain: That argument has been rerun again, again and again. The hon. Gentleman knows that that impeachment motion was never going anywhere, and that it was a device for him and his colleagues to make the point that they have made repeatedly, like an old gramophone record. That answers his point very fully.

Rachel Squire (Dunfermline, West) (Lab): Can my right hon. Friend say whether there will still be an Adjournment debate on Thursday on defence in the UK?

Mr. Hain: I am sorry, but I am advised that that debate will not happen.

Mr. Forth: Will we still be Members of Parliament on Monday 11 April, and will the Leader of the House guarantee that any legislation that remains to be completed will have an opportunity to be considered and scrutinised properly, and that there will be no undignified shovelling through of legislation—even if the Front Benchers have agreed it among themselves?

Mr. Hain: If the right hon. Gentleman still held the same position as he did when I came into this job, he would have been on the Front Bench, negotiating in exactly the same way as his successor. The answer to his question is that Members will cease to be Members after Dissolution when it takes place on Monday.

Mike Gapes (Ilford, South) (Lab/Co-op): Will my right hon. Friend clarify something that will, I suspect, cause much disappointment to many of my Muslim constituents? Is it the case that we could lose the provisions on incitement to religious hatred, and can he explain why?

Mr. Hain: I very much regret that it looks as though we shall lose the opportunity to introduce the new offence of incitement to religious hatred that would have given particular comfort to the Muslim community. However, the Opposition made it absolutely clear that they were not willing to see that particular clause of the Serious Organised Crime and Police Bill go into law, so they bear full responsibility for blocking it. I am sure that Muslim communities throughout Britain will take careful note of that, and of the position of the Liberal Democrats on the matter.

Mr. John Taylor (Solihull) (Con): Will the Leader of the House, even at this eleventh hour, cause his right hon. Friend the Secretary of State for Trade and Industry to come to the Dispatch Box and tell the House exactly what is going on in China concerning MG Rover, which has massive implications in the midlands for the work force of MG Rover and the supply chain? This is a matter of great anxiety, which should be resolved before the election.

Mr. Hain: I understand the hon. Gentleman's constituency interest. He knows that the Secretary of State will answer questions on Thursday, when he will have a chance, if he catches your eye, Mr. Speaker, to put any question he wishes, with his customary vigour and effective representation.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Further to the question put by my hon. Friend the Member for Ilford, South (Mike Gapes), will the Leader of the House give an assurance that he and his colleagues have done everything possible to try to secure the passage of the provisions in the Serious Organised Crime and Police Bill relating to religious hatred? The issue is of vital importance to Muslims in our communities. They feel marginalised and threatened at present, and look to the House to say that they are an important and integral part of our society. We should do everything possible to defend them from those heinous crimes. Can my right hon. Friend tell us what the Opposition parties gave as their reasons for refusing to co-operate on this matter?

Mr. Hain: The Opposition parties—the Liberal Democrats and the Conservatives—will have to speak for themselves, but I find it very disappointing that they have failed to support the Muslim community, who have constantly asked for that protection, and who alone are isolated in being prevented from getting that necessary protection. I hope that note will be taken of that across the country. I am afraid that it has not been possible to reach agreement—although if there is a change of heart in the next few hours there may be a reversal on that point. I certainly hope so.

Mr. Tim Boswell (Daventry) (Con): As the Pensions Act 2004 will come into force tomorrow, will the Leader of the House assure us that any affirmative resolutions required to operate it, and indeed other legislation currently coming into force, will be in place? No less importantly, can he assure the House that where assurances have been given in Committee about proper consideration under negative resolution procedures, there will be some opportunity of ventilating outstanding concerns about those important and sometimes vital technical issues?

Mr. Hain: It is certainly our intention to meet the objectives that the hon. Gentleman describes, and the Secretary of State for Work and Pensions will give careful consideration to what he has said, because I will draw it to my right hon. Friend's attention.

Chris Bryant (Rhondda) (Lab): Further to the answer that the Leader of the House gave to my hon. Friend the Member for Newcastle-under-Lyme (Paul Farrelly), may I urge my right hon. Friend to take up the cudgels again on behalf of the Consumer Credit Bill—something that not only is urgently needed in many of the communities represented by hon. Members, but was debated fully in Committee? Indeed, we set aside eight sittings for debate, but we only used four of them. So it seems clear not only that there is unanimity on the proposals, but that the Minister for Employment Relations, Consumers and Postal Services, who ably led the Bill through the House, managed to give satisfactory answers to all the queries raised by hon. Members on both sides of the House. It would be good to see that legislation in place.

Mr. Hain: I very much agree. As my hon. Friend knows, and as the Minister whom he mentioned, who is sitting almost next to me, will confirm, the Bill completed all its stages in the House of Commons but got bogged down in the House of Lords. That is the reason why there is an inability to make progress with the Bill. I very much regret that such progress cannot be made, and all hon. Members' constituents will regret that as well. After we win the next general election, we will have to return to this matter and ensure that a consumer credit Bill is introduced.

I wonder whether it would be helpful to the House to say, with permission, that Parliament will be summoned to meet on 11 May, when the first business will be the election of the Speaker and the swearing in of Members, and that the State Opening will take place on Tuesday 17 May.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Will the Leader of the House confirm that the election timetable is entirely in the Prime Minister's gift, and that only three years and 10 months of a possible five-year electoral cycle have gone by, so if any Bill or part of a Bill does not get through, it is entirely the Government's fault?

Mr. Hain: In one sense the hon. Gentleman is right, but in another sense, all Prime Ministers are in this position. Indeed, I think that he will find that Mrs. Thatcher was in a pretty similar position in 1983 and 1987. These are the normal circumstances in which Dissolution is sought, and the Prime Minister has the right to seek it.

Chris Grayling (Epsom and Ewell) (Con): Has the Leader of the House made any provision for the consideration of secondary legislation between now and Dissolution? I ask that particularly in the light of this morning's European Court judgment, as the Court's provisional decision was to overturn the food supplements directive. Will he make provision between now and Dissolution to suspend the regulations that apply in this country for the duration of the election campaign, given the issues that the industry faces as we speak?

Mr. Hain: Obviously, the Secretary of State for Environment, Food and Rural Affairs will give this matter close consideration in view of the Court's decision and will act accordingly, but I understand the point that the hon. Gentleman makes.

Dr. Julian Lewis (New Forest, East) (Con): The Leader of the House has been kind enough in the past to acknowledge the work that I have tried to do to reach out to the Muslim community. Will he therefore, on reflection, withdraw the remarks that he made earlier? Plenty of Conservative Members, and possibly even Labour Members, believe that there are many good reasons not to support the incitement to religious hatred provisions. Those reasons have nothing to do with hostility to the Muslim community, but rather with the concern that under the terms of that ill-considered, although well-intentioned legislation, any charlatan or exploiter who chose to define his activities as a religion would be able to prevent anyone from criticising him.

Mr. Hain: I understand the point that the hon. Gentleman makes. I was not suggesting in any way that he—or any other hon. Member—was seeking to turn his back on the Muslim community. [HON. MEMBERS: "Yes, you were."] What I was saying was that the Muslim community—in particular its most respected voice, the Muslim Council of Britain—wants that legislation and that offence to exist, to give Muslims the extra protection that they do not enjoy at the moment. They are virtually alone as a group in not enjoying that protection. The hon. Gentleman, the Conservatives and the Liberal Democrats must confront the fact that they are denying the Muslim community's representatives the opportunity to get the protection for which they have asked, and which we as a Government are still willing to deliver if the Opposition will co-operate.

Postal Voting

1.14 pm

The Minister for Local and Regional Government (Mr. Nick Raynsford): With permission, Mr. Speaker, I should like to make a statement on the judgment in respect of the allegations of postal voting fraud in the Birmingham wards of Bordesley Green and Aston, which was announced yesterday. The judge declared both elections void.

May I apologise to both Opposition spokesman for the fact that I was unable to let them have early sight of the statement? I hope that they will understand that I have returned, post haste, from a train taking me north, so that I can make this statement. That is why it was not possible to have the statement prepared earlier.

We unreservedly condemn the abuses of postal voting in Birmingham. With a general election having been announced today, we are taking further steps to reinforce the safeguards against any potential fraud, and we are determined that the fraud in those cases in Birmingham will not undermine public confidence in the electoral system.

Hon. Members will be aware that there are tough penalties already in place for electoral fraud: on conviction, those found guilty are liable to up to two years in prison and an unlimited fine, as well as disqualification from voting and standing for office. In general, the electoral system in the UK has been secure and commanded public confidence. We have no history of widespread electoral fraud. In fact, evidence suggests that it is rare. Since 1998, there have been only four recorded prosecutions for electoral fraud.

Contrary to suggestions that have been made, the Government are not complacent. Our top priority is to safeguard the integrity of the ballot, and to ensure that the system stays safe and secure we have put in place the following measures. The Electoral Commission has already published, on 29 March, a code of conduct for political parties, candidates and canvassers on the handling of postal vote applications and postal ballot papers. We expect all political parties and candidates to confirm their commitment to that code. We will pursue new initiatives with the police to ensure that offenders are brought to justice. I have spoken this morning to my right hon. Friend the Home Secretary, who has confirmed that he will discuss the issue with the Association of Chief Police Officers tomorrow.

Following the judgment, we have now written to all returning officers to stress the importance of taking counter-measures against electoral fraud. The Electoral Commission, together with ACPO, will shortly publish guidance specifically for returning officers and local police forces on fraud prevention and investigation. It is vital that all organisations work together to protect the integrity of the electoral process.

To back those efforts, we have provided additional funding for the forthcoming general election above that given in 2001. About £10 million of that extra money will support the administration of the elections. That will help to support returning officers in dealing with additional requests for postal votes and putting in place measures that maintain the integrity of the electoral process.

[Mr. Nick Raynsford]

As the Birmingham cases have related very specifically to postal voting, it is important to put in context the full implication of postal voting opportunities in the UK. Postal voting has been available in one form or another since 1918, initially for service personnel. It was subsequently extended to cover those physically incapable of going in person to the poll and those who were absent because of their occupation, change of address or holiday. Five years ago, the Representation of the People Act 2000 extended the option of postal voting, following the recommendation of the all-party working party on electoral procedures. The system whereby anyone can apply for a postal vote has been in place since that date, and the proportion of people taking advantage has increased substantially.

At the 2001 general election, the number of postal votes almost doubled on the 1997 election to approximately 4 per cent. In the 2002 local elections, 7.7 per cent. of the electorate had postal votes. At the 2004 European and local elections, outside the four all-postal regions, approximately 8.3 per cent. of the electorate had postal votes. That trend reflects the popularity and convenience of voting by post, something which has also been evidenced in the series of all-postal voting pilots conducted in local authority elections since the year 2000.

Postal voting provides an easy and accessible way for many people to participate in the democratic process. People should have the right to a postal vote if that is what they want. Having said that, it is essential to maintain the integrity of the electoral process, and we are taking the measures that I have outlined to ensure that. The Electoral Commission, which has rejected any question of withdrawing postal ballots, has also recommended in its report "Voting for change" a number of measures to improve security. The Government published their response to that report in December 2004, and accepted the large majority of the recommendations. We will put those measures into statute when parliamentary time allows.

The commission's chief executive said this morning:

"There is enough awareness of the risks. Enough steps are being taken to make sure that postal voting at the moment can be run successfully."

The Government share that view. We are determined that the election that we are about to have will be secure and fair.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I thank the Minister for his statement, but am sorry that he felt that making a statement was a late decision. Surely it was obvious, given the judge's remarks, that a statement was required. Although we are all in favour of encouraging voting, surely that should not be at the expense of encouraging fraud in elections.

The findings of the judge in the Birmingham case highlight extensive abuse of the current system. Does the Minister agree with the judge that this was not

"the work of a few hothead activists working behind the backs of the candidates and their party . . . but . . . part of a Birmingham wide campaign by the Labour party to try, by the use of bogus postal votes, to counter the adverse effect of the Iraq war"?

If so, what action will the Prime Minister take against those who so damaged the integrity of the system?

Does the Minister see the need for further guidelines to be issued in respect of Birmingham to ensure fair play with postal votes? Will the Government actually follow the advice of the Electoral Commission this time, because on previous occasions they have failed to accept the recommendations of the commission that they set up? Almost a year ago, individuals from across the political divide, including some from the Labour party, called for a Government rethink on the new system of postal votes. Why did that not happen?

The judge went on to say that the Government's statement—the Minister repeated it today—that

"The systems already in place to deal with allegations of electoral fraud are clearly working"

was complacent and surprising to

"Anybody who has sat through the case I have just tried and listened to evidence of electoral fraud that would disgrace a banana republic".

He went on to say that the Government were not only complacent, but in denial.

Is the Minister seriously saying that the Government have only just become aware of the risks of electoral fraud in the new system? In February 2004, a journalist using an anagram of "bogus voter" as his name managed to register on 31 electoral registers in a few hours, and to obtain nine votes in just one constituency. In the compulsory all-postal ballots for the European elections, there were numerous allegations of irregularities, and in September last year, the Electoral Commission came out against the future use of all-postal ballots. Why did the Government simply ignore that advice?

My hon. Friend the Member for Broxbourne (Dame Marion Roe), who is retiring after 22 years of excellent service to the House, her constituents and the country, pointed out in an Adjournment debate—held, presciently, on 5 May last year—the weaknesses of the current electoral registers. Does the Minister not understand that we do not want to end up in this country with a Florida-style stand-off in the courts because the Government have failed to protect our electoral system?

The Electoral Commission, the official Opposition and others on both sides of the House have pointed out that we need the protection that individual voter registration—as used in Northern Ireland—would give, but the Government have done nothing. We have called for an end to mass postal voting from a single address without proper checks, yet the Government have done nothing. While we have been talking about protections for postal voting, the Government have been insisting on going yet further with e-voting, text voting and the like. Is it not time that they returned to the real world?

When Labour was first elected, the Minister will recall that it pledged to

"restore trust in Government and the political process".

Is not the truth that it cannot be trusted, and that Britain does not need another five years of being let down by Labour?

Mr. Raynsford: I do not accept the main points that the hon. Gentleman makes.

Mr. Heald: The judge made them.

Mr. Raynsford: I shall come on to those points in a moment.

This was not a question of the Government being slow to make a statement, but a question of which Minister should make it. I was not expecting to do so, which was why I came back from a visit elsewhere to make the statement, and was not able to give the hon. Gentleman an advance copy, for which I apologised.

I do not accept the judge's claim that there was a Birmingham-wide campaign by the Labour party. I have read the transcript of the case carefully, and the evidence relates to two wards in Birmingham. I have made it clear that we have no hesitation in unreservedly condemning the malpractice in those two wards, but that is different from concluding, without supporting evidence, that there was a city-wide conspiracy, as has been implied.

The hon. Gentleman asks whether further guidelines are being issued. I made it clear in my statement that further guidelines will be prepared, and will apply everywhere in the country, not just Birmingham.

The hon. Gentleman asks why we do not always accept the advice of the Electoral Commission. Let me remind him that in response to the summer 2003 electoral pilots, the commission recommended—this was less than two years ago—that we should move to all-postal ballots as a norm in all local government elections. Had we accepted that recommendation, the hon. Gentleman would be criticising us for having done so. It is inevitable that from time to time the Government have to differ if they believe that a recommendation has not been fully thought through. In that case, the Electoral Commission, which has subsequently changed its position, would accept that its original recommendation was not right. It is not the case that we should be bound always to accept such recommendations—but overwhelmingly, we listen to the commission and support its work.

As for the judge's comments, may I specifically focus on the allegation that the Government were guilty

"not simply of complacency but of denial"?

That was made on the basis of a statement from the Department for Constitutional Affairs that the judge cited, which said:

"There are no proposals to change the rules governing election procedures for the next election, including those for postal voting. The systems already in place to deal with allegations of electoral fraud are clearly working."

That statement appeared in *The Times*, but in the same passage of the newspaper, it continued with the following sentence, which, curiously, did not appear in the judgment:

"However, we are not being complacent about this issue and are planning to introduce a number of further safeguards into the electoral process to combat any possible fraud."

That is what was on the record, and I have to say that it makes for a rather different interpretation—

Sir Patrick Cormack (South Staffordshire) (Con): On a point of order, Mr. Speaker.

Mr. Speaker: Order. We are on the statement. Points of order can be made after the statement.

Mr. Raynsford: That sentence casts a somewhat different light on the particular observation. In terms of the weakness—*[Interruption.]*

Mr. Speaker: Order. The Minister has had the courtesy to come to the House to make a statement. It is only fair that he be listened to, and there should be no heckling of him.

Mr. Raynsford: Thank you, Mr. Speaker.

On the system of electoral registration, the hon. Member for North-East Hertfordshire (Mr. Heald) and other hon. Members will know that the recommendation for individual registration was made by the Electoral Commission. In our response, we made it clear that we were sympathetic to that principle, but that there were fundamental difficulties. The experience in Northern Ireland, where individual registration has been introduced, was that the total number of people on the register fell by about 10 per cent. Real fears have been expressed, not least by the Constitutional Affairs Committee and the Select Committee on the Office of the Deputy Prime Minister: Planning, Local Government and the Regions, which have examined the matter carefully, that moving towards individual registration could result in the register becoming less comprehensive and accurate. We thus indicated to the commission that we intended to proceed with the objective of individual identification in a way that we hoped would mitigate the adverse consequences to which I referred.

The idea that we should now abandon all pilots of other voting methods, such as electronic voting, is an unwise proposition, given the clear evidence of interest in them on the part of many sections of the population that do not necessarily participate to the extent that hon. Members of all parties would like. It is our commitment to continue to explore pilots that will test the ability of different systems of voting to enable people to vote with absolute security. The integrity of the voting system is fundamental, which is why pilots are conducted. They are carried out to test whether they work. If there is evidence that they lead to a substantial increase in turnout without associated fraud, which was the evidence from the overwhelming majority of electoral pilots, it is obviously sensible to use that evidence. It is our commitment to continue to work to assist people to vote by means that are safe but convenient, and, as I have already stressed, to ensure that we maintain the integrity of the ballot as our top priority.

Andrew Bennett (Denton and Reddish) (Lab): I thank my right hon. Friend for his statement. May I make it clear to him that the good news coming out of Birmingham is that the people who tried to cheat got caught? We must emphasise that. Lots of crimes are relatively easy for people to commit, but the crucial thing is that they get caught.

Will my right hon. Friend emphasise that during the general election it is essential that electoral registration officers seek out anyone attempting to break the law and make sure that such people are prosecuted, so that we can establish the integrity of our electoral system? In the long term, however, will he introduce a system of individual registration and data matching with other organisations, so that the register comprises 100 per cent. of the people who are entitled to vote?

Mr. Raynsford: I very much agree that every step should be taken to ensure that those who are guilty of

[Mr. Raynsford]

attempting to pervert electoral processes are apprehended and brought to justice. I also agree that it is a satisfactory outcome that the malpractices in Birmingham were identified and action was taken against them. As I said earlier, I strongly endorse my hon. Friend's view of the benefits of moving towards individual registration, albeit without the potential adverse consequences that the Committee on the Office of the Deputy Prime Minister, which he chairs, identified in the course of its thoughtful report on the issue. That is very much our objective. A letter from me and the Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Shipley (Mr. Leslie), has been issued to all returning officers highlighting the importance of their putting measures in place and making use of the additional funding that we have made available to them to ensure that any additional demand for postal voting is processed in a way that safeguards the integrity of the ballot.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): I call Mr. Edward Davey.

Mr. Edward Davey (Kingston and Surbiton) (LD): It is good to see you in the Chair, Madam Deputy Speaker.

I am grateful to the Minister for coming to the House today and accept his assurances regarding his inability to provide the written statement to Opposition spokesmen beforehand. It is not his usual practice and we accept his apology.

The right hon. Gentleman cannot brush aside the judge's ruling yesterday. Is he not prepared to accept the judgment of Sir Richard Mawrey QC, in an historic ruling, that the postal voting system introduced by the Labour Government is

"an open invitation to fraud"?

Does the Minister not realise that the judge's statement that the Government are complacent refers to potential fraud during the coming general election? That was the point. Does he realise that on the day the general election is called, his main concern should be not the embarrassment of the Labour party, but his duty to the British people to protect the legitimacy of the democratic process? How can he hope to restore trust in politics when voters cannot have trust in the postal voting system that the present Government devised?

When an election commissioner describes Britain's postal voting system as "hopelessly insecure", will the Minister really dismiss that judgment? The case was one of "massive, systematic and organised" electoral fraud. Today, rather than give excuses or fail to take responsibility, why do the Government not undertake to do far more than he has announced? Thanks to the Government's foot-dragging, it is too late for primary legislation to implement the Electoral Commission's recommendations, but there are things that can be done so that in the coming weeks we can restore confidence in our democratic system.

Why does the Minister not try to build a cross-party consensus on the emergency measures needed to protect the coming election from fraud? Why does he not, for example, ask the Electoral Commission to produce plans to monitor closely the operation of the postal voting system during the election? Why cannot Parliament ask the commission to undertake an information campaign to ensure that voters know how best to protect their postal votes from theft? Is it really not possible in the time left to this Parliament to pass orders to implement more protections for the forthcoming ballot? Why can we not legislate by statutory instrument to ensure that postal votes are counted separately, making it easier to identify fraud?

Why can we not allow parties to check postal vote application forms after the election? Why can we not extend the period for petitioning against an election result to two months, so that such checks can be made? Why can we not enable presiding election officers at polling stations to draw up a list of people who turn up to vote in person and are surprised to be told that they have had a postal vote issued, and allow such voters to submit a tendered pink ballot paper instead, in case the postal vote is not used or is found to have been stolen?

I wish that we had not reached this point of crisis. Time and again, the Liberal Democrats warned about the shortcomings of the Government's postal voting system. Now, the Labour Government have one last chance to stop fraud and to prevent a general election result from becoming tainted. If Ministers do not act, the stench of this shoddy affair might be the one issue that drives them from office.

Mr. Raynsford: Several of the hon. Gentleman's proposed measures were highlighted by the Electoral Commission in its report "Voting for change", which the Government have accepted, and we shall introduce those measures. Although some depend on legislation, which is not possible this side of the general election, we are committed to introducing legislation that gives effect to the commission's recommendations. Some of the measures are administrative, and I made it clear in my statement and previous answers that we are taking steps. We have written to returning officers and are in contact with the Electoral Commission. In my statement, I noted that the chief executive of the Electoral Commission said only this morning that

"there is enough . . . awareness of the risks, enough steps are being taken . . . to make sure that the postal voting at the moment can be run successfully".

I hope that the hon. Gentleman accepts that steps are, rightly, being taken to protect the integrity of the poll. It is in everyone's interests that all political parties sign up to the code that the commission has circulated and to the good practice measures that returning officers will put in place to ensure that the poll proceeds with confidence, as we all want it to.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): I am sure that I speak for all my Birmingham Labour parliamentary colleagues when I utterly condemn the disgraceful and fraudulent behaviour in two wards in Birmingham. I welcome the safeguards that my right hon. Friend has announced today—[HON. MEMBERS: "What safeguards?"]—and the future safeguards that he has also announced.

Does my right hon. Friend agree that it would indeed be a sad day for democracy and for all the parties represented in this House if one of the effects of

misleading statements about the case were to frighten elderly, sick or disabled people out of exercising their legal right to have a postal ballot in the forthcoming election? Should we not bear that in mind when we talk about what happened in two out of 41 wards in Birmingham?

Mr. Raynsford: I wholeheartedly agree with my hon. Friend in condemning the malpractice that occurred in two wards in Birmingham. I also agree that it would be most unfortunate if misleading and, in some cases, slightly exaggerated statements made on the basis of those two cases led people who might otherwise not vote to fail to apply for the postal vote for which they have a right to apply.

Peter Bottomley (Worthing, West) (Con): Will the Minister confirm that there is no evidence that such practices took place only in two wards? The information is not available. Will he also confirm that the Government have brought in a system for postal votes in which registrations to vote by overseas service personnel are far lower than in the past and registrations of overseas voters are even lower, and that what has driven the Government and the Labour party is their own self-interest, not democracy's?

Mr. Raynsford: No, I wholeheartedly reject that unwarranted comment. It is slightly odd to assume that malpractice has occurred if one cannot find evidence that it has not. The point made by my hon. Friend the Member for Birmingham, Hall Green (Mr. McCabe) and by me is that there is evidence of fraud in two wards in Birmingham, which we condemn unreservedly; it was wrong and improper. However, in our view, it is not to correct to infer from that the whole electoral system is tainted, either in Birmingham as a whole or throughout the country.

We are discussing individual cases. As I said in my statement, a few cases requiring prosecution arose in the previous seven years. By international comparisons, such an incidence does not imply a serious problem, but we are not complacent. We are well aware of the concerns that have been voiced and we are taking practical steps to ensure both that people can continue to enjoy the benefits of postal voting, which has made it possible for many people who would otherwise be unable to do so to exercise their democratic rights, and that there are proper safeguards against the type of fraud that took place in Birmingham.

David Winnick (Walsall, North) (Lab): It would be unfortunate if people who want to use their postal vote legally were unable to do so, but does my right hon. Friend agree that this deplorable case raises genuine concerns about the operation of postal voting? Is it not essential that an incoming Government take the measures necessary to safeguard the integrity of the voting system—first and foremost, the postal voting system—so that there is no doubt in anyone's mind that we live in a democracy in which people's votes are counted in the proper way, as we all want?

Mr. Raynsford: My hon. Friend is absolutely right: it is vital that there be confidence in the integrity of the voting system. Measures, including legislation, should be taken after the general election to implement some of the safeguards which, to an increasing extent, are identified as appropriate.

This is where the issue of individual registration is so important. If we had proceeded immediately with individual registration, as the Electoral Commission recommended, without thinking about some of the potential downsides, we could well have been presented with an electoral register, as in Northern Ireland, 10 per cent. below the previous level. That in turn would have led to major criticisms about disfranchising people who should be entitled to vote. It is important to have the safeguard through individual identifiers, which are necessary to enable verification and checking, and to ensure that that is done in a way that does not deter those who should be on the register and who are entitled to be on the register to register. This is an extremely important issue about preserving the integrity of the entire voting system but at the same time ensuring that those people who are entitled to vote are not excluded from the register.

Mr. A. J. Beith (Berwick-upon-Tweed) (LD): What assurance can the Minister give us that in the realities of the election electoral staff will have the opportunity to deal with fraud? Will the right hon. Gentleman bear in mind the fact that when a large number of postal vote applications come pouring in, a very small staff will not have time to check whether they are coming in multiples and whether they have had previous applications from the same address? What support and additional help can be given to ensure that the staff have the opportunity that they need to check against fraud, and that presiding officers at polling stations have some powers that they can use to deal with a person who discovers that somebody else has voted for him?

Mr. Raynsford: The right hon. Gentleman makes an absolutely fair and valid point. As I made clear in my statement, we have provided an additional £10 million to support administration. I have written, together with the Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Shipley (Mr. Leslie), to all returning officers throughout the country to highlight the importance of measures being in place and the importance of liaison with the police. I also referred in my statement to discussions that my right hon. Friend the Home Secretary will be having with the Association of Chief Police Officers tomorrow on this very issue. Measures are being taken specifically to ensure that fears, suspicions and allegations of malpractice are carefully examined and that procedures are in place to deal with such problems.

Mr. Gordon Prentice (Pendle) (Lab): I believe in voting in secret at a polling station wherever possible. That may sound quaint and old-fashioned, but that is my position.

Local authorities can decide for themselves how many polling stations there are and where these stations are located. Is there not a case for the Government to issue advice to local authorities encouraging them to have polling stations in as many places as possible throughout every constituency in the land?

Mr. Raynsford: As my hon. Friend will know, a great deal of advice has already been given over the years to

[Mr. Raynsford]

returning officers on such matters. It is right that they should continue to look at these issues. My hon. Friend must be aware that there are an increasing number of people for whom the requirement to vote in person at a particular polling station is impossible because of their physical condition or because of their job, or because of other factors, or because it is not part of their lifestyle today. People do not necessarily work in the area in which they live. They may have children in another area. They may have responsibilities that take them away at times when it would be convenient to vote. Such people may find it more convenient to vote by post. That convenience is the reason why there has been a significant increase over recent years since the all-party group recommended that we should move to postal voting on demand. That is why the take-up has been consistently increasing.

I do not believe that we can simply ignore the convenience of the public, providing—this is an important proviso—that there are in place appropriate safeguards to guard against malpractice.

Sir Patrick Cormack (South Staffordshire) (Con): Could the right hon. Gentleman do two things? First, recognising that the judiciary can be criticised only on a substantive motion, would he withdraw the remarks that he made to my hon. Friend the Member for North-East Hertfordshire (Mr. Heald), the shadow Leader of the House? Secondly, will he ask all electoral registration officers to check the validity of those who appear to have applied for postal votes by writing to them?

Mr. Raynsford: My only comments on the judgment related to two particular instances where inferences were made. There was one particular inference about the Government's position. Secondly, there was a particular inference about the extent of fraud throughout Birmingham. In my view neither of those inferences was supported by evidence. The quotation from *The Times* to which I referred made it clear that the Government were not in any way complacent and were intending to introduce measures to deal with the very issues that the judge highlighted. There was the wider implication that there was widespread fraud throughout Birmingham, for which evidence was not provided. I stand by my two comments.

As for advice to returning officers, we have made it clear in the letter that my hon. Friend and I have written that we expect them to be taking measures to ensure that they are satisfied that postal votes are operating on a proper basis. It is not our view that we should instruct in detail exactly how they should exercise that function. They have their own responsibilities as returning officers. It is important that they should seek to ensure the integrity of the ballot and should take the measures that they regard as appropriate to check anything that they regard as potentially fraudulent.

Richard Burden (Birmingham, Northfield) (Lab): I echo the comment made by my hon. Friend the Member for Birmingham, Hall Green (Mr. McCabe), that every Labour Member for Birmingham condemns completely and utterly the wrongdoing in two Birmingham wards. I add my welcome to the Labour party for suspending the individuals concerned, for implementing a disciplinary procedure and for guarding against any allegation that there is any complacency by dispatching to Birmingham a senior member of the National Executive Committee to oversee future campaigning.

So that there should be no complacency in any part of the House, I invite other political parties to take equally seriously the issue of postal voting and the organisation that sometimes goes on around postal voting.

Finally, while it is right that we should consider tightening the regulations, I support the idea of individual registration. Does my right hon. Friend agree that the objective should be to encourage legitimate engagement with the democratic process and not to discourage it?

Mr. Raynsford: I agree with my hon. Friend that, first, we unreservedly condemn the malpractice that has been found in Birmingham. I also agree that it is incumbent on all political parties to do their utmost to ensure that all their candidates and supporters act in an entirely proper and scrupulous way in the forthcoming election. It is in everyone's interest that we ensure that the ballots that will take place on 5 May are conducted in a way that maintains public confidence.

Mr. Peter Luff (Mid-Worcestershire) (Con): Is the Minister aware that there is a certain grim satisfaction on the Opposition Benches that although the entire British democratic process has been tarnished by what happened in Birmingham, the principal short-term victim of the Government's ill-judged dash to favour postal voting is the Labour party itself, particularly in Birmingham—"As you sow, so shall you reap"?

May I refer the Minister to the wise words of the *Birmingham Post* editorial this morning, which read:

"If emergency action is not taken to change the system in time for the General Election—insisting on postal votes being checked and counted separately at the very least—the Government will leave itself open to the allegation that it is reluctant to act because its real intention is to deliver corrupt votes to Labour MPs."?

Mr. Raynsford: I am sorry that the hon. Gentleman has chosen to try to inject a party political note in that way. I remind him of a letter that has been sent out to many people in the country. It says:

"In the run-up to the next General Election . . . I need your help. There are three things you can do: Step 1 Apply for a postal vote today. Everyone is now entitled to vote by post without having to give a reason."

The letter continues:

"We've enclosed two forms. If one is blank, please pass it on to another supporter. If you need any more, please phone"—

a number is given—

"or go to www.conservatives" etc.

It is a bit rich for the Conservative party, which is clearly seeking to extend postal voting to the greatest possible degree, to condemn the Government for acting on an all-party recommendation to make postal voting available on demand. We did that. We have said repeatedly that it is right that there should be safeguards. There is a whiff of hypocrisy about criticism of the Government from those who are clearly themselves seeking to maximise the number of postal votes.

Mr. Kevin Barron (Rother Valley) (Lab): Further to that point, will my right hon. Friend consider issuing

further guidelines on the encouragement of multiple applications? I have here a letter that was sent to me by a constituent. It had been sent out in the constituency of Folkestone and Hythe by the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), and it states:

"I am sending you a form to make it easier for you to register for a postal vote. I also enclose a spare form for you to pass on to another member of your family or a friend."

If we are going to get this right, the sending round of postal vote applications in this way should be stopped. We need to clean up this act, so as to prevent the despicable attempts at fraud that occur on occasions through the use of postal votes.

Mr. Raynsford: I have to say to my right hon. Friend that it is right that we should continue to make postal voting available to those people who find the facility convenient and who might not be able to exercise their democratic right without it. I take issue only with those who condemn the Government for making postal voting available but who are themselves engaged in encouraging exactly that process.

Mr. Roger Gale (North Thanet) (Con): The Minister's criticism of the judge would seem to imply that the Government are still in denial. The Minister has said several times that he and the Minister in the Department for Constitutional Affairs had written to returning officers asking them to exercise their powers. The Minister is well aware, however, that anyone resident in the United Kingdom can place their name on the electoral register and vote, and that the multiple system that gives people permission to vote in local government elections, European elections and parliamentary elections means that there are people on the register who can quite properly vote in one election but might not be allowed to vote in another. There is no control whatever over that. The Minister has sought to place the blame everywhere except where it lies, namely, with his own Department. He has written to returning officers and told them to act. What action does he propose that they take?

Mr. Raynsford: The hon. Gentleman was obviously not listening to my statement, in which I outlined a number of measures that we have taken, including making substantial additional financial provision to enable the administration of the whole process to be conducted more efficiently. I should like to quote from the letter that I have written to the returning officers:

"The Electoral Commission, together with ACPO and ACPO Scotland, will also shortly publish guidance to returning officers and local police forces on fraud prevention and investigation. If you have not already done so, you should make immediate contact with your local police force in preparation for the forthcoming elections. It is vital that all organisations work together to protect the integrity of the electoral process."

I have mentioned the discussion that I had with my right hon. Friend the Home Secretary in which he said that he would talk to ACPO about this issue tomorrow. The Government are acting; we are playing our part and we are encouraging returning officers to do their best. It is right that all parties should work together to ensure that people can continue to benefit from the opportunity of being able to vote by post if it is not convenient for them to vote in person. At the same time, however, we must maintain the integrity of the ballot.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): My constituency sits cheek by jowl with the two wards in which these disgraceful acts took place. I would like some reassurance from the Minister on three important points. First, will he reassure the 12 Labour councillors in my constituency, who are people of honour and integrity—mainly women, in fact—and who work hard for the local community? They were elected in clean elections following clean campaigns, and they are decent people doing a good job. Will the Minister reassure them that their reputations, their integrity and their ability to hold their heads up in our community will not be sullied by this judgment, whose suggestion that the corruption was city wide went beyond its remit and beyond the available evidence? Such a reassurance from the Minister would be very welcome in those quarters.

Secondly, will the Minister reassure my constituents from ethnic minority communities that this problem is not confined to any one community, and that it is not about race, as some parties would have us believe? This is a problem of people breaking the law and doing bad things, and in Birmingham, those people have been caught, tried and found guilty. This is not a race issue—

Madam Deputy Speaker: Order. I think that the Minister has got the message.

Mr. Raynsford: I would say to my hon. Friend that the vast majority of local councillors act with great integrity and propriety, and it is quite wrong that they should feel threatened or stigmatised as a result of the malpractice of a small number of people who have clearly behaved in a deplorable way. That distinction is very important, and I hope that I made clear my views on that earlier. I am grateful to my hon. Friend for his support. It would also be quite inappropriate to draw any conclusions about race from these incidents. It is right to condemn malpractice, whoever is responsible for it. We must maintain our vigilance and be absolutely rigorous in making it clear that such malpractice is unacceptable. There are no exceptions to that; it applies to everyone in this country, whatever their background.

Mr. David Curry (Skipton and Ripon) (Con): Is it not entirely possible that a significant number of seats in the House will be won in the forthcoming election by a majority that is smaller than the number of postal votes available in the constituency? Is it not also the case that, according to the rules under which the election will take place, votes will be treated as an electoral commodity? Is it not essential that votes should be individual and secret? That is at the heart of our representative democracy.

Will the Minister also try not to be too deluded by Northern Ireland? Is it not more important that everyone who votes should be entitled to do so, rather than bending the rules so that some people who cannot be bothered to register should be encouraged to do so?

Mr. Raynsford: The right hon. Gentleman will know from the figures that I gave the House earlier that, at the last general election, approximately 4 per cent. of the

[Mr. Raynsford]

electorate were entitled to postal votes. A number of hon. Members were elected with a majority of less than 4 per cent. It is inevitable that the possibility of that happening should exist. The vast majority of people use their postal vote entirely properly, and the important thing is that action should be taken to ensure that the integrity of the postal voting system continues. It is right that the vote should be individual and secret, and it is important that measures should be in place to protect that in respect of postal voting. The guidance that the Electoral Commission has issued recently—which all parties have seen in advance and which I hope they will all be fully committed to—will help us to achieve that objective.

On Northern Ireland, the right hon. Gentleman will recognise that the issue of individual registration relates to whether some members of the community would bother to register if the onus were on them to do so. We all have experience of families in which, if the mother or father did not put their youngsters' names on the register, the youngsters might not bother to do it for themselves. We are seeking to ensure that the register is as comprehensive and full as possible, and that no one is left out accidentally. In the course of an election, we all encounter people who complain that they would have liked to vote but were not on the register. We should not, therefore, go too quickly down a route that might increase the number of people who are excluded from the register, without carefully considering how to move towards individual identification of electors while avoiding the potential downsides that the Select Committee—which looked very carefully at this issue—identified.

Mrs. Ann Cryer (Keighley) (Lab): I am pleased that my right hon. Friend has come to the House with this statement today. I am also pleased—although I do not want to be vindictive—that the full weight of the law is to be brought to bear on those people in Birmingham who have committed electoral fraud. This might deter certain persons in my constituency who were scurrying round harvesting ballot papers last May. Those people were from all three major parties. They were not candidates, agents or members of any party, but they were supporters of the three main candidates. I hope that the actions of the criminal justice system in Birmingham will deter such activity in Keighley in the forthcoming general election. I received numerous complaints from my constituents last year, and the same sort of thing also happened in two of the Bradford constituencies. As yet, no criminal proceedings have been brought against any of the people involved, and it is sad that certain people in those constituencies were not prepared to stand up and be counted in the criminal courts.

Mr. Raynsford: I share my hon. Friend's concern about malpractice. All political parties have a common interest in acting to stamp it out. It is right that the full force of the law should apply when malpractice has occurred and we are keen that there should be a clear understanding between returning officers and the police about effective action to deal with allegations of malpractice. That is essential if the message is to go out loud and clear from the House—as it should—that malpractice, the abuse of postal voting or any other electoral fraud is unacceptable and unreservedly condemned by all parties.

Mr. Bernard Jenkin (North Essex) (Con): Since the right hon. Gentleman and I first began debating postal voting last year, his responses to *The Times* campaign—which should be commended—and to criticisms by the Liberal Democrats and Labour Back Benchers have consistently been characterised by complacency about a system that the judge described as

"farcical ... hopelessly insecure ... contains no effective safeguards and is an invitation to fraud".

A code of conduct is not law and carries no legal sanction or penalty. The Government are guilty of playing fast and loose with our democratic system and it will redound to the right hon. Gentleman's eternal discredit that he let down the voters of this country.

Mr. Raynsford: I do not accept that, because we have always made it clear that our objective was to facilitate the opportunity for people to exercise their democratic rights by voting. It is a cause of concern to us all if people are prevented from exercising their right to vote because they cannot get to the polling station. It is right that they should have the opportunity to vote. If the hon. Gentleman takes the view that the current system of postal voting is farcical and an invitation to fraud, why are letters from his party leader going out to people in his constituency, urging them to take advantage of the opportunity of a postal vote? Will he condemn that? If not, his words will be perceived as hollow rhetoric.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I agree with my right hon. Friend that it is an important principle that anyone who wants a postal vote for the coming general election can have one. Does he accept that we must move as quickly as possible to a system of individual registration? That would make more secure not only postal voting but voting at polling stations. To ensure that we do not suffer the problems that happened in Northern Ireland, we should change our registration system to one similar to that in Australia, where there is a fixed register with a three-year audit. The system then concentrates its resources on getting on to the register those who move or who do not register in the first place and it includes the use of data transfer from other organisations to achieve that. If we moved towards that, we could have a more accurate register and a safer voting system.

Mr. Raynsford: My hon. Friend is a member of the Select Committee, which examined the issues thoroughly and carefully. He has highlighted one option. He knows from the Select Committee's analysis that there are complexities and difficulties and that, in moving forward towards a system that allows more precise individual identification of electors to secure the integrity of the ballot, it is vital that we do not discourage people from registering. The Government have said that we are entirely sympathetic to the principle of individual registration. We want to move in that direction, but in a way that maintains a comprehensive register and does not deter people from registering to vote.

Mr. Mark Francois (Rayleigh) (Con): After a damning verdict by the judge, does the Minister agree

that it is now extremely unlikely that any vote in a referendum on the European constitution should take place as an all-postal ballot? When the people of this country vote on that critical document, does he agree that they should have the opportunity to vote on it through a ballot box in a polling station in the traditional British way?

Mr. Raynsford: That is not in my remit and I do not know the precise arrangements that will be proposed. However, I know of no plan to conduct such a referendum as an all-postal ballot. I remind the hon. Gentleman that the last all-postal referendum was on regional government in the north-east of England and produced a result with which his party was entirely satisfied. There were no allegations of malpractice and a turnout of almost 50 per cent., which is far higher than would otherwise have been expected. He will therefore appreciate that some benefits derive from postal voting and that our task must be to move ahead in a way that retains them while ensuring proper safeguards against the sort of unacceptable abuse that occurred in Birmingham.

Mr. Chris Mole (Ipswich) (Lab): Will my right hon. Friend, in putting the concerns in response to the judgment in proportion, accept reassurances in two parts? First, Sam Younger and the Metropolitan police special branch said, in evidence to the Select Committee, that there was no evidence of widespread abuse of postal voting in this country. Secondly, evidence from the Australian electoral commission showed widespread confidence in postal voting on demand in that country on the back, as my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts) said, of individual registration, and a system whereby electronic images of signatures can be used to verify the source of a postal vote before the security envelope is opened. In that way, we could move forwards to a convenient, multi-channel, 21st-century form of voting rather than backwards to stubby pencils.

Mr. Raynsford: My hon. Friend, who is also a member of the Select Committee, has examined the issue carefully and his comments are informed by his study. I agree that we are considering complex issues but that it is important to move forward in a way that ensures the safeguards that individual identification provides and a mechanism for checking the validity of postal voting, without rejecting the option that enhances convenience and, as much evidence shows, increases the number of participants in our democratic process.

Mr. Crispin Blunt (Reigate) (Con): I served on the Committee that considered the Electoral Fraud (Northern Ireland) Act 2002. It provided for changes to Northern Ireland legislation that were necessary because, in constituencies where Sinn Fein was especially strong, there were up to 10 times the number of postal and proxy votes found elsewhere. We had to protect against systematic abuse. I fear that we do not have the same protection for postal voting under the law in England and we now have a party that was involved in systematic abuse. It happens to be the Minister's party and it sits ill for him to deal with a disaster for confidence in the electoral system by criticising the judge by implication when the Government have had lessons from Northern Ireland about how to protect the system for many years.

Mr. Raynsford: The experience of Northern Ireland is important and we intend to examine it closely. However, one of the downsides, which I have highlighted, is the reduction in the number of people registered in Northern Ireland. That is an equal cause of concern. As I have said to several other hon. Members, the evidence of the past seven years shows that cases of abuse have been relatively few. They have covered all parties, so there is no association between abuse and one party. I hope that he will accept what I have made clear: although I wholeheartedly condemn the abuse and thoroughly support the judgment in that respect, I do not agree with inferences, in the absence of detailed evidence, of widespread fraud, on the basis of two specific areas where such fraud undoubtedly occurred. That is the critical issue and I hope that the hon. Gentleman will give it more thought, because no one does any service to the electorate's confidence in the voting system by spreading fears about widespread malpractice when the vast majority of the evidence in recent years shows that there is no widespread malpractice.

Mike Gapes (Ilford, South) (Lab/Co-op): Last year, a council by-election was held in Valentines ward in Redbridge in my constituency. The successfully elected candidate won by nine votes and there were 474 proxy votes in the ward out of about 2,000 votes cast in total. Many of those proxy votes were cast by people living 50 or 100 miles away from the constituency and many were cast by white active Conservatives on behalf of elderly Asian ladies. Can we deal with the question of proxy voting, too, which was abused by the Conservatives in Redbridge last year?

Mr. Raynsford: I repeat to my hon. Friend what I said to the hon. Member for Reigate (Mr. Blunt). The evidence of malpractice does not apply to any one party and it behoves all of us to condemn malpractice, whoever is responsible. We do not approach this matter in a partisan spirit but in a spirit of wanting to ensure that the electoral system makes it possible for all those who should have an entitlement to vote to do so, and to do so at their convenience, but at the same time to do so in a way that maintains the integrity of the voting system and public confidence in that. That should be our overriding priority.

Mr. Andrew Robathan (Blaby) (Con): May I counsel the Minister that shooting the messenger is rarely a good idea? His criticisms of the judge demean him, not the judge. The judge spoke about open invitations to fraud in a banana republic when we are talking about the mother of Parliaments, of which I am proud to be a Member. This is a big issue. Can we have fewer fine words and more action? I note from the Minister's statement that there have been only four prosecutions since 1998 for electoral fraud. Will the six Labour councillors now be barred from office and their assistants be prosecuted? What is the Home Office doing about that? While the Home Office and police are having

[Mr. Andrew Robathan]

discussions, what action will police be required to take on allegations of fraud—which will arise—from electoral registration officers?

Mr. Raynsford: As the hon. Gentleman will understand, it would be inappropriate for me to comment on individual cases, but I have no doubt that the circumstances of this case will be considered by the authorities concerned, with a view to the possibility of a prosecution. In so far as he criticises fine words, most people would share his view about the integrity of this Parliament and the fact that the voting system that has brought all of us here has generally been fair. We should therefore be careful about inferring that the standards of conduct are analogous to those of a banana republic. It behoves all of us to take the necessary steps to ensure that any malpractice, in whatever form, is stamped on where we see it.

Certainly, the Government accept fully their responsibility to ensure that all those involved are given support, help and guidance to do their best. That is why I have written to returning officers encouraging them to co-operate with the police on measures to stamp out any malpractice that might occur in the forthcoming election. That is the spirit in which we should move forward, with a view to defending the integrity of the electoral system and the good standing of this Parliament. I hope that all Members can agree on that.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): The Minister will have heard mention in an earlier question of the European referendum. I hope that any difficulties with the voting system will not be used as an excuse to delay the European referendum. Does he agree that the sooner that we have it, the better? Bring it on, I say. I digress, however. Does he accept that a discussion of postal voting involves a variety of elements, one of which is registration? Does he agree that it is essential that we take further steps to try to outlaw, where possible, the use of false, spurious or convenience addresses by voters?

Mr. Raynsford: As my hon. Friend knows, I have no responsibility in respect of the referendum on the European constitution and it would be inappropriate for me to comment on that today. People registering at spurious addresses is obviously a concern and I hope that all returning officers will examine that as part of the general approach to which I referred and which I encourage them to pursue in the coming election.

Point of Order

2.15 pm

Sir Patrick Cormack (South Staffordshire) (Con): On a point of order, Madam Deputy Speaker. Can you confirm that it is inadmissible to criticise the judiciary in this House other than on a substantive motion? If you can do so, will you ask the Minister, who is normally extremely courteous and genial, if he would withdraw his criticism of the judge?

Madam Deputy Speaker (Sylvia Heal): It is true that it is not in order to reflect on the conduct of judges of the superior courts. I am not aware, however, of any direct criticism of the conduct of the judge in this particular case.

Computer Misuse Act 1990 (Amendment)

2.15 pm

Mr. Derek Wyatt (Sittingbourne and Sheppey) (Lab): I beg to move,

That leave be given to bring in a Bill to amend the Computer Misuse Act 1990 to create offences in connection with denial of service and to make further provision about proceedings and penalties for an offence under section 1 of that Act; and for connected purposes.

The initiative for this Bill comes from the all-party internet group's inquiry, which began in March last year. I am indebted to my colleagues, my hon. Friend the Member for Milton Keynes, North-East (Brian White) and the hon. Member for Sheffield, Hallam (Mr. Allan), for their great support last year in the report work that we did that paved the way for this Bill. It would also be unfair not to mention the sterling work of our clerks, Marc Woolfson and Nick Lansman of Political Intelligence, who helped to put the report together.

The all-party internet group has also pioneered twinning with its American counterpart, the internet caucus. We have done that because any measure relating to computers and the internet must now go beyond individual Parliaments. We hope that other committees will note that and develop relationships with other Parliaments in the world. I also want to thank the Home Office, particularly the Under-Secretary of State for the Home Department, my hon. Friend the Member for Don Valley (Caroline Flint) for her support, and her staff for their work in this regard. It would be unreasonable not to pay tribute, too, to the Earl of Northesk, who also introduced a private Member's Bill in another place in 2002 to amend the Computer Misuse Act 1990.

Let me give some background to the 1990 Act. Criminal activity involving computers has a long history and several existing statutes have been used in prosecutions for criminal damage, such as Cox *v.* Riley in 1985 and Regina *v.* Whitely in 1991, and for fraud, such as Regina *v.* Lamberti and Filinski in 1987. Eventually, existing legislation proved inadequate to cover all the activities involved in computer hacking. In particular, Robert Schifreen and Steve Gold were initially convicted of a number of offences under the Forgery and Counterfeiting Act 1981, after they had used passwords without permission to obtain unauthorised access to electronic mailboxes on the Prestel system—my, my. However, on 21 April 1988, the House of Lords overturned their convictions, agreeing with Lord Lane in the Court of Appeal that there had been a

"Procrustean attempt to force the facts of the present case into the language of an Act not designed to fit them".

With regard to legislative matters, events then moved rapidly. In September 1988, the Law Commission published a consultative document on computer misuse. In April 1989, Emma Nicholson, MP, introduced a private Member's Bill to make various hacking activities illegal, but that was widely perceived as containing several faults and failed through lack of time. In October 1989, the Law Commission published its final report on computer misuse, which recommended the three offences that we have today. The legislation to implement them was brought forward as a private Member's Bill by Michael Colvin, MP. That Computer Misuse Bill received its Second Reading in the House of Commons on 2 May 1990 and was given Royal Assent on 29 June 1990.

The Computer Misuse Act 1990 deals with just two mischiefs. In section 1, it criminalises

"unauthorised access to computer material",

and in section 3,

"unauthorised modification of computer material".

The offence in section 2 is a more serious version of section 1 where there is an intent to commit or facilitate further offences.

I propose two further measures. The Bill would add specific denial of service—DOS—and it would increase the tariff for Computer Misuse Act section 1 offences involving hacking from six months to two years.

A denial of service attack occurs when a deliberate attempt is made to stop a machine performing. Usually another computer is made to create large amounts of specious traffic. The traffic may consist of valid requests made in overwhelming volume, or specifically crafted protocol fragments that cause the serving machine to tie up significant resources to no usual purpose. In a distributed denial of service—DDOS—attack, a large number of remote computers are orchestrated to attack a target at the same time. In some cases, the attacks overwhelm the connecting links to a machine rather than the machine itself. That can result in significant collateral damage that extends beyond the machine that is being attacked.

DOS and DDOS attacks are extremely common on today's internet, with academic studies measuring more than 4,000 a week. There are many different types of attack and the volume of traffic involved varies hugely, so it is difficult to generalise about the impact. At the lower end of effectiveness, the blips in traffic are hardly noticeable but we are told of cases at the other end in which large university networks have been made unusable for hours at a time.

Providing protection against some types of DOS and especially DDOS attacks can be technically challenging. It is often hard to distinguish legitimate from illegitimate activity, which means that genuine traffic can be discarded through protective measures.

Criminal DDOS attacks are being made on gambling websites both in the United Kingdom and elsewhere. Such attacks are accompanied by demands for amounts between £10,000 and more than £100,000 to make the attacks stop. The impact on gambling businesses has been severe. The national hi-tech crime unit has become involved in investigations, but the perpetrators are believed to be based abroad, which sets some limits on what it can quickly achieve.

The second part of the Bill deals with length of sentences. At present, a summary conviction under existing law carries a maximum penalty of six months in prison and/or a fine of £5,000. A conviction on indictment currently applies only to section 2 and section 3 offences. In that case, the maximum penalty is five years in prison or an unlimited fine. There are, however, maximum sentences. Home Office figures

[Mr. Derek Wyatt]

show that, when a CMA offence is the principal offence with which someone is charged, only about a third of those found guilty are given custodial sentences. When a CMA offence is not the principal offence, the proportion is very small indeed. Often CMA offences involve plea bargains that are not proceeded with because justice has been done in some other way.

It is regularly claimed that the cost of cleaning up virus or worm attacks runs into billions of pounds. The current level of sentences does not reflect the seriousness of such offences. The attack on the port of Houston in the Caffrey case was widely viewed as an attack on the critical national infrastructure of the United States, a most serious action.

Longer sentences should be imposed for section 1 offences because of the side effects that that would have. Raising the tariff to one year would make an offender extraditable. Making section 1 offences indictable would make it possible to prosecute for a criminal attempt, which would not have to succeed. Raising the tariff to five years in line with section 2 and section 3 offences would make section 1 offences arrestable. That would also make it easier to obtain search warrants by means of the Police and Criminal Evidence Act 1984.

We recommend that the maximum sentence following conviction of an offence under section 1 of the Computer Misuse Act should be raised to two years. Since our report, there has been an interesting series of conversations on the net about whether that is long enough. Spamhaus, in particular, would like it to be longer. Let us hope that, after the general election, the Home Office will introduce its own version of an amended CMA. That would be the time at which to review sentencing.

The problem is growing. The Symantec global internet threat report covering July to December 2004, released at the end of March, shows that Britain has a larger percentage of botnets than any other country in the world, with 25.2 per cent. of PCs infected. The United States and China are second and third respectively. The fast growth in broadband take-up has been cited as the main reason for Britain's topping the chart: users take on always-on connections without being aware of the security risks. The number is expected to decline as the UK Government's education and awareness programmes IT Safe and Project Endurance begin to take effect.

Although high-profile DDOS attacks have been made against e-commerce and, especially, gambling sites, the UK Government and the country's critical infrastructure could also be attacked. It is essential for a law to be in place to make prosecution possible when offences are committed, because that will send the strong and unambiguous message that e-crime is treated with the utmost seriousness. International co-operation is also key. Increasing sentences for section 1 offences to two years will create an extraditable offence, and bring the law into line with the European cybercrime convention.

Question put and agreed to.

Bill ordered to be brought in by Mr. Derek Wyatt, Brian White, Mr. Richard Allan, Sue Doughty and Dr. Nick Palmer.

Computer Misuse Act 1990 (Amendment)

Mr. Derek Wyatt accordingly presented a Bill to amend the Computer Misuse Act 1990 to create offences in connection with denial of service and to make further provision about proceedings and penalties for an offence under section 1 of that Act; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on 15 April, and to be printed [Bill 102].

Orders of the Day

Equality Bill

[Relevant document: The Sixteenth Report from the Joint Committee on Human Rights of Session 2004–05, Equality Bill, HC 497.]

Order for Second Reading read.

2.27 pm

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): I beg to move, That the Bill be now read a Second time.

The Bill will help to transform the way in which we promote equality and tackle discrimination in 21st-century Britain. It is underpinned by the Government's belief in the equal value and worth of every human being. It reflects our commitment to creating a Britain in which every individual can fulfil his or her potential—men and women alike, whatever their background, class, religion or race, regardless of age, disability or sexual orientation.

For us, equality is a basic moral principle. We believe in a fairer society. Increasingly, however, in the present competitive and global economy, equality and economic success go hand in hand. Britain's businesses—indeed, all Britain's employers, in whatever sector of the economy they operate—need to draw on the talents of the whole work force if they are to remain successful. So promoting equality and diversity, as the Bill does, is vital not only to securing individual opportunity and potential, but to the prosperity of our society as a whole.

Many of us in the House have campaigned for equality and human rights for decades. Having worked with the Sex Discrimination Act 1975 myself, I supported what became the first test case involving indirect sex discrimination. That case led to the abolition of age requirements for admission to senior jobs in the civil service. I am proud now to serve in a Government who I believe have done more to promote equality and tackle discrimination than any other Government in our country.

In 2000, we established the Disability Rights Commission to promote the rights of disabled people. Last year, we introduced the Disability Discrimination Bill, currently proceeding through the House, which will bring into force a new duty for the public sector to promote equality for people with disabilities. We have outlawed discrimination in the workplace on grounds of religion and belief and of sexual orientation, and in October 2006 that legislation will be extended to cover age discrimination. We have delivered the biggest ever package of support for working parents, including an extension of maternity leave, an increase in maternity pay, new rights to flexible working and guaranteed free nursery places for all three and four-year-olds. As part of that approach, we have given more support to fathers, including two weeks' paid paternity leave for the first time ever. We have outlawed race discrimination in all public functions, and imposed a new duty on public bodies to promote race equality.

Keith Vaz (Leicester, East) (Lab): May I place on the record at the start my thanks for the work that my right hon. Friend has done with the black and Asian community on this Bill? She has listened very carefully to what they have said in meeting the concerns of the Commission for Racial Equality, allowing them to be part of this process while letting them, in effect, join in at a later date. In my view, that would not have happened but for her own personal commitment. She is a true champion of equality.

Ms Hewitt: I am extremely grateful to my hon. Friend for those very generous remarks. May I, in turn, thank him for the work that he—along with many other of my right hon. and hon. Friends—did to ensure that the concerns that were widely held within the black and Asian British communities when we first published the White Paper were indeed addressed by the Government in our response to that consultation? As a result, the CRE has welcomed the Bill, as does my hon. Friend, and I thank him for that work.

I also want to pay tribute to the work that the Deputy Minister for Women and Equality, my right hon. Friend the Member for Redditch (Jacqui Smith), has done on this Bill, and in introducing and piloting through the House the Civil Partnership Act 2004, which will ensure that in future, same-sex couples will have the same inheritance, pension and next-of-kin rights as married couples. I also want to thank the many hon. Friends—honourable sisters, if I may say so—who joined me in campaigning for, and helping to secure the passage of, the equal representation legislation that has enabled all political parties that choose to do so to take positive action to ensure a proper balance in the selection of candidates, whether for this House or for other elected office.

As I reflect on our Government's many achievements, I must mention in particular the Human Rights Act 1998, which in my view is one of the most significant pieces of legislation in recent years. It has incorporated into British law the European convention on human rights, which our country helped to draft in the aftermath of the second world war. By doing so, we have ensured that British people no longer need to go to Strasbourg and to the European Court of Human Rights in order to uphold their rights under that convention; rather, they can do so within the courts of our own country.

Angela Eagle (Wallasey) (Lab): I welcome my right hon. Friend to the Dispatch Box to introduce Second Reading of this extremely important Bill, which will clearly be overtaken by outside events. Will she give an undertaking that a re-elected Labour Government would reintroduce it very quickly? On a slightly different subject, is she as shocked as I am that the Conservatives appear to wish to abolish the Human Rights Act in certain circumstances? Indeed, they are openly saying so in their campaign literature and out in the constituencies.

Ms Hewitt: I cannot pre-empt a future Queen's Speech, and rather more importantly I cannot pre-empt the verdict of the British people. But should we secure a third term in government—as I hope we will—I have no doubt that this Bill will be reintroduced extremely early in the first Session. Frankly, I share my hon. Friend's dismay at what leading figures in the Conservative

[Ms Hewitt]

party, at least, are saying about the Human Rights Act; indeed, it was in part because of those comments that I made a particular point of referring to it.

So there have been some significant achievements, but despite that, unacceptable inequalities in opportunity remain and too many people still face discrimination and prejudice. Let me give just a few examples. British African-Caribbean men are still four times as likely to be unemployed as their white counterparts—a statistic that applies to every group, from the least skilled to the most, regardless of their qualifications. Women in full-time employment still earn almost 20 per cent. less than men—a figure that is almost double for those in part-time work. People with disabilities are nine times as likely as non-disabled people to be out of work and claiming benefits, even though so many of them want a job. The autonomy and dignity of many people with disabilities is still routinely impeded by the difficulties that they face in accessing shops, services and transport.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): I thank my right hon. Friend for what she has just said about disability, and I welcome the measures in the Bill. In particular, I want to express the gratitude of the many people in Scotland with disabilities who realise that the Bill reflects the new situation there under devolution. I am glad to say that the Executive seem very much aware of the problems and challenges that disabled people face.

Ms Hewitt: My right hon. Friend is a great champion of the cause of people with disabilities, and I pay tribute to him for that. I agree with him, in that the Bill creates the right relationship between the new commission, which will have a UK-wide remit, and the work of the Executive and of the commissions in Scotland.

Returning to the broader issue of discrimination and continuing prejudice in our society, we know that gay men, lesbians and bisexual people still far too often face discrimination and prejudice at work and in the wider community. We also know that many older people—I declare an interest as a 56-year-old—who want to work and who enjoy full opportunities are prevented from doing so. I am glad to say that that does not apply to those of us in this House, but as I constantly observe in my own constituency, far too many people find it impossible even to get a job interview, never mind a job, because of their age. A distressingly high proportion of people from the Muslim communities report unfair treatment from private and, I regret to say, public services alike.

Linda Perham (Ilford, North) (Lab): I understand that the Bill provides for a duty to promote gender equality, which we all welcome, but not age equality. Will my right hon. Friend look at the question of discrimination on the ground of age in the context of this Bill?

Ms Hewitt: I am sure that we will return to this extremely important issue, but in any case, we will be considering it in the wider review of anti-discrimination law, on which I will have a little more to say later.

This Bill is a major plank in the Government's strategy to ensure that every individual can fulfil their potential, and that discrimination and prejudice have no place in our society. It will herald a transformation in the way that Britain tackles discrimination and disadvantage, and it will do so in three ways. First, it will establish a powerful new commission to champion equality and human rights for all. Secondly, it will extend the prohibition of discrimination on the grounds of religion or belief beyond employment and into goods, facilities and services, the management and disposal of premises and the exercise of public functions. Thirdly, it will create a duty on public authorities to promote equality of opportunity between men and women.

Much progress has been made over many decades towards a more equal society, not least through the achievements of the Commission for Racial Equality, the Equal Opportunities Commission and the Disability Rights Commission. I pay tribute to the pioneering work that those three bodies have done over the years, and to the impact that they continue to make in tackling discrimination and inequality. But I think it true that if we were starting afresh—if we were creating for the first time a framework of law and institutions to tackle discrimination and disadvantage—we would not set up separate bodies. Until now, responsibility for challenging discrimination has been sectionalised. Problems have too often been seen as the responsibility of the groups and people who experience them, rather than of society as a whole. Instead of putting people in a box—saying, "You're a woman. You're black. You're disabled."—we need to understand that in modern Britain, people's identities are multiple and complex.

Mr. Tim Boswell (Daventry) (Con): I thoroughly agree with the Secretary of State on the points that she is making, but does she agree that the new commission will stand or fall in relation to its perceived service to its users and whether it is able adequately to represent the specific interests of people who may feel that they have suffered from specific elements of discrimination that require vigorous and effective pursuit?

Ms Hewitt: I entirely agree with the hon. Gentleman, who raises an extremely important point. The new commission will need to promote an ethic of equality and human rights that applies to everyone in our society—an ethic of respect for every individual and every community. Within that, we well know that some individuals and groups suffer from particular prejudice, stereotyping and sometimes violence because of particular characteristics of their identity. The commission must be a powerful voice for every group and able to act when there is discrimination against particular individuals. Instead of arguing about which group suffers the most from prejudice, as sometimes happens, we need to understand that all prejudice and discrimination is unacceptable.

Let me deal with some examples of acts of violence against different groups. Last October, a man called David Morley was savagely beaten to death on the south bank of London in an entirely unprovoked attack. He was targeted, it appears, because he was gay. Just as abhorrent is the murder, on average, of two women a week by their partners, husbands or former partners simply because they are the less powerful partner in the

relationship. Just as abhorrent again is violence directed against members of black and minority ethnic communities, against Muslim women who wear the hejab or against fellow human beings who happen to be, for instance, in a wheelchair. All acts of violence provoked by prejudice, discrimination and stereotyping are abhorrent and all must be dealt with. In other words, the creation of a truly equal society is not a minority issue, but an issue for us all.

The Bill is critical to achieving that goal. It establishes a new commission for equality and human rights, which will bring together the work of the existing commissions with the new equality strands of age, religion and belief, and sexual orientation, alongside human rights. The new commission will be a powerful and authoritative champion for change. It will help individuals by providing them with more accessible and coherent advice and support. It will help communities by promoting good relations and increasing understanding between different groups. In that respect, it builds particularly on the work of the Commission for Racial Equality.

The new commission will also help the organisations of civil society—employers, service providers, public and voluntary bodies—by delivering a single source of help and advice on the law and spreading awareness of best practice. It will also help society as a whole, including the Government and both Houses of Parliament, by tracking Britain's progress on equality and human rights.

In drawing up our proposals, we have listened carefully to the views of a wide range of stakeholders, including members of the existing equalities commissions. In December 2003, we set up a taskforce to advise us on our proposals. I want to take this opportunity to thank all the members of that taskforce for their hard work and commitment in helping us develop our plans. It is fair to say that we could not have reached this stage without them.

In May last year, we published our White Paper, "Fairness for All". We received more than 440 responses from a wide range of organisations and individuals and we listened carefully to the issues and concerns that were raised. As a result, our response to the consultation, which was published last November, outlined a number of important changes to our proposals to ensure that the new commission effectively tackles the root causes of discrimination and successfully promotes equality and human rights.

Mr. John Bercow (Buckingham) (Con): I warmly endorse the thrust of what the Secretary of State has said thus far. However, given the importance of practising what we preach, can she explain why, in respect of the duty to promote gender equality, the relevant clause appears to provide an exemption for the House of Commons, the House of Lords, the Scottish Parliament, the Church of England and the intelligence services? That is not very good, is it?

Ms Hewitt: The hon. Gentleman raises an extremely important point, and I am grateful for his support of the Bill in principle. My understanding is that the drafting of that clause closely follows the existing duties, particularly regarding race, but I am sure that we can return to the issue in greater detail in Committee—if not in the present Parliament, in the next.

I want to turn now to the detail of the Bill. Part 1 establishes the commission for equality and human rights and defines its purpose and functions. The fundamental duty of the new commission is to work towards a society in which everyone can achieve their potential, free from prejudice and discrimination, and where there is respect for the dignity and worth of each individual. It will achieve that goal by promoting awareness of discrimination and human rights law, spreading good practice and enforcing anti-discrimination legislation. Clauses 22 to 34 set out the range of powers that the commission will be able to use to enforce such legislation. Those build on the enforcement powers of the existing equality commissions, but also provide new and more flexible powers in a number of important areas.

The commission will have a new power to assess how public bodies are complying with their equality duties and also a power—available for the first time across all discrimination law—to enter into binding agreements with bodies as an alternative to an investigation. It will be able to arrange conciliation in disputes in areas where conciliation services are not already available through ACAS and it will have explicit powers to seek leave to intervene in legal proceedings as a third party, allowing it strategic influence in key cases. It will have new powers to conduct inquiries into sectors or named bodies on multiple discrimination and human rights issues. Unlike the current commissions, there will be no statutory constraints on the discrimination cases that the new commission can support and no requirement to seek the permission of the Secretary of State to summon witnesses and obtain papers for discrimination cases, inquiries or investigations.

As well as its work to promote and enforce equalities legislation, the new commission will bring together human rights and equality issues for the first time. That is a hugely significant step, which will help to build a culture in which the rights and equal worth of every individual is truly understood and honoured. The new commission will raise awareness of the importance of human rights and encourage compliance and good practice by public authorities with Human Rights Act obligations.

Vera Baird (Redcar) (Lab): I welcome the Bill overwhelmingly in respect of both equality and human rights. The Secretary of State has set out the powers that the new commission will have to promote equality. Is it not the case that the powers of enforcement in respect of human rights are considerably weaker? There are no investigatory powers, no enforcement powers and no powers even to issue codes of practice. Am I missing the justification for that?

Ms Hewitt: My hon. and learned Friend is quite right that we have distinguished between the new commission's powers in respect of anti-discrimination law and its powers in respect of human rights law. The reason is simple: human rights law covers such a wide range of potential obligations—particularly, but not only, on public bodies—that we decided that giving the commission the same powers in respect of human rights law as it will have in respect of anti-discrimination law would be to overburden it. It is too much to expect of it such a wide range of activities and expertise, as it might

[Ms Hewitt]

not be able to fulfil the burden of expectations or duties placed on it. We believe that we have the balance right as between securing the advantage of placing anti-discrimination law into the broader context of human rights and having a commission that will be able to promote understanding and awareness of human rights without, frankly, overburdening it or expecting it to do potentially everything for everybody. Therefore, the commission will have powers to conduct general inquiries into human rights issues, as well as into individual organisations' performance. In another new departure, it will also have powers to apply to intervene in human rights cases. The Bill does not lack powers in relation to human rights, but contains an appropriate balance of such powers.

As I said, the commission will also have a duty to promote good relations between all communities. We would expect it to give priority to the work that the Commission for Racial Equality has pioneered with black and ethnic minorities and faith communities. It will also have new powers explicitly to combat and monitor prejudice and crime affecting particular communities, such as hate crimes. Given the present enormous concerns among faith communities, especially about the rise of Islamaphobia and anti-Semitic prejudice, that power will be of particular importance.

A critical aspect of the commission's work will be to publish a regular "state of the nation" report. That triannual report will use hard measures and rigorous evidence to monitor the progress being made towards delivering greater equality of opportunity and tackling discrimination.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does the Secretary of State agree that a triannual report appearing, in effect, only once during a Parliament would not be enough? Should not the commission report every two years instead?

Ms Hewitt: That is something that we would be happy to look at further in Standing Committee. I welcome the hon. Gentleman's implication that he does not consider the commission's reporting functions as unnecessary red tape. I hope that we can agree on that, at least.

Whatever the interval, the report will be an important tool for holding to account the public sector, the Government and employers more broadly for the progress being made, as well as providing a means for Parliament and others to evaluate the effectiveness of the strategies that the commission adopts to reduce inequality.

During the consultation process, organisations raised a number of important issues about how the commission will work. First, the commission needs to draw on the substantial existing expertise of those already working in different equality areas, including people in the current commissions. That point was made with great force, and we readily accept it. The appointment provisions in the Bill will ensure that members of the commission's board have knowledge and experience relevant to different areas of discrimination and human rights, and of the commission's functions in the round. Secondly, consultees stressed—and we entirely accept—that the commission needs to reach out to and involve all communities in its work. That is why it will have a new duty to consult with specific communities and the wider public on its strategic priorities. Thirdly, we have listened carefully to the views of people with disabilities. That relates to a point raised a moment ago. We have made provision for the establishment of a disability committee. Disabled people will form at least half of that committee's membership, to advise and take decisions on the commission's disability work.

Finally, we want to ensure that the commission responds fully to the distinctive needs and circumstances in Scotland and Wales. Therefore, the Bill ensures the commission has statutory committees in Scotland and Wales covering all aspects of its work.

Angela Eagle: There has been concern in the Disability Rights Commission that there is no direct representation of people with disabilities in the otherwise very effective equality body established in Northern Ireland. The Bill adopts a good approach, but can my right hon. Friend guarantee that that will continue, so that disabled people will know that they will always have direct representation on the new body? In that way, their voice will be heard directly, and just where it needs to be heard.

Ms Hewitt: My hon. Friend makes an extremely important point, and I agree strongly. The voice of disabled people will be heard and felt strongly in the commission as a result of the provisions in the Bill, especially the establishment of the disability committee and the requirement that the board reflect the broad range of experience and expertise.

Malcolm Bruce (Gordon) (LD): Does the Secretary of State agree that the provisions of the Bill should be supported eventually by a single equalities Act? That would reinforce this Bill, and make it almost impossible for the equality commission not to take account of the interests of any sector of society likely to suffer discrimination.

Ms Hewitt: I agree, and I shall return to the question of a single equalities Act in a moment.

Julie Morgan (Cardiff, North) (Lab): My right hon. Friend mentioned the Welsh committee, and I am pleased that the Government have recognised Wales' devolved nature. Can she say how the members of the Welsh committee will be appointed?

Ms Hewitt: I am not sure that I can, at the moment. That is an extremely important question, and I shall ask my right hon. Friend the Deputy Minister for Women and Equality to deal with it when she winds up the debate.

I want to move on to part 2 of the Bill, which will plug a significant gap in existing equalities legislation. During the consultation process, a number of organisations strongly called for the extension of protection against religious discrimination. At present, that protection applies only to employment conditions. The Bill's provisions in respect of discrimination on grounds of religion or belief are designed to answer those concerns.

The Bill will also address the imbalance that has emerged from case law under the Race Relations Act 1976. People of the Jewish faith and in the Sikh community are afforded protection in certain areas of the law as ethnic groups, while members of other religions and faiths are not. For example, a Jew or a Sikh who is refused service in a restaurant or a shop can challenge that discrimination through the legal system, but members of any other religion or belief who receive the same unfair treatment cannot. I hope that all hon. Members will agree that it is simply unacceptable that a shop, hotel or restaurant can lawfully refuse to serve Muslims, and a golf club can refuse to accept them as members, whereas the same practices would be outlawed if applied to Jewish or Sikh men and women.

Helen Jackson (Sheffield, Hillsborough) (Lab): I congratulate my right hon. Friend and her team on this important Bill, but does she agree that, in this context, another lesson can be drawn from Northern Ireland? The very deep religious and cultural differences there meant that the Equality Commission for Nothern Ireland played a crucial role in the Good Friday agreement. Its recognition of the differences was an essential element in resolving some of the cultural problems in Northern Ireland.

Ms Hewitt: My hon. Friend speaks from deep personal experience, as she made an enormous contribution to the process of achieving the Good Friday agreement. She is right: a commission that recognises the cultural differences that can give rise to prejudice and discrimination can help to create the fairer and more harmonious society that we all want. Fially, I should like to take this opportunity to say how much the House will miss my hon. Friend in the next Parliament.

Part 2 of the Bill will end the anomaly that I described. The proposed measures will make it unlawful to discriminate on grounds of religion or belief in the provision of goods, facilities or services, or to discriminate against or harass a person on those grounds in disposing of or renting property, in the provision of education or in the exercise of other public functions. Various exceptions are provided for, for example in the case of faith schools, Parliament, the security agencies and the armed forces—again following precedent in these matters—and of course the courts.

Linda Perham: With reference to goods, facilities and services, does my right hon. Friend agree that it is a cause of great grievance among older people when they are discriminated against—for example, when somebody over 70 tries to hire a car? Although part 2 concentrates on religion and belief, there are older people who believe that the anomalies affecting them should be addressed.

Ms Hewitt: My hon. Friend makes an important point, which we will certainly address in the review of equalities legislation, to which I shall return shortly. It is an important point, but it was simply not possible to address all the implications of that in the Bill.

With regard to part 2, I thank the Under-Secretary of State for the Home Department, my hon. Friend the Member for Slough (Fiona Mactaggart), for the enormous efforts that she and her officials have made to ensure that we could have the relevant provisions in the Bill. That is an important step forward.

Part 3 brings sex discrimination legislation into step with race and disability legislation. We have already introduced a duty on the public sector to promote race equality, and we plan to enact a duty to promote equality between disabled and non-disabled people. The Bill ensures similar provisions in relation to gender, so public authorities will be prohibited from sex discrimination in carrying out their public functions, and will have a new duty to promote equality of opportunity between men and women when carrying out those functions, and to tackle unlawful discrimination.

Mr. Boswell: Does that mean that for the new strands—the ones not historically represented by commissions—that duty will not be written into the provisions? What is the thinking behind that apparent discrimination? There seems to be a functional distinction between those who are reinforced by their traditional position, and those who come new to the issue.

Ms Hewitt: The hon. Gentleman raises an important point, to which I alluded when responding to my hon. Friend the Member for Ilford, North (Linda Perham) on the question of age discrimination. It is simply not possible in the Bill to deal with every aspect of the inconsistencies in the legislative treatment of different groups.

In closing, I should like to put the Bill into the broader context of the other steps that we as a Government are taking to deal with discrimination and to promote equality. The Bill will, as I have indicated, take three important steps—the gender duty, the extension of discrimination law on grounds of religion or belief, and above all, the establishment of the single equality and human rights commission. But we are taking two other hugely important steps. We have already established an equalities review, which is being led by Trevor Phillips, who is also the chair of the Commission for Racial Equality, to look at the long-term and underlying causes of inequality and disadvantage. That much wider review will inform the work of the single commission and provide practical recommendations on key policy priorities for the Government, but not only for the Government—also for the public sector, employers, trade unions, the voluntary sector and civil society as a whole.

Chris Bryant (Rhondda) (Lab): Will my right hon. Friend give way?

Ms Hewitt: Let me, if I may, finish the point.

We have also launched a review of equality legislation to correct the inconsistencies and inequalities in our discrimination law. That work, which will seek to simplify and modernise the law, will move towards the establishment of a single equality Act, for which equality organisations and many of my hon. Friends have been campaigning for many years. I give way to my hon. Friend the Member for Rhondda (Chris Bryant).

Chris Bryant: I am grateful to my right hon. Friend. I am grateful also for the way that she continued her

[Chris Bryant]

sentence. Perhaps it would have been better if I had not intervened on her. She seems to have answered the point made by the hon. Member for Daventry (Mr. Boswell) by suggesting that once the two reviews are finished, it should be possible for us to have a Bill that would require the new organisation to adopt the duty across the piece, so that equality is not atomised, but dealt with as a whole.

Ms Hewitt: My hon. Friend makes an extremely important point. It is precisely the scope not only of the duty on public authorities, but of various other aspects of anti-discrimination law that we will be able to examine in the review of equalities legislation—a review that my Department is leading and on which we have already started. It might be helpful if I say that there will be a full consultation and a properly inclusive process as we look at the various aspects of anti-discrimination law.

The Bill, and more broadly our strategy to counter inequality and discrimination, is a product of work right across Government. I am very grateful indeed to all my right hon. and hon. Friends who have worked as a single team not only to promote the Bill, but to put in place the two other reviews that I mentioned. We also have the cross-Government strategy to promote racial equality and social cohesion, which is being led by my right hon. Friend the Home Secretary; the work to take forward the national employment panel's recommendations for increasing employment and business growth for ethnic minorities, which is led by my right hon. Friends the Chancellor and the Secretary of State for Work and Pensions; and the work on improving the life chances for people with disabilities and the recently published strategy on age diversity, led my right hon. Friend the Secretary of State for Work and Pensions.

As I said, we in the Government believe that equality and human rights are not minority concerns. They are the cornerstones of a strong and fair society, and of a strong and prosperous society. They are the foundations of the mutual trust and respect that we all wish to see in our country. Earlier today my right hon. Friend the Prime Minister announced the date of the next general election, so in a few days we will be leaving the House for our constituencies and the election campaign. I hope that all of us who have had the privilege of serving as Members of the House and all who aspire to do so will avoid doing anything to arouse or exploit prejudice against any group in our society.

In the election campaign, there will of course be sharp disagreements and passionate debate. That is as it should be, and it is a tribute to our democracy and to the freedom of speech and political expression that we cherish, and which is entrenched in our Human Rights Act, that it should be so. But let us exercise that freedom of speech in a way that reflects the best traditions of the House, rather than the worst elements of some of our media. I trust that once we have had the verdict of the British people, the Bill will proceed to full enactment. I believe that it is good for individuals, good for our communities and good for the social and economic strength of our country, and I commend it to the House.

3.8 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): I begin by declaring my interests, as set out in the register.

I apologise for the absence of my hon. Friend the Member for Eddisbury (Mr. O'Brien), whose middle son had quite a big heart operation a couple of days ago. My hon. Friend felt that he should be with his family at this time. His boy is making good progress, I am pleased to say.

I am grateful to the Secretary of State for the clear way in which she explained the Bill. Whatever our concerns about the Bill—we have a number of them—she has worked hard on the agenda with her right hon. Friend the Deputy Minister for Women and Equality. In 2002 she published the consultation paper, "Equality and Diversity: Making it Happen". We then had the statement of intent in October 2003 and the White Paper in 2004, followed by the Bill. Whatever our disagreements with the Secretary of State about red tape, regulation and many other themes that we have pursued, she can be proud that what she has worked so hard on is coming to fruition. All Conservative Members praise the work that she and her team have done, but there will soon be an election and everything is now riddled with uncertainty.

I offer our broad support for the Bill, particularly clause 3 on the fundamental duties of the commission. The Opposition sign up to those aspirations. We support the principle of bringing the Equal Opportunities Commission, the Commission for Racial Equality and the Disability Rights Commission together and adding the new strands of sexual orientation, religion or belief and age. Given that no statutory body is charged with promoting human rights, it makes sense to give that duty to the new commission for equality and human rights.

Mr. Boswell: I am pleased to hear my hon. Friend's authoritative welcome for the Bill's principles. In heaping justified praise on the Government for their changes following consultation, does he agree that that is an object lesson to the House and the country in the formulation of public policy? We have already made many improvements in the initial process that drives us forward to the need for careful consideration. The Secretary of State referred to the commission and we want the correct final outcome, which we have not yet reached.

Mr. Bellingham: I would like to praise my hon. Friend for his work on disability issues over many years, and I also praise my hon. Friend the Member for Epping Forest (Mrs. Laing). Members of Parliament and Front Bench spokesmen on both sides of the House have worked hard on a non-party political basis. I agree that it is important that the Bill should go into Committee because we want clarification on a number of points.

I shall raise some general concerns, but first I want to examine some specific points because it is obvious that the Bill will not go into Committee in the near future. If the Minister has time when she winds up, perhaps she will clarify one or two points. Clause 6 covers disclosure, so what will be the impact of the Freedom of Information Act 2000?

Under clause 13 on monitoring progress, as I said during my brief intervention on the Secretary of State, the commission will be required to publish a report within three years of the Bill coming into force and every three years thereafter. That will be approximately once in the lifetime of a Parliament, which is insufficient scrutiny. Perhaps we can return to that.

Clause 30 refers to legal assistance and subsection (1) enables the commission to give assistance to an individual who is the victim of discrimination or

"who is or may become party to legal proceedings".

Will the cost of that assistance come from the commission's budget or will it be funded by the Legal Services Commission, and what is the relationship between the two? The commission for equality and human rights could be running other cases—for example, judicial review cases under clause 32—and that could have a substantial impact on its budget. What would happen if it ran over budget? Will there be a supplemental budget for such legal cases and will the Legal Services Commission be involved?

Clauses 38 to 40 refer to dissolution, which is highly relevant to today's announcement, the transfer of property, rights and liabilities and to the Transfer of Undertakings (Protection of Employment) Regulations 1981. What about the existing commissions' ongoing cases? It is important during the transition period that the three commissions are not deterred from launching new actions and it is equally important that existing legal actions are pursued with the usual professionalism, resources and commitment. I hope that the Minister can give an assurance on that.

Clause 34 refers to public sector duties and enables the commission to require a public authority to comply with its public sector duties covering gender, race and disability. What about the other strands of age, religion or belief and sexual orientation, to which the hon. Member for Rhondda (Chris Bryant) alluded? Age Concern is worried about that and sees some illogicality. It believes that omission of the other strands and the relationship of public authorities in terms of their duty goes against the essence of the commission's approach.

The Secretary of State kindly wrote to me and other colleagues on 25 February announcing the Government's equalities review, which will run in tandem with the Department of Trade and Industry's discrimination law review. The equalities review will be chaired by Trevor Phillips and will report in 2006. It will review all equality legislation. Is it sensible to go ahead with the Bill before we have the findings of those reviews? We support the broad outline of the Bill, but some important reviews will report in the near future.

Stonewall has said:

"the creation of the CEHR will show that the current inequality in legislative provision is untenable. A Single Equality Bill, simplifying and standardising equality legislation for all protected groups, will bring greater clarity for individuals and employers as well as equality for those groups who are lagging behind."

That view is echoed by other bodies.

Angela Eagle: Is the hon. Gentleman arguing that the Bill should not be reintroduced early in the next Parliament but should be delayed for a year or two?

Mr. Bellingham: It is important to get the Bill right and it might be better to have one really good Bill following the outcome of those reviews. Perhaps the Minister will respond to that.

The Disability Rights Commission states in its briefing to Members on the importance of harmonised equality legislation:

"The DRC believes that a CEHR cannot be fully effective without new legislation to level up the current provisions for the various equality strands ... The wide disparities within current equality legislation will result in different groups of people having different levels of protection."

That is my concern and I hope that the Minister will be able to respond to that when she winds up.

Helen Jackson: In light of the current circumstances and the detailed examination that the Conservatives have given to their spending plans if they were to form a Government, have they earmarked expenditure for these provisions and will they support and push for them, or will they be among the £35 billion of cuts?

Mr. Bellingham: That is a red herring. We have made it clear that we will streamline the Department of Trade and Industry and cut some of its funds. Its budget and the number of staff have risen sharply over the past eight years and there will be plenty of money around for important legislation and maintaining priorities. If I am fortunate enough to be in the position of the Minister of State and in charge of the legislation, the DTI team will do what it can to ensure that those priorities are maintained.

Chris Bryant: I want to take a different tack, but before doing so, I have to say that it is a delight to hear the hon. Gentleman citing Stonewall in this Chamber. He would not have done so five or 10 years ago and we are enormously grateful for that change in the Conservative party in recent months.

The hon. Member for Epping Forest (Mrs. Laing) said earlier from a sedentary position that the Conservatives would introduce a similar Bill soon after the general election. If he can do so with a straight face, will the hon. Gentleman say how quickly they might introduce such legislation when they win the general election?

Mr. Bellingham: The hon. Gentleman mentions the word "when"; perhaps he has seen the opinion poll in the *Financial Times* today. Obviously, I cannot pre-empt what my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) will do in his first Queen's Speech, but our Front-Bench spokesmen and spokeswomen feel strongly about the Bill and will do all we can to pursue its important priorities if the electorate give us the mandate.

On disability rights and the work of the DRC, I recently had a useful meeting with the West Norfolk disability information service—WNDIS—and its representatives, Mr. Jonathan Toye and Mr. Brian Reed. They expressed concern that the new commission will not have the same focus, bite, and detailed and expert knowledge that the DRC has. We discussed at some length how the disability rights functions of the new commission will work. I feel, as they did, that the commission must reflect the unique and complex nature of disability as well as the distinctive legislative provisions on disability. Incidentally, they do a superb job helping disabled people in my constituency, explaining what their rights are, sponsoring cases in

[Mr. Bellingham]

which there has been injustice and a breach of those rights, explaining to local businesses exactly what they should be doing, and working with local public bodies. We discussed the importance of the commission having a dedicated disability committee, and I should like the Minister to elaborate on that and to put at rest the minds of two excellent and hard-working constituents of mine who are concerned that the DRC's expertise and professionalism should be continued.

Is there a real possibility that the other strands will also want their own dedicated committees? I have always been in favour of a federal approach, under which the commission would be an umbrella body focusing on cross-cutting and shared issues together with units and appointed committees, with executive powers, concerned with each strand. Whether it is too late to go down that route, I do not know, but there is the obvious precedent of the disability committee.

We support the idea of a one-stop shop. We find it attractive, and it has been welcomed by a lot of organisations, such as the CBI, which has not always supported what the Government have done, but which said:

"The current approach is often confusing, time consuming and does not offer adequate support for issues crossing over different equality strands. A single commission would have the advantage of being a simple 'one-stop shop' for advice on all equality issues, presenting a joined-up approach that could help rationalise support."

It is important that the Government should listen to business needs, and the Government's White Paper, issued a short while ago, noted on page 164, in paragraph 7.23:

"The Government expects members of the ... board and senior management team to include people with experience of business and management to help ensure that, as an organisation, it is equipped to engage constructively."

We certainly support that, particularly bearing in mind the importance of small businesses, which represent 99 per cent. of all firms. They generate 52 per cent. of the country's wealth, and many prefer to work through intermediaries. That is why it is vital that the commission should make a special effort to work with those intermediaries so that it is able to get through to the small businesses that are such an important part of our wealth creation.

There is no reason why the commission cannot develop as an authoritative and credible body. Merging different organisations into one should lead to efficiencies. I am well aware that the start-up costs of any new super-commission will be substantial. I understand that they will be in excess of £24 million. The transfer of undertakings will obviously be expensive, and there will be a need for new IT systems. However, given that the three existing strands will come into one body, even though there are three new strands and even though human rights work will come in, economies of scale should surely lead to a lowering of costs.

I do not understand why the DTI will not insist that a really impressive example is set here. Yet, page 47 of the explanatory notes to the Bill makes it quite clear that the estimated annual budget of the new commission when fully operational—not before 2007, and possibly later—will be £70 million. That is up from a combined budget of the existing commissions of £43 million. Most of the extra cost will be down to the extra staff, but there surely could be substantial savings on staff. In rationalising and merging IT departments and other departments, such as public relations, there should surely be a case for a more streamlined operation. I should have thought we could easily consider the new commission employing fewer than 500 staff and still doing a really good job. Surely the Secretary of State should at least try to deliver that and to set an example.

In theory, merging and consolidating existing regulators into a new super-regulator should lead to more efficiency and a simplified service. On the other hand, if one thinks of recent history, that has not always been the case. Consider the Financial Services Authority, whose handbook now runs to more than 8,000 pages. Can it really be said that the FSA is better run and more user friendly than some of its predecessor bodies, such as the Investment Management Regulatory Organisation and the Life Assurance and Unit Trust Regulatory Organisation? The DTI should do its level best to set a good example of a state-of-the-art, efficient organisation that offers really good value for money.

On the subject, incidentally, of the DTI setting a good example, the Secretary of State mentioned that diversity is important. Why, therefore, do a significant majority of DTI officials—60 per cent. in a recent survey—not agree with the statement:

"I believe that DTI recognises the diversity of its customers and adapts its policies to reach them."?

The Secretary of State has rightly said that it is important to narrow the gender pay gap, and we feel strongly about that. Why, then, is there still a 16 per cent. difference between male and female salaries at the DTI, a figure only marginally better than the national average? Surely that should concern the Secretary of State.

We are, to some extent, in a slightly surreal situation. We are debating a vital matter an issue of great importance to millions of people. Yet everyone knows that we are putting up a façade this afternoon and that the Bill will go nowhere. That is why it is important that the Bill should be brought back at an early stage after the election.

I should make one point to the Secretary of State. We have made it clear all along that we support the Bill. The Liberal Democrats also support the Bill. Yet quite a few Bills have been brought before the House in this Session that did not command cross-party support. Why was not this Bill given greater priority? Why did not the Government bring it forward months ago? We would have supported it, and it could be on the statute book. I do not understand that at all. It does not seem to make any sense. There were no logical, technical or practical reasons why it could not have been brought forward.

As an Opposition, we feel strongly that everyone should be given fair treatment. Discrimination of any kind is morally wrong. It destroys lives; it breaks up families; it ruins health. It also destroys wealth, because the most valuable asset of any business is its employees. If they are undervalued, undermined or discriminated against, how can they give of their best? If their lives are falling apart because their home life is a misery, how can they go to work with motivation and commitment?

We want everyone to be given every possible opportunity to reach the maximum fulfilment of their lives, free of any kind of discrimination, free of any kind

of abuse and free of any kind of prejudice. We respect and support much of the work that the Government have done, but we are equally proud of our own party's record, especially on disability, and particularly of the work done by the late right hon. Nick Scott when he was Minister for Social Security and Disabled People and by my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) when he was in that post. Our party has an excellent record on these issues, and that is why, if we do win the support of the electorate, we will continue with that work.

3.29 pm

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): Not only do I agree strongly with my right hon. Friend the Secretary of State, but I find myself agreeing with the main thrust of the remarks of the hon. Member for North-West Norfolk (Mr. Bellingham) and with the hon. Member for Daventry (Mr. Boswell), who has made a distinguished contribution on disability matters, when they welcome the Bill and, I assume, welcome the aspects of it that refer to disability.

It seems odd, on a day when an election has been declared, that the House is again showing that we can reach agreement on important issues. If the hon. Member for North-West Norfolk sounded a little impatient, I hope that in the course of my remarks I will be able to reassure him that, particularly in the field of disability, patience is, I am afraid, something that has to be acquired. I hope, nevertheless, that when my party is deservedly re-elected in a few weeks' time, it will bring the Bill back to the House very speedily, if only because of its great merits.

The Bill's main thrust is to establish a commission for equality and human rights. That will, of course, take over disability rights, and I want to devote most of my speech to that, as well as to the Commission for Racial Equality and the Equal Opportunities Commission.

There are, as you know, Mr. Deputy Speaker, 10 million people in this country who experience some aspect of disability, and of course it is right that in a society committed to pluralism we bear in mind not just their needs but their rights, including the rights of participation which were, to some extent, discussed following the statement earlier today.

I wonder whether the House will, if only for a few moments, allow me a degree of nostalgia when I refer to the setting up of the Disability Rights Commission. As someone who was fairly heavily involved in that policy, it seems to me that its existence will last for a shorter term than I expected. Reflecting on the formation of the DRC, I can tell the hon. Member for North-West Norfolk that the intervention from my hon. Friend the Member for Sheffield, Hillsborough (Helen Jackson)—a very distinguished parliamentarian whom we will miss very much—was extremely relevant.

As the member of the shadow Cabinet responsible for disability matters before 1997, it was my task to contribute to policy formulation and to present to my party's annual conference, which I was very proud to do, the proposal that such a measure should be included in the manifesto and then introduced by a Labour Government. I was proud to do it, particularly after we had been defeated by a mere 13 votes by the previous Government, whose spokesman on disability, the right hon. Member for Richmond, Yorks (Mr. Hague), who later became Conservative party leader, strongly resisted the idea.

My hon. Friend's intervention was relevant to this extent: I can tell the House that before I was able to make the declaration to our party conference, seek its approval and, I hope, have something to do with its inclusion in our manifesto for the 1997 election, the proposal had to be costed very carefully. I remember long conversations well into the night on the Friday before conference, with my right hon. Friend the Secretary of State for Transport, who was then the shadow Chief Secretary to the Treasury. We did not get an agreement easily, but once it was done we knew that the proposal had been costed and was to be part of our Government's policy, and I am very glad that that has been implemented. These matters have to be considered carefully, so my hon. Friend the Member for Sheffield, Hillsborough is right.

When it was proposed to set up a new commission embracing other bodies, including one for disability, I took the view that there might be a backlash against the idea, but I am pleased that that has not happened. That was largely because of the way in which the Government dealt with the matter, which included setting up the taskforce, and also because they went out of their way to embrace not just the DRC but the various disability organisations that realised, although they were so supportive of the DRC, that they would have an even stronger role in a larger, more effective and influential body. I hope that that is how things will develop.

I can remember the Disability Action Network, some of whose members decided to occupy Labour party headquarters for nearly a day, initially to protest about lack of access. Once they found that it was easy to get to the third floor, where the national executive met, they changed their demands. They wanted an immediate declaration from the then Leader of the Opposition—now my right hon. Friend the Prime Minister—that a commission would be set up. We do not make policy under those conditions, and I said so. However, because of those strong feelings, I want to refer to the views of the DRC.

It is true that there are reservations about some aspects of the Government's thinking, but the DRC view on the Bill is clear. It says that it

"marks a new approach to equality and human rights which we believe has great potential to transform the life chances of disabled people and other marginalised groups in our society".

I know that the House will give great weight to the views of the DRC in that regard.

The DRC went on to say—and I agree—that there is a need for

"strong advocacy and a real voice in an effective enforcement body".

It hopes that the commission will follow that path. The DRC's emphasis is important. As I said, it welcomed the main proposals but said that the Government's proposal for at least one disabled commissioner and a disability committee for at least five years should be widely debated in the House before the Bill is enacted, if only to answer the questions: why five years, and why impose a limit at all? Those are fair questions, and I endorse them.

[Mr. Tom Clarke]

The DRC generally welcomes both the wide enforcement powers at the disposal of the commission for equality and human rights and the remit to promote and investigate human rights—as far as it goes. Many Members on both sides of the House want it to go further. The new provisions to counter discrimination on grounds of religion or belief in relation to goods, services and facilities, and the new duty for the public sector to promote gender equality are welcome, too. They certainly represent progress.

The DRC supports a single measure on equality, and I welcome the intervention by the hon. Member for Gordon (Malcolm Bruce). He made an important point, representing a view that is widely shared. My right hon. Friend the Secretary of State may not have had time to respond in detail, but perhaps the Government's position will be expressed with greater clarity in the wind-up, not least because of what we read in the excellent Library note. Library briefings are always good, but Vincent Keter has done a superb job on the Equality Bill. He refers to the TUC. Indeed, I shall simply quote what the TUC said:

"In the interests of social justice and fairness, a single equality act should establish high and consistent standards of protection across all equality areas. A single equality body established without the full statutory backing of fair, comprehensive and transparent equality legislation would lack authority and have trouble dealing with the expectations of different interest groups."

That is also the view of the Commission for Racial Equality.

Angela Eagle: Is my right hon. Friend aware that that is also Labour party policy? The policy forum was of that opinion when it met last year, and that opinion was subsequently agreed at last year's conference.

Mr. Clarke: I am delighted, as always, to be reminded by my hon. Friend of the importance of Labour party policy formulation.

Before I deal with another aspect of the Library paper to which I have referred, I should like to ask whether copies of the Bill—or rather, in due course, the Act—will be made available promptly in the full range of accessible formats, so that people with all sorts of disability can have access to it. The Government are committed to a more inclusive society, as the Bill shows. They have an excellent record in challenging discrimination and prejudice across the board. That, too, is reflected in the Bill. I urge them to confirm yet again the importance of enforcement, promotion and a robust commitment to the human rights remit.

I should like to refer—very briefly, as other hon. Members want to speak—to the other aspect of the Library paper. In respect of disability, it refers to the hierarchy of equality and expresses the view that some groups have been left with less protection than others. I believe that to be the case, and I believe that it is wrong. We should seek to put it right.

The Library paper says that the equality commission will amplify the impact of discrimination legislation and promote equality. It rightly talks about employment, which is crucial if people with disabilities are to make progress and gain the feeling that they are a very important part of our society, respected and encouraged to achieve their full potential.

The Disability Discrimination Bill rightly addresses goods and services issues, but we have not been as specific as the disability organisations would like, especially in relation to transport issues. I certainly take the view that, although we have made tremendous progress under this Government, some public bodies might be encouraged to reflect the disability awareness that we have accepted in the House.

I should like to give an example, without, I hope, being at all patronising. Today, I decided to ring Mencap—one of the many wonderful organisations involved in this field—and the young woman who answered the phone has learning disabilities. I simply wish to say that there are many public bodies whose personnel could well emulate the absolutely charming, helpful and efficient way in which that young lady did her duties, and it is that sort of approach that we want to encourage.

I referred in an earlier intervention to the Government's thinking about Scotland. I welcome what they have to say about Scotland, and in particular, the links that they have already established with the Scottish Executive, with the proposal for a Scottish representative on the commission and the encouraging of an annual report to the Scottish Parliament. I welcome that very much, as long as it is consistent with the commission itself. We will provide resources and staffing so that the commission has the best possible professionalism and advice to allow it to make the kind of report that that Parliament—and this Parliament, for our interests—is entitled to receive.

I have spoken about disability, but I know that the Bill embraces other aspects of human rights, which I welcome. For example, it adds to the Chronically Sick and Disabled Persons Act 1970. Mr. Speaker has arranged a reception tomorrow evening at which my good friend Lord Morris of Manchester will be the principal guest, and it is right for that Act to be honoured 35 years on.

Next Monday—11 April—is the 19th anniversary of the Third Reading of my private Member's Bill that became the Disabled Persons (Services, Consultation and Representation) Act 1986. Yesterday, I was delighted to be in the Chamber to hear moving tributes to the late Lord Callaghan. I remember that on the day when we tried to get that Bill through, as I sat under the clock showing the customary humility that the House would expect, Jim Callaghan appeared and stood at the Bar. I understood that he had travelled from Cardiff that day to ensure that we had a quorum for the vote so that we could get the Bill through, which we did. I would dearly have loved the advocacy aspects of the Act to have been implemented. I pray for that even today, and hope that when the Equality Bill is enacted in due course, as I passionately believe that it should be, there will not be the delay in implementation that other Acts have experienced.

The Bill is welcome and noble. Whatever the differences that we will demonstrate over the coming weeks—I will play my part in debating them—I think that it reflects the basic commitment of the British people to a civilised society, which is reflected by the Government's policy on such important matters.

3.47 pm

Malcolm Bruce (Gordon) (LD): It is a pleasure to follow the right hon. Member for Coatbridge and Chryston (Mr. Clarke), whose record of campaigning on disability issues, especially, is perhaps unrivalled in the House. I have been happy to support him on several occasions. He gave an eloquent testimony to the reasons why he supports the Bill and how he has come to arrive at that point.

Before I go into the details of our support for the Bill, may I apologise, especially to the Deputy Minister for Women and Equality, for the fact that I will have to leave just before the end of the debate, although no discourtesy is intended? I am pleased to say that she will know that although I have several comments to make about the Bill, my party certainly supports it and regrets, in one sense, that our debate is only a rehearsal for proceedings that will presumably take place in the fairly near future and follow through to the Bill's enactment.

The very title of the Bill seems to encapsulate how we have turned round 180° in our approach to these issues. It is not an anti-discrimination Bill, but an equality Bill, which represents a fundamental change of approach. Indeed, although I noticed that the Joint Committee described clause 3 as being more like a party manifesto than a piece of legislation, the provision nevertheless makes it clear that the Bill is hugely aspirational, with the intention of promoting equality rather than giving people the means of dealing with discrimination. After all, the opportunity to deal with discrimination comes only after the event if the law gives one rights to protest against it. The Bill is an attempt to give people legal rights so that they are equal in the first place. That is a fundamentally different approach.

Reading through the submissions that we have received, I was interested to see that, whatever their initial reaction, the overwhelming majority of organisations are now pretty well on board, although some have made supplementary comments on what is necessary. The right hon. Gentleman mentioned the legislation's application in Scotland. Even those of us who represent Scottish constituencies appreciate the fact that the Bill addresses the differences between the roles of the Scottish Parliament and the Westminster Parliament, but I hope that when the Bill is enacted and the commission is established some clarifications will be made available, otherwise people in Scotland might be confused about where to turn for support. I am sure that that can be done.

In an intervention on the Secretary of State, I raised what will be the main thrust of my speech, which is my hope that a single equality Act will deal effectively with the hierarchy of equality, which the right hon. Gentleman also mentioned. In the past, we have addressed different aspects of equality in a piecemeal fashion through different pieces of legislation, with the result that the various aspects are perceived to be of different degrees of importance. That is why the disability rights organisations, for example, were concerned and suggested that—in a sense as a gesture—the Bill should provide for a person who is or has been disabled to be on the commission. In reality, it is inconceivable that the commission will not represent and promote the interests of disabled people. The issue will not be whether a person has been disabled, but what is done to ensure that disabled people's rights and opportunities are promoted to the full.

At this point, let me make a small special plea, as I tend to do on occasions such as this, as chairman of the all-party group on deafness, which has been established in the past year. There is a range of disabilities, each of which brings different needs. We have not set up the all-party group on deafness to detach ourselves from the general campaign on disability rights. We simply acknowledge that there are discrete issues of particular concern to deaf people that need to be addressed separately, while continuing to support and to work in full co-operation with other groups.

I welcomed the Department for Work and Pensions' recognition of sign language, which took place within the past couple of years. It was nicely publicised as the Government giving official recognition to British sign language; in fact, it was the Department doing so and I have not seen anything comparable from other Departments, such as the Department for Education and Skills. My serious point is that the Committee of Ministers of the Council of Europe is determining what type of legal instrument can be added to the European convention on human rights to give sign language users the recognition that has been given to users of other minority languages. It is worth putting on record the fact that in the UK there are more users of British or Irish sign language than speakers of Welsh or Gaelic, yet the resources that the latter two languages attract are probably 50 times as great as those that go to sign language. Although I welcome the DWP initiative, it is only a drop in the ocean of what is needed to enable sign language users to use their language fully in the wide range of circumstances to which clause 3 refers. I hope that the commission recognises that it should take a proactive approach to that issue.

Having put that on the record, I shall get down from my soapbox and address the mechanics of the Bill and its proposals. Several of the groups that made representations have argued the case for a single equality Act. The Equal Opportunities Commission supported that case particularly well, saying that if the new body is to be effective, it must be backed up by a consistent legal framework, be able to fulfil a full range of roles, be organised and resourced to work effectively in Scotland and Wales as well as in England and Great Britain, and be able to deal effectively with each of the equality strands and with human rights. It also has to be properly resourced.

I do not disagree with the hon. Member for North-West Norfolk (Mr. Bellingham), in that it is legitimate for the following question to be asked and for the Government to spell out the answer. They do not have to do so today. It is: why will the new body cost £70 million as opposed to the current cost of £43 million? I hope that there are good reasons for this, because the aspiration is to do a great deal more. A little more information about why this will be the case and how the distribution will take place would give us some comfort that the extra cost will be because of the remit of the new legislation and not because of an expanding bureaucracy.

The Secretary of State, the hon. Member for Salisbury (Mr. O'Brien) and I recently spoke at a CBI conference on diversity. It is worth noting that at that

[Malcolm Bruce]

conference Sir Digby Jones of the CBI said that the organisation supported the Bill and the representations that had given support to the Bill, but then expressed many reservations about the detailed application and regulations that may flow from it. I hope that the Government will recognise that a single equality Act should reassure the likes of the CBI that it would bring together and simplify legislation and regulation rather than make it more complicated. That, fundamentally, is the objective.

Mrs. Eleanor Laing (Epping Forest) (Con): I agree with so much of what the hon. Gentleman has said. However, I understand that his party has undertaken completely to get rid of the Department of Trade and Industry. If the Liberal Democrats are in Government in six weeks' time, how will he administer the very good points that he is making now?

Malcolm Bruce: The mechanisms for delivering policy and particular Ministers are matters for judgment. Our view is that it is perfectly possible for this matter to be dealt with in another Department—for example, the Home Office. I understand that the DTI, partly because of the second nature of the Secretary of State, is also the Department for equality, but it is slightly odd that the Bill has been promoted by the DTI. People might worry that it was more narrowly drafted because of that and confined to economic issues when, I am glad to say, it was not. The Bill runs much more widely than the DTI. It reaches throughout society, as it rightly and properly should. It is just a convenience of current Government organisation that it happens to be coming from the DTI.

I reinforce another point made by the hon. Member for North-West Norfolk. On the impact of the proposed legislation on business—I reiterate that it has a much wider impact than business—it is important that the needs of small and medium-sized businesses be particularly represented. With the greatest respect to the Government, there is sometimes a tendency to think that if they have spoken to the CBI, they have the voice of business. Big business has an agenda and a capacity to respond that are different from small and medium-sized businesses'. I hope that that will be taken firmly on board.

The main case is for a single equality Act. Current legislation has grown up piecemeal over the years. I am advised that there are currently 30 Acts, 38 statutory instruments, 11 codes of practice and 12 EC directives and recommendations relevant to the areas and activities of the proposed new commission. That is a difficult mix of areas for people to take account of. As has been said, there are anomalies within the existing system. If someone is being discriminated against because they are Jewish or a Sikh, they can have recourse to the law. If, however, that is happening to someone and they are Muslim, currently they do not have that recourse. An equality Act can deal with that simply and straightforwardly.

The bringing together of equality and human rights is absolutely right in principle and in practice. It is often forgotten that the UK is not only an early signatory to the European convention on human rights, but that largely we wrote it. It is not some form of alien European imposition. The convention was drawn up largely by British lawyers in the aftermath of the war and the Nazi occupation to create a framework of fundamental rights to which all countries that had been engaged in the war could sign up. We might tend to think that we were providing the convention to the occupied, defeated and liberated nations of Europe out of magnanimity, and that it somehow did not apply to us. However, we wrote it in our own terms and we signed up to it.

The Conservatives talk glibly about the possibility of repealing the Human Rights Act 1998. I saw the Leader of the Opposition looking somewhat uncomfortable when challenged on this point recently. When he was asked whether he was going to renege on our commitment to the European convention on human rights, he said no. I should remind the Conservatives that when we signed up to the convention in 1953, we also undertook to incorporate it in our domestic law, although it took us nearly 50 years to do so. It is really disconcerting to hear the Conservatives suggesting that they might go back on that fundamental part of our treaty obligations. The Human Rights Act gave British citizens the right to take human rights cases to the domestic courts, rather than having to incur the expense and delay of taking them to Strasbourg.

Angela Eagle: I agree with the hon. Gentleman's point entirely. Is he aware that that message is going through many people's letter boxes in direct mailings from the Conservatives even as we speak, despite the fact that their Front-Bench spokesman feels uncomfortable about it? What does the hon. Gentleman make of that phenomenon?

Malcolm Bruce: The Conservatives' entire campaign is dishonest. I am glad to say that I do not believe that they have any intention of withdrawing from the European convention on human rights. I am not even sure that they seriously intend to repeal the Human Rights Act. However, they want to lead people to believe that they could do so, without confronting the real issues. Indeed, the hon. Member for North-West Norfolk made a reasoned and considered case for his party's supporting this Bill.

This is a British piece of legislation that the Government have introduced after consultation to put in place a much more detailed development of human rights and equality which will, I hope, go substantially beyond the basics of the European convention on human rights. Indeed, the Joint Committee, while expressing some concern that there might be areas of conflict or uncertainty, was quite clear that the general objective was to develop and enhance equality and human rights in the United Kingdom, above and beyond the provisions of the European convention, to meet the needs of our own societies.

Reservations were expressed by many of the organisations that will be affected by the creation of the equality commission. Perhaps a climate of vested interests is created when people have worked with their own equality commission. They might have reservations about its being merged with a greater organisation. However, to be fair to the Government, they have clearly persuaded people that the added weight and value of combining all these aspects will be beneficial.

Speaking as a trustee of the Royal National Institute for Deaf People, I can say that that organisation certainly welcomes the single commission approach.

I reiterate my party's view, which has been much more eloquently argued by my noble friend Lord Lester, who, regardless of politics, is regarded as one of the finest human rights lawyers in the country. He has attempted to introduce his own Bill on a single equality commission, and I hope that that was seen as a serious endeavour to put a framework in place. The Government have suggested that their own review is designed to lead in that direction. I do not concur with the view that we should delay the setting up of a single commission, and I would emphasise the urgency involved. We must not rush into this, but we must ensure that a single equality Act is introduced sooner rather than later. If not, the single commission will spend an awful lot of time dealing with an inadequate collection of piecemeal laws. Those could quickly be put to one side once we had clearer, simpler legislation.

I commend the Bill. As I said earlier, a fundamental approach to promoting equality rather than dealing with discrimination represents a radical and welcome shift that should greatly enhance the quality of life of every minority—we are all minorities at some stage or another—that could conceivably be discriminated against, and give them the backing and resources to create, as the right hon. Member for Coatbridge and Chryston said, a civilised society that is tolerant and inclusive.

4.4 pm

Helen Jackson (Sheffield, Hillsborough) (Lab): It gives me great pleasure to follow the hon. Member for Gordon (Malcolm Bruce). I especially appreciated his important reference to deafness, which made the point that the political will to move strongly on equality makes a difference to every form of discrimination on the ground of disability.

It also gives me great pleasure to contribute to the debate on the day that the general election has been called. I am proud to be a member of a political party that has had equality and fairness at the core of its constitution and principles since the day that it was founded more than 100 years ago. Despite some people's grumbles, equality remains at its core. Every Labour Government have made significant progress on equality and this Government have made huge progress, which my right hon. Friend the Secretary of State spelled out in her speech. Although I do not expect the Bill to go through all its stages in the next two days, I hope that it becomes the centrepiece of the third term of a Labour Government.

I praise the way in which consultation prior to the Bill's publication has been managed to gain the backing of all the relevant organisations. I pay tribute to Ministers and their team on undertaking careful consultation and gathering support so that our discussion is consensual on this important day. However, I want to utter some words of caution. In my experience, when one mentions equality and human rights, it is easy to get uncontroversial support—there is no problem. It is also easy to urge public and private bodies to make progress. It gets harder and controversy begins when we move towards insisting that public and private bodies implement standards of equality and human rights. It becomes harder still and more controversial when we pass legislation that insists that public and private bodies and individuals respect specific standards of equality and human rights. It becomes even harder and much more controversial when we start to penalise public authorities or private bodies for not conforming to the standards that we have set.

At the heart of taking any of those actions is the first step of establishing a system whereby we know what is happening and progress is monitored. That aspect becomes controversial and difficult with the realisation that it will be effective only with the support of sufficient resources, teeth, clout, legislation and political determination. The system has to be clear and firm and have resources. With the greatest respect for both Opposition spokesmen, when they were pressed on financial aspects, the response was woolly. I have absolute confidence that the Labour party is determined to put the resources behind this important legislation.

The Bill is on the right track because it recognises the need for legislation, encompasses the entire breadth of disability and sets out a system for implementation. When I was active on Sheffield city council and, in the mid-1980s, we reached the first stage of controversy by appointing our first equalities officer, we were told that it was a great waste of money by our then opposition. They were even more horrified when that equalities officer recommended that there should be a women's training workshop on information technology. There was a huge fuss and enormous opposition. How on earth did we know, as a council, that there was any call for a women's training workshop on information technology? Bizarrely, we did know, but even more bizarrely, by the end of the week when this was on the front page of the newspapers, the relevant council department had had 2,000 applications for the women's information technology workshop, which was only a subject for council debate at that stage. Often, therefore, it is important to be ahead of the game, in each area of disability, to recognise the need to move to legislation. We then find that such a move was crucial for a large number of people or a minority.

We must recognise, of course, that equality is a dream, a goal or target that we never reach. We say that every baby is born equal, but of course that is not the case. The life chances and expectancies of all of us are grossly unequal. We must also recognise the international dimension, which was brought home to my family recently when one of my grandsons was born with a defective heart. After intensive surgery at one week old, which was successful, he is now at home, six weeks old and quite well. He is probably among the 1 per cent. of the world's population for whom such intensive surgery at seven days old can be successful. The idea, therefore, that equality for every individual can be easily achieved is nonsense. Nobody would approach the international context without recognising that.

That brings me to my next point, as the only reason that baby Seamus is still with us is that we have a national health service that is free, open and accessible to every individual, at least in this country. Having a public service that is open, free, accessible and of world-class standards is one of the most important pieces of equality legislation that any Government can pass. That

[Helen Jackson]

is the same in every area. Everyone recognises that we cannot even start to get near achieving the millennium development goal of every child in the world achieving equal access to education unless there is free primary education. That is a law of equality in itself.

I was pleased to hear the Chancellor of the Exchequer suggest in the run-up to the election that each and every pensioner will have free bus travel, which is particularly relevant to me, as I am shortly to enjoy that, in good measure.

Every area of legislation has an equality aspect, whether in relation to housing, transport, education or health. In relation to housing, the equality aspect might be accessibility or ease of getting around the house. It is impressive that this Bill has been put together with the co-operation of and contributions from every Department. We talk a great deal about Governments being too parcelled up when it comes to legislation, but this is a good example of legislation to which that does not apply.

Breadth and scope are important, and I want to say more about the Northern Ireland experience. An important aspect of the peace process was the funding regime from Brussels, the European peace and reconciliation programme. The then Commissioner Wulff-Matthies included in that programme criteria according to which every penny of the money had to be spent. It was a partnership action for fair treatment: every item of expenditure had to meet standards of equality, or the money would not be released from Brussels. The partnership boards did not just include people on both sides of the sectarian divide—there was an equality balance in terms of gender, of race where appropriate, and of disability. The whole range of equality was encompassed to defuse the specific inequality issue about which people in Northern Ireland felt so strongly.

There was considerable debate in Northern Ireland about the proposal for a single equality commission. People naturally feared that it would weaken the individual commissions dealing with gender, race and other aspects of inequality. In fact, the emphasis on a single commission strengthens each inequality issue and strengthens the anti-discrimination agenda in each area.

We have seen that closer to home in our party. My right hon. Friend the Secretary of State mentioned the Representation of the People Act 2000, which we produced after a huge amount of discussion in our party—and a very important piece of legislation it is, applying as it does to all political parties. Now the issue of racial imbalance in this Parliament is being raised in the party far more strongly than ever before and we are considering action to redress that imbalance. Once progress has been made in one respect, we can raise our sights in the case of all the other aspects of inequality. I would say that the equality agenda in the last Parliament led to pressure for successful legislation on, for instance, same-sex couples.

As was said earlier, the Bill's establishment of a single commission will make further legislation urgent and essential. I should be very surprised, and a little disappointed, if the legislation that follows is not a little controversial, and does not push the boat further than every Member may wish.

I finish by giving three warnings. First, everything in the Bill is about individuals. Clause 8(2) defines equality as being "equality between individuals". That is the right way to go, but it is sometimes in conflict with people being defined not as individuals but as part of a household. The future role of pensioners and pensions is an issue that many of us have been concerned to pursue in the House, and I believe that important legislation on it will be introduced in the next Parliament. For far too long, women pensioners in particular have been seen as part of a household or a couple and, therefore, as being more dependent than men, who are assumed to have been in full-time employment, and not as worthy of financial reward for the effort and work—of whatever type—that they have put in during their lives. I hope that the Bill will set the scene for women pensioners and potential pensioners being given that status in their own right, so that women's work will be valued and women pensioners will get a better balance of income. At the moment, it is appallingly unbalanced.

My second warning to Ministers concerns universal legislation and choice. I have mentioned those areas of universal legislation that in my view form part of inequality legislation because they apply to everyone. The issue of choice must be carefully considered, as must league tables that encourage us to say, "Are we up here or down there? Is ours a very good school or not? Are we doing well or not? Is this a hospital in which people might die more easily than in another?" In considering such choices, we must be careful that we do not undermine some of the basic principles of equality that we want to pursue.

My third warning is that we must make sure that the commission and the legislation arising from it have strong, sharp, powerful teeth. When controversial issues arise that challenge accepted norms and assumptions of behaviour, there must be a strong recognition of the need to be absolutely clear that the equality agenda leads many other important agendas that any Government might want to pursue to produce a better society. I hope that, when our political leaders go out campaigning today and in the weeks ahead, they ensure equality is up there with the economy, education and the other big issues. I say that unashamedly, because Labour has a superb record on equality. If that record is presented frequently, powerfully and consistently, there is no doubt that we will have not just a third term of government, but a fourth, a fifth and perhaps many more. So let us put the Bill in the Queen's Speech and make it the No. 1 priority for the next election and the essential flagship of Labour's third term.

4.24 pm

Mr. John Bercow (Buckingham) (Con): It is a privilege to follow the hon. Member for Sheffield, Hillsborough (Helen Jackson), who—aside from the triumphalism towards the end of her speech—spoke authoritatively and movingly from her own experience in family terms and her experience culled from her work in Northern Ireland. I respect her passionate commitment to equality. Knowing that the hon. Lady is not seeking re-election to the House, I wish her every success and happiness in what she goes on to do.

I welcome the Bill. I believe that it is a good measure that deserves support. Let the background to the Bill's introduction be clearly understood. Inequality before

the law, prejudice and discrimination are still commonplace features of our society and we have the responsibility not to look the other way, but to seek to attack those inequalities, that discrimination and that prejudice. The Bill is by no means the only way of achieving that. Everything cannot be achieved through legislation, but legislation has an important contribution to make in tackling the prevalent negative attitudes and stereotypes, tackling tendencies to caricature people to disadvantage and in conducing to an atmosphere and culture in which we respect each other.

What it is really about is equality before the law and the principle of social justice. As far as I am concerned, that means that every individual, irrespective of race, sex, disability or sexual orientation, is entitled to be treated by his or her fellows with respect and to be granted equal protection by the law. That is a statement that I confidently make on the Floor of the House today, and it is a point that I shall reiterate time and again in the period lying immediately ahead. Each and every one of us can do only his or her bit in trying to tackle discrimination, to undermine the causes of prejudice and to promote social justice. In the course of this Parliament, I have attempted to promote what I believe to be the right course, with my voice and my vote—and I intend to go on doing so.

I welcome the opening speech of the Secretary of State and I would like to focus on a number of the Bill's aspects. First, on the major proposal to establish a commission for equality and human rights, the background was rehearsed by the Secretary of State and by my hon. Friend the Member for North-West Norfolk (Mr. Bellingham). The case for it is compelling, indeed.

At the moment and of long standing, we have had three commissions to address particular types of discrimination: the Equal Opportunities Commission, the Commission for Racial Equality and the Disability Rights Commission. Each draws its powers and exercises its functions courtesy of a number of different pieces of legislation. I believe that the intended creation of the new body should in no way suggest—Ministers will not allow it to do so—that the record of those three organisations is anything other than excellent.

The reality is, however, that those bodies have had responsibilities to deal with sex discrimination, race discrimination and disability discrimination. In discharging their responsibilities, they have had a budget of something in the order of £45 million a year. When I last looked into it, the figures for 2002 showed that those bodies were undertaking about 4,400 cases and the respective websites of the three anti-discrimination bodies were taking about 75,000 hits per month. They have been extremely busy; they have had a great deal to do; they have done exceptionally well.

It is important to recognise that those bodies' responsibility was to deal with only three, albeit three very important, types of discrimination. The Government are proposing, consistent with the findings of the review and with consultation held over a long period, that new strands be introduced. If they are to be introduced and if we are to attack religious discrimination or discrimination on grounds of sexual orientation and if we are to afford equal protection to transgendered people as well, the case—strong in any case—for a merger of those anti-discrimination bodies becomes, frankly, overwhelming. The creation of three more commissions will mean that six different commissions will exist. The potential for overlap in their strands of work, and for duplication, waste of resources, misunderstanding and conflict, would be preposterous, so the Government's proposals in the Bill make obvious sense. I also very much welcome the robust and supportive terms with which the Opposition Front-Bench spokesman, my hon. Friend the Member for North-West Norfolk, greeted the Government's proposal to establish the commission for equality and human rights.

However, the argument for the new commission is not simply about minimising duplication. It is stronger than that, as the commission has multiple merits. It will have the opportunity to work as a champion for equality and human rights, and to provide a single focus for the articulation of the important message that we must change our society's values and culture. Moreover, the commission will be able to tackle the multiple discrimination suffered by many people. The tendency has been to think that people who suffer discrimination are, for instance, women, members of ethnic minorities or disabled, or that they have a gay sexual orientation. In fact, it is possible that a person might suffer from several different forms of discrimination and inequality. That person should be able to turn to what will prove to be a one-stop shop. The establishment of the commission will streamline the service and provide a single and unified source of information, advice and guidance.

That one-stop shop will be good for individuals, and that is important, but it will also be good for public authorities and private businesses. They will not have to consult a multiplicity of different pieces of legislation but will be able to take advice from one body. In due course, I shall say something about having a single piece of legislation in this area, but the commission will have the virtue of being the only body offering guidance. That seems to me to make a great deal of sense, and the argument for the establishment of the commission is therefore positive and powerful.

Secondly, I want to say something about the prohibition of discrimination on grounds of religion or belief. I welcome that, but it does not apply to discrimination on grounds of sexual orientation. That is regrettable, but I suspect that the Government would argue that they cannot be expected to do everything in one Bill.

The Government may also take the view that such legislation should be adopted on the basis of slowly, slowly, catchee monkee. After all, outposts of prejudice, discrimination and diehard neanderthal resistance remain, and must be countered over a period. Everything cannot be done at once, but I believe that we need to get our ducks in order in respect of equality.

Stonewall has made the case for a similar prohibition of discrimination in the provision of goods and services to gay people. That is an intelligent argument, and I believe that the same case will be made again and again. I welcome what has been said about religion and belief, but we should look at extending the provisions. I am sure that my hon. Friends the Members for North-West Norfolk and for Epping Forest (Mrs. Laing) will echo

[Mr. John Bercow]

that commitment. I look forward to the next Conservative Government having the opportunity to introduce a robust piece of legislation along those lines.

Thirdly, I want to say something about the duty to promote equality. As I understand it, that duty is to promote equality between men and women. It is extremely welcome, but it does not apply to people who suffer discrimination on grounds of age or sexual orientation. Therefore, if we are not careful and delay for too long, another injustice will be created. I warmly welcome the duty to promote gender equality. It is fair to say that some concerns have been expressed, not so much about what the Bill says on the subject, but about areas that are still uncovered and questions that remain unanswered. Specifically, I should like to elicit from the Government a comment on the harassment suffered by women. I know that the Equal Opportunities Commission has raised the matter. The elimination of harassment seems a fairly basic and prosaic demand. To my knowledge—I am not a lawyer, and I say that as a matter of pride—it is not provided for in the terms of the Bill. I do not know whether the Minister would be open to amendments on this front in Standing Committee, but we ought to be told.

Other issues related to the promotion of gender equality need to be addressed. I remember taking part in a stimulating debate in Westminster Hall on 25 June 2003 with the hon. and learned Member for Redcar (Vera Baird) on the subject of the gender pay gap. That gap is real. The Government are doing what they can to tackle it, but I think the Minister would admit that a great deal of work remains to be done. Studying the terms of the Bill, I am not clear whether the provisions on the promotion of gender equality will allow for or, better still, require public authorities to conduct pay reviews and tackle pay discrimination when it is clear from those reviews that such discrimination exists. It is not referred to, so far as I can tell, in the Bill. It is a genuine concern of the Equal Opportunities Commission.

Incidentally, in this context, tributes have rightly been paid to people responsible for the introduction of the legislation. Those tributes should properly be paid to members of the Government and officials who have assisted in the drafting of the Bill. At the EOC I pay particular tribute to Julie Mellor and Sam Smethers, who have done magnificent work in championing the cause over a long period. Some right hon. and hon. Members will be aware that I have taken a particular interest in the issue of discrimination on grounds of sexual orientation. In that context, I cannot think of two more persistent and effective lobbyists in any organisation in Britain than Ben Summerskill and Alan Wardle. Their work ought to be acknowledged and I hope it will be eloquently championed by Members in all parts of the House. The EOC has raised important issues, which I hope the Minister will address in her winding-up speech.

There is some concern in the EOC that sections 55 and 73 of the Sex Discrimination Act 1975 are not replicated in the Bill. There are specific powers under those sections that allow the EOC to review health and safety requirements as they can affect, for example, cases of pregnant women in employment. Similarly, I think I am right in saying from memory that section 73 of the Sex Discrimination Act gives powers to the EOC to pursue strategic cases against recalcitrant employers who persistently behave badly and then typically, as a commercial tactic, settle out of court before the heat in the kitchen becomes unbearable.

As I understand it, under present law, relying on the 1975 Act, the EOC has been emboldened over a long period to pursue cases. There is a concern that that power might not exist under the Bill. If that were so, notwithstanding the commitment that the Government have made to ensure a direct transfer of powers and functions, it would necessarily follow that the EOC would be in a relatively diminished position. I very much hope that that is not the case. The Minister might well be able to reassure me. She knows very well that I approach these matters in a non-partisan spirit, and I would go so far as to say that I would dance round the mulberry bush in celebration if she were able to tell me that my concern was unfounded. However, on the basis of a cursory perusal of the terms of the Bill, I think my concerns have some grounds.

The hon. Member for Gordon (Malcolm Bruce) on the Liberal Democrat Front Bench repeatedly and powerfully made the case for a single equality Act, and I welcome his comments. We cannot entirely anticipate—it would be premature to do so—the findings of the equalities review and the discrimination law review. That said, we have a lot of evidence to study. There is a good intellectual argument for saying that if the work of a number of commissions is to be brought together into one commission, there is a certain logical coherence, if not inevitability, about having a single equality Act from which the powers, functions and, dare I say it, the comportment, culture and language of the new body should flow. I use those terms advisedly and with some force. The terms of the Bill are one thing; the way in which they are applied, the enthusiasm with which the tasks are embraced and the sense of understanding and rapprochement between the different equality strands are of the essence in translating aspiration into reality.

The hon. Member for Gordon made the point with some passion; I shall do so slightly differently. If memory serves me correctly, we currently have in equality and anti-discrimination legislation no fewer than 35 Acts, 52 statutory instruments, 13 codes of practice, three codes of guidance and 16 European directives and recommendations. I was not a competent mathematician at school, but I believe that that adds up to no fewer than 119 pieces of legislation or guidance flowing from this House or the European Union appertaining to equality and anti-discrimination. Given that an important part of the thrust of the motivation behind the Bill is to ensure that there is coherence, intelligibility, simplicity and focus in public policy, it seems that it is not wildly prescient but merely averagely discerning to suspect that the outcome of the equalities review and discrimination law review will be a commitment from the Government, whatever party that may be, to introduce a single equality Act.

Mr. Bellingham: My hon. Friend is making an eloquent and powerful case and I would like his advice. Does he believe that we should await the findings of those two reviews before moving forward to one

consolidated piece of legislation, or would that be a mistake and should we move forward and set up the commission in the first instance?

Mr. Bercow: My view is that we should proceed with the commission for equality and human rights. I do not believe that it is necessary to await the outcome of the reviews, because the proposal to introduce the Bill was decided on the powerful and compelling evidence of unsatisfactory practice before the decision to establish those reviews was taken.

The outcome of the reviews may be invaluable in informing the legislative framework and bolstering the effectiveness of the commission but, as my hon. Friend the Member for North-West Norfolk and other right hon. and hon. Members know, there is a tendency to inertia under any Government or, alternatively and sometimes as well, there is a tendency to have too many pieces of legislation and too little time in which to introduce them. My strong preference is to press on with the Bill while we have the momentum.

Our support for the Bill should be unequivocal. I was extremely appreciative of what my hon. Friend said. He did not sit on the fence and there was no question of "on the one hand" and "on the other hand". He rightly expressed reservations from the Front Bench about specific clauses and asked sensible and proper questions, but his clarion call for decisive action could not be bettered by anyone in the House. I pay tribute to him for his commitment. Indeed, he and I have often talked about which of us is the modernising Conservative. I have always tended to say that I am and that I am seeking to persuade him to join me in that cause, but today he was superb. We are all modernisers now; we all want a modernised, successful Conservative party, in government after the election, with my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) as Prime Minister.

I want to conclude on an issue that has been touched on and which cannot be disregarded. It is business involvement—I use the term advisedly—with the new commission and business reaction to the legislation. There is a fine balance. Everybody these days talks about the importance of better regulation, light-touch regulation and sensitive regulation. I agree with that: my view is that regulation should be relatively light touch in the sense that it should not impede the successful operation of legitimate and fair-minded business. On the other hand, it cannot be so light touch as, frankly, to undermine the very purpose of, and rationale behind, the introduction of the Bill in the first place.

I started by saying, quite categorically, that I thought there was a problem and that it needed to be addressed. The notion, sometimes rather vulgarly popularised in the more down-market red-top tabloids, that prejudice does not really exist and is just the politically correct plaything of politicians of the left has to be decisively challenged and countered. That discrimination is there. Sometimes people suffer in silence because they do not know how they are to secure redress, do not think that they will be heard or do not know where to go. Discrimination and disadvantage exist, and we have to be prepared to tackle them.

What we cannot allow is a regime so minimalist that the noble aspirations of the Bill are not given effect in practice. It has to be light touch, but clear and firm. In the best spirit, I suggest to the Minister and to my hon. Friend the Member for Epping Forest, who, I hope, will occupy the Minister's post in a matter of weeks, that the principle that should guide public policy here is quite straightforward. The commission on equality and human rights, in dealing with businesses, should be the friend of the willing but uninitiated and the foe of the wilfully non-compliant and incorrigibly discriminatory. I cannot put it more simply than that.

I have often argued for exemptions from legislation for relatively small businesses. I do not think that that approach would work in this context. The point has been made, and rightly, that more than 99 per cent. of businesses in this country are small—more than 99 per cent. employ fewer than 100 people. They account for somewhat over 50 per cent. of the private sector work force, and last time I looked they generated well in excess of two fifths of our national output. In other words, most businesses are small. We cannot simply say in matters of equality, good practice and human rights that they are to be exempt from requirements that will apply to larger businesses and to public authorities.

We have a duty to try to ensure that we are sensitive, that we are not unduly adversarial, that we work with and try to bring the best out of agencies that are trying to do the right thing. But on the principles of equality, of respect and of human rights, there cannot and should not be a compromise.

I welcome the Bill, and I am pleased to have had an opportunity to speak in support of it. Once again, I congratulate my hon. Friend the Member for North-West Norfolk on his passionate and effective contribution to our proceedings.

4.49 pm

Linda Perham (Ilford, North) (Lab): It is always a pleasure to follow the hon. Member for Buckingham (Mr. Bercow), who is the first and last of the great modernisers in the Conservative party.

I, too, welcome the Bill and I wish to focus on the measures aimed at tackling age discrimination, on which I have campaigned since I was elected in 1997. In fact, I was fortunate enough to be drawn ninth in my first private Member's Bill ballot and I introduced a Bill on age discrimination in employment advertisements. Unfortunately, the Government did not support it, but it did lead to the code of practice on age diversity, which has now become the Age Positive programme, so I am very pleased about that.

When I introduced that Bill in 1998, I remember the word "complex" being used about any issues to do with age. I also remember that when my hon. Friend the Member for Hornsey and Wood Green (Mrs. Roche) was in the relevant position, she, too, used that word when speaking to the all-party group on ageing and older people—of which I have the honour of being secretary—about the Age Equality Commission Bill, which my hon. Friend the Member for Falmouth and Camborne (Ms Atherton) was trying to introduce in November 2001.

It is disappointing to me that age is the last strand of implementation of the EC directive on equality and employment; it is three years on from the other two strands that were required to be introduced under the directive. This Bill sets in motion the establishment of the commission, which will, at last, include age.

[Linda Perham]

I am delighted, as is the Equal Opportunities Commission, that the Bill proposes a duty for public bodies to promote gender equality. The EOC says that it is the

"most radical change in sex equality law for 30 years".

However, there is still no duty to promote age equality, when such a provision will now exist for gender, disability and race. The other main omission as far as the age focus is concerned is the protection against discrimination in goods, facilities and services, which I raised in an intervention with the Secretary of State. Part 2, which is quite extensive, extends the protection against discrimination on grounds of religion or belief. Why does the provision not extend to age? I know that the Bill cannot cover everything, but older people have even less time to wait than others.

Mr. Peter Pike (Burnley) (Lab): Does my hon. Friend agree that there is a particular shortage of skills and expertise in several areas and that now is a good time to encourage older people back into work, to make use of the experience and expertise that they have? She has pursued the issue vigorously for many years. Does she agree that now is an opportune time, when unemployment is so low and there are so many job opportunities, to make a positive effort to get those people back into work?

Linda Perham: I thank my hon. Friend for those comments; he is a man after my own heart on this matter. There is a great cohort of people in their later years who have a big contribution to make and, in fact, they outnumber younger people. Employers would do well to recognise the talents of those older people.

As I was saying, part 2 extends the protection against discrimination on grounds of religion or belief. Clause 56 mentions discrimination in advertisements, which returns us to the Bill that I tried to introduce seven years ago—but I was addressing age discrimination. Older people are demonstrably discriminated against in financial services, including insurance of all sorts, in travel, in car hire, in civic life, where magistrates and jurors have to retire at 70, and in social care, where people who are disabled and over 65 cannot apply for mobility and independent living allowance. There is discrimination in health care. I campaigned with Age Concern to extend the invitation for breast cancer screening to those aged up to 70. I think that the statistics still show that women between the ages of 70 and 74 are most in danger of contracting and dying from breast cancer. Also, I know that we are not within the jurisdiction of the Holy See, but cardinals over the age of 80 are not allowed to vote in the papal elections.

Angela Eagle: Disgraceful.

Linda Perham: My hon. Friend says, "disgraceful". I just threw that in as a topical example of age discrimination, although not one in this country.

I hope that the discrimination law review, which is being mentioned by the Secretary of State and others, will assess how anti-discrimination legislation can be modernised to fit the needs of Britain in the 21st century and that it will examine those injustices.

My hon. Friend the Member for Burnley (Mr. Pike) alluded to the number of older people who could make a contribution. More than a third of our population is over 50, including many Members of this place and even more in the other place. Age discrimination in all its forms could affect all of us. The Bill takes a huge step in raising awareness of the need to challenge inequality and to promote human rights for older people.

My support for and belief in fairness and opportunity for all motivate me to serve my constituents and represent them in this place. My right hon. Friend the Secretary of State mentioned basic moral beliefs as a defining principle. I am proud to agree, and I am proud that a Labour Government are introducing the Bill.

4.55 pm

Mr. Tim Boswell (Daventry) (Con): Like every Member who has spoken in the debate so far, the hon. Member for Ilford, North (Linda Perham) made a helpful and thoughtful contribution to our proceedings. As she has done throughout her parliamentary career, she emphasised the particular concerns of older people. When one considers only the political merits of the measure, as some of us will be doing in the weeks to come, it is interesting that the emphasis has been not so much on older people as on some other aspects of discrimination. I make no qualitative judgment about that, I merely mention it.

What has struck me about the debate is that we are talking about an argument whose time has come. Its consequences are irreversible and that is much to be welcomed. It will be reflected on the slate of candidates that my party is putting forward, some in very winnable seats, at the general election. There will be much greater diversity on our Benches, which may translate to the other side of the House when we come back. I am delighted about that diversity. It is an index not merely of a party that has changed its views and habits but of a much wider national commitment to changes that need to take place. We all welcome them.

It would be difficult for a Member to come into the Chamber and say that they were against equality. I can certainly tell the House that I am not against equality, but we need to flesh out why we support it and the nature of our enthusiasm, as well as any qualifications that we may have. I am glad that the Bill has received universal support. A strong argument in its favour is that it has been highly consultative and there will inevitably, due to the election timetable, be more consultation to come. Had the Bill been introduced on the back of a bright idea from the Institute of Public Policy Research two or three years ago and rushed through as some legislation has been, it would not have commanded the same degree of authoritative support.

The Bill's support is also due to the considerable work that has been done in a process of dialogue with various stakeholders, including the three equality commissions. I think particularly of my experience with the DRC, to which the right hon. Member for Coatbridge and Chryston (Mr. Clarke) was kind enough to refer earlier. I began as a sceptic about the DRC, but I leave this Parliament as an enthusiast for its achievements. Conscious of its special role, the DRC was undoubtedly sceptical about the move to a single equality commission, but those difficulties have been largely

overcome. The EOC has expressed active and enthusiastic support for the Bill, as have many other non-governmental organisations that have written to us.

There is a further need to adjust our legislative base to incorporate all the unfinished business from the European directive, and to make effective and reasonably comprehensive—I stress the word "reasonably"—provision for the new strands of ageism, sexual preference and religious or other belief commitments.

There is also a need, although it is not wholly met by the Bill, to begin to set up the stakes for moving in an evolutionary style towards a harmonisation of the various approaches to discrimination in all its forms and to deal with the problems that have been mentioned about double, triple or quadruple jeopardy for people who may be discriminated against in a number of ways. Finally, and in no sense least in my book, there is a need to move the public debate on to give some teeth and force to the human rights agenda in its widest sense.

Those are all strong arguments in principle for the Bill, and I will say in a moment where I stand in relation to the introduction and timing of the Bill measured against other issues, but I must enter a degree of caution about overselling it. Indeed, I usually need to advise the Government against overselling their legislation generally. The Bill looks good. As I said, it would be a brave man or woman who came to the House this afternoon and said that they were against equality or against legislation to promote it, but the Bill is more about machinery than concept. The Secretary of State for Trade and Industry in introducing it was heavy on the concept—I genuinely agreed with her in an intervention—but, in fact, the Bill is about machinery.

Frankly, before the consultation process, Ministers initially ran into difficulties even with their own statutory bodies. I can remember some pretty blistering initial comments from the Commission for Racial Equality, and the DRC had familiar reservations. Those reservations have been largely resolved in the process to date, but the Bill is, of course, by definition, given the timing, only a demonstration of commitment. That is what we are hearing this afternoon. We all know that the real business is to come, and that there must be further examination, input, consultation and, of course, the parallel process of the studies to which Ministers have referred.

The questions rightly put by my hon. Friend the Member for North-West Norfolk (Mr. Bellingham) from the Conservative Front Bench are always reasonable ones. Are the resources sufficient and appropriate? Is the new structure adequate to carry the weight for all the various strains and to represent the interests of those who are within those strains? Equally, is it possible to put together what has been an historic legacy of different commissions in a way that is as economic and cost-saving as possible, while providing equal convenience and service for users?

For example, the DRC has an excellent helpline. It is terribly important that that is continued and that the help is provided by people who are disability specialists. I am not too interested in one sense in the tokenism of the membership of the commission, although it is often useful in practice to include those who have direct experience of the difficulties and discrimination that people face. I am absolutely concerned that there should be a proper underpinning of expertise. Indeed, there was some historic concern from Northern Ireland, when the single commission was created, about whether those pockets of expertise were continuing. The right hon. Member for Coatbridge and Chryston was right to remind us, as he so often does, about the importance of advocacy and supporting people in their concerns.

Much reference has been made already—in the case of my hon. Friend the Member for Buckingham (Mr. Bercow), magnificently from his own memory—to the very clear briefing provided by Stonewall about the ramshackle nature of the existing law. With all the different bits of law that apply—I think that he totalled them at 119—it is rather like a kind of Austro-Hungarian empire that has built up and is now applicable. Ministers are conscious of that; they have commissioned their own review of discrimination law, and a parallel study of equalities is being carried out under Trevor Phillips, and I welcome both of those.

I follow the remarks of the hon. Member for Ilford, North in thinking that there must be concern not just about the different bits of law, but about the fact that, even after the Bill, their application will still be very uneven. There will not be positive duties relating to age or sexual preference. Again, we must return to the fact that enforceability measures on human rights are weaker than those on discrimination. I did not think that the Secretary of State's explanation that addressing that might be rather bothersome and go too far was entirely convincing.

Mr. Bercow: Leaving aside the issue of the duty on public authorities and focusing for a moment on the prohibition of discrimination on the grounds of religion or belief in the provision of goods, services and facilities, does my hon. Friend think that it is unfortunate that the cases of gay and lesbian people are not advanced in any way under the terms of that aspect of the Bill, given that considerable publicity has been given to the example last year of a gay couple who were denied the right to stay in a Scottish hotel—if I remember rightly—because of a bigoted and prejudiced proprietor? It is unfortunate that that aspect of the matter cannot be dealt with now, although perhaps it could be by amendment in Committee.

Mr. Boswell: Yes, the short answer is that I agree with my hon. Friend on that, as I have when we have discussed the matter over several years. The issue must be considered properly in Committee. I say this neutrally without making a prediction about the general election. Over the years I have sometimes noticed that Ministers are unnecessarily timid, but can occasionally be encouraged to do the right thing with the assistance of a lively debate in Committee. Unfortunately, however, that is an unrealistic prospect today.

I have said this regarding disability discrimination, but I say it again now because it is still important. There is a need—I hope that the Minister's study of discrimination law will examine this—to consider the different forums under which redress can be obtained in law. Of course, there might be a single commission under the Bill, but there would still be different legal ways of obtaining redress depending on the nature of a

[Mr. Boswell]

case. The Minister will well know from our discussions on the Special Educational Needs and Disability Act 2001 that even in education provision, special educational needs are dealt with by tribunals during the compulsory years, but anyone who complains of discrimination and is older than the compulsory age of education must have recourse to the county court. There are several examples from the past. A study by the Royal National Institute of the Blind showed the different results obtainable through employment tribunals under part 2 of the Disability Discrimination Act 1985 compared with those obtained under part 3 of the Act following discrimination in relation to goods and services. The Minister needs to examine carefully and critically how fairly people will be able to get their legal rights, even if those rights exist in legislation.

I must warn the House that special factors regarding disability do not apply to racial discrimination and arguably apply to a lesser extent to gender discrimination. I am thinking especially of the fact that questions of disability discrimination often hinge on the extent of adaptation and what represent reasonable adjustments. However, one can say quite simply that a person either is a racist or homophobe, or is not. There is not a question of accommodation, but whether people behave acceptably.

I welcome the interaction with the reviews about which the Secretary of State talked. I hope that they will go forward in a good spirit as promptly as possible. We all understand the point well made by the hon. Member for Gordon (Malcolm Bruce) that we will need a single overarching legal framework in due course, which I readily concede. It may well be that the studies will coincide with the future reintroduction of the legislation, but, on reflection and partly stimulated by the speech made by my hon. Friend the Member for Buckingham, I feel that it would be better to get on with establishing the commission now. There might be advantages in doing so—as a Conservative, I can see the argument for getting the commission up and running—but I say to Ministers, whoever they may be in future, that we must also make sure that the legislation that we enact now is fit for purpose and can be adapted to a new framework, and that ultimately we have a single, overarching, consolidated piece of legislation that everyone can understand and that can be explained in simple terms. At that point, we will have achieved what I believe is a common objective.

It is hardly surprising, given how much politics is in our mind at the moment, that we have discussed the various views and provisions in respect of human rights. Let me say neutrally and with no political intent that I want to see a little less political correctness and a little less legalism and a lot more delivery in terms of securing people's rights and avoiding discrimination. Before coming here, I gave a little thought to the questions what is discrimination and what are a person's rights to avoid it. It seems to me—here I emphasise the point that my hon. Friend made—that there is a proper place for legislation in terms of setting out people's rights, in part to punish defaulters and those who are not willing to play by the rules, and in part to drive good practice by giving management a reason, motive or excuse to do the right thing, while emphasising the strong business case for doing so.

I have argued that case in the House before, but I shall do so again now. If one is a good diversity employer and if one has an enlightened attitude toward people of different sexual orientation—or whatever—one is more representative of society and one's customer base, and people will come to one's store, bank or service industry because they are more comfortable about doing so. I think that the business case aligns quite closely with what I call, in shorthand, the moral case for these provisions. As has already been said, it is therefore especially important to ensure that, as well as leaders of industry, small and medium-sized enterprises are given active encouragement and support to do the right thing.

I agree with the hon. Member for Sheffield, Hillsborough (Helen Jackson) that there is scope for more serious analysis of the underlying issues. We are not here because we think that lawyers feel uncomfortable with discrimination or because there is a European directive, or even because the Minister is moving the Second Reading of this piece of legislation. We are here because many of us—perhaps we Conservatives have made less of our commitment in this respect—are aware of the history of under-representation, in effect a denial of full participation in society. Examples include the lagging remuneration of women and the huge unemployment among disabled people—much higher than the average, despite the fact that many want to work. People face obstacles to their career, denial of some of their life chances and, as the Disability Rights Commission is reviewing, functional discrimination in relation to access to medical services. All those things happen. They ought to be a concern of the united commission and of this House. It is not just a matter of passing a piece of legislation that says we are all equal now. It is a matter of asking how unequal are we and what are we going to do about it.

Mr. Bercow: My hon. Friend educated me in these matters some five years ago and he is therefore responsible for a good deal of what has followed. I have always been grateful to him. May I put it to him that the essence of our argument is that legislation of this sort is to be viewed not as a threat to be minimised, but as an opportunity to be grasped, because for individuals and for the country as a whole it makes sense socially, culturally and, indeed, economically?

Mr. Boswell: I entirely agree with my hon. Friend. He leads me on to my third point by way of general argument. Apart from the need to consider rights as a positive way of driving forward good business practice and apart from having regard to the pockets of functional discrimination that continue in this country and blight it, there is a general national need to conduct our affairs with decency and respect. The word "respect" has appeared in a number of places and it is right that it has.

I believe firmly in the idea of one nation. I do not want to see anybody left out or put upon. I believe positively that our society is strengthened and empowered by diversity. We should all have moved on from the stage of saying that we should not be nasty to one another to asking, "Why wouldn't it be a good thing if we realised what tremendous assets we have in people and made the best use of them?" Surely that is a perfectly proper approach.

If, in a sense, there is to be an overarching public duty, we could start profitably with clause 3, which provides general duties. Above all, however, public authorities collectively should treat citizens decently. That is what the European convention on human rights was meant to be about. I am not a lawyer but I understand that the convention was very much grounded in the British concepts, of which we are still proud, of common law and equity. It is about how we treat people properly. That is a great prize.

I am not sure how we can underwrite decency into public policy. I do know, however, as a constituency Member—I am sure that we have all had this experience—that people come to see us who have not been treated decently by the public system. There has been a distressing element of harshness, lack of communication, administrative failure or whatever. A Member often has to say, "I am sorry. The system has let you down. I shall try to rescue you from it." We can perhaps do something to improve both public law and public practice to make such an approach more a thing of the past.

Beyond that there are some private duties, which we have personally, in terms of our own moral ethic. There may be no way in practice that we can either achieve, or claim to have achieved, the removal of any discrimination or nastiness from our inner thoughts or our hearts. We cannot legislate for that. However, Government and public people can help both by their own example and the language that they use—for example in election campaigns—and by the way that they approach these issues. They can help also by achieving, encouraging and fostering a higher level of public debate and public education. It is clear that when people are educated, they behave better in relation to these issues than if they are not. If fear can be removed from the process, that is also positive.

I have spoken rather personally because I feel strongly about these matters. I welcome the Bill. I realise that it will not happen now but it paves the way for changes that are important and are already happening, and it reinforces those changes. The process is irreversible but so it should be. As this is part of a process in which we are engaged, I do not want to leave politics—I can assure the House that I am standing as a candidate at this election—unless and until our better instincts as a nation are fulfilled.

5.18 pm

Angela Eagle (Wallasey) (Lab): It is a pleasure to follow the hon. Member for Daventry (Mr. Boswell). I note with interest that the modernising tendency of the Conservative party is in great evidence, but the massively empty green Benches around the hon. Gentleman demonstrate that the enemy, if I might put it that way, in internal Conservative party terms has not really made an appearance today, which is a pity. It would have been interesting to hear from those Members and learn of their thoughts on a radical and welcome Bill. I am sure that those of us who are fortunate enough to be back in this place after the election will hear from them.

I congratulate the Deputy Minister for Women and Equality on introducing the Bill, and on the great deal of work on it that she has personally undertaken. I congratulate her and my right hon. Friend the Secretary of State on the work that they have done as Ministers with responsibility for women and equality. Who knows what position anyone will hold when we get back after the election, but I would like to pay tribute to them now. Baroness Morgan initiated the move towards a single commission, and those of us who agree with that approach will want to put on record our thanks to her for that. The measures are now close to fruition, although this is perhaps more of a dress rehearsal than the opening night of a play. However, we shall just have to enjoy it for what it is, and anticipate the debates to come in the next Parliament.

I welcome the approach taken by the Bill. It has been commented on by many of those who have spoken today. It represents the modernisation of the way in which we regard equality legislation, and a move forward from the approach introduced by a great heroine of mine, Barbara Castle, who put a great swathe of anti-discrimination protections on to the statute book in the 1970s, ranging from the Equal Pay Act 1970 to the Sex Discrimination Act 1975, and by the former Prime Minister, Jim Callaghan, to whom moving tributes were paid yesterday, who was responsible for the race relations legislation that accompanied that first generation of laws. Those laws made a big difference in what had been an area of great worry and narrowed life opportunities, in which people who were being subjected to prejudices and discrimination through no fault of their own found themselves without legal redress.

I am encouraged by the debate that we have had today. The time is now right to move on to a different generation of anti-discrimination legislation that seeks to prevent discrimination from happening in the first place—rather than offering redress after it has happened, important though that is—and to promote equality. That is a much more proactive approach which will prevent a great deal of distress and alleviate a lot of suffering by ensuring that the discrimination does not happen. That is what we all, as legislators, wish to see in Britain. We must move this legislation on to the front foot, so that it can prevent discrimination from happening rather than arriving after the mess has been made. That is not to say that redress after the event is unimportant, and when the Bill finally reaches its Committee stage, we shall look carefully at the enforcement powers of the new, and very welcome, single commission, to ensure that none of its teeth are lost in the transition.

It is also important to welcome clause 3, which sets out in very eloquent terms the fundamental duties of the commission for equality and human rights. I shall read out its provisions, because they really do say it all. It requires the commission to work towards the

"creation of a society in which . . . people's ability to achieve their potential is not limited by prejudice or discrimination".

That is an important aspiration, which has been shared across the House in today's debate. Clause 3 also requires the commission to ensure that

"there is respect for and protection of each individual's human rights . . . respect for the dignity and worth of each individual",

and that

"each individual has an equal opportunity to participate in society, and . . . there is mutual respect between communities based on understanding and valuing of diversity and on shared respect for equality and human rights."

[Angela Eagle]

I could not have put it better myself. I would be pleased to see such an aspiration and duty on the face of British legislation. It marks a shift away from trying to clear up the mess after the event through redress to trying to forge a different sort of society, in which mutual tolerance and respect is almost taken for granted, and is promoted and expected in all walks of life. I hope that that will apply equally in the private sector, where we have a little more to do.

Mr. Bercow: I agree with the hon. Lady's point about prevention rather than redress whenever possible. However, given that there has been widespread flouting of the law on the minimum wage—an important Government policy—does she agree that one way in which to concentrate ministerial minds would be for the Government to give a commitment, which Conservative Front Benchers would echo, to an annual debate on equality issues on the Floor of the House so that evidence of breaches could be highlighted?

Angela Eagle: All attempts to raise the issues in Parliament, whether in Government time or in other ways, are welcome. When we ultimately reach a Committee stage, we might want to re-examine the Bill to ascertain whether to include further mechanisms in it. Given the good will in the House, at least today, I hope that we can find reasonable ways of realising that ambition.

Despite 30-odd years of anti-discrimination legislation, serious problems remain. The gender pay gap is approximately 18 per cent. on average, and is grossly higher in some sectors of the economy, especially financial services, where it is about 60 per cent. Members of ethnic minorities suffer from a similar gap, for which only their ethnicity can account, and it is as unacceptable as the gender pay gap. The House will consider the Disability Discrimination Bill tomorrow—thank goodness that will reach the statute book. However, people with disabilities are not even at the starting gate because many are denied the practical right to get to work, participate fully in society and make the undoubted contribution that their many talents would bring to it. We want the new single commission to assist us in dealing with those formidable problems.

I especially welcome the extension in part 2 of the goods and services protection on the ground of race. However, I echo the impatience that has been expressed in the Chamber today at the exclusion of what I call the orphan strands—sexual orientation, age and religious belief—which currently have no primary legislation. I suspect that we can put that right only through a rapid move to a single equality Act. My right hon. Friend the Minister knows that I have been pushing for that in the party—it is now official party policy—and in any other way that I can, including involvement in the all-party group and working with Lord Lester, who is a doughty campaigner on such issues. I promoted his private Member's Bill in this House after he managed to carry it in the other place. It is important to get on with this matter quickly.

I especially welcome the duty in the Bill to promote equality on the ground of gender. The Government promised to do that in 1998, but used the ominous phrase, "when legislative time is available". Some of us have fought since then to ensure that legislative time would be made available. We have not quite made it under the gate as it closes on this Parliament, but I hope that we will revert to it as a matter of great urgency in the next. I am encouraged by the response to my question by my right hon. Friend the Member for Leicester, East—[HON. MEMBERS: "West."] How could I confuse the Members for Leicester, West and for Leicester, East? I must be having a tiring day. I apologise to my hon. Friend the Member for Leicester, East (Keith Vaz). I was encouraged by the Secretary of State's answer that we would proceed rapidly from dress rehearsal to the real thing at the earliest opportunity in the next Parliament.

It is interesting that the Joint Committee on Human Rights described the Bill in uncharacteristically enthusiastic terms as

"the most important measure for the advancement of human rights in this country since the Human Rights Act itself"

I am encouraged that there is enthusiasm for creating a mechanism to ensure that the rights of British citizens under the Human Rights Act are effectively safeguarded without the need for extremely expensive and cumbersome constant recourse to the courts. I know that other Members want to concentrate on that issue, so I will not pursue it. The fundamental duty of the single commission, however, is very welcome.

I agree with many of those who have said that we need a robust legal framework for the commission for equality and human rights to enforce. That brings us back inexorably to the case for a single equality Act, and the importance of ensuring that such an Act reaches the statute book as quickly as possible in the next Parliament, consistent with doing a good job on the drafting. To that end, I am extremely encouraged that the discrimination law review has been set up, with the equality review working in tandem with it, to begin to do the work on what the single equality Act will look like. It is important that that proceeds as quickly as possible so that the single commission has a coherent set of legislation to enforce once it is up and running.

It has been said that the existing anti-discrimination law in the UK is rather complex. Different figures have been given for the number of items—I think that the hon. Member for Buckingham (Mr. Bercow) had slightly more up-to-date figures than I have. I had a figure of slightly less than 100, but a few more statutory instruments and EU directives have probably passed me by since I last did a count. We can all agree, however, that people must try to find their way through a tangled, inconsistent, unpredictable, piecemeal and complex web—even when, as in the majority of cases, I believe, employers wish to do the right thing and ensure that they abide by the law.

Such a complex network of legislation and duties also makes it almost impossible for individuals who believe that they may have been discriminated against to find out, by examining the law, what their rights are, how they might access them and how they might protect them, unless they have the support of, say, a trade union or an advocacy group, which can teach them and point out what their rights are. Ideally, a simplified, harmonised approach is needed. We need an approach that consolidates some of the law that we have, but that

also extends that law. As many Members on both sides of the House have pointed out today, there are some serious loopholes and inconsistencies in the law, which create a hierarchy of discrimination and protection from discrimination, which is unjustifiable when it is examined.

The existing law is under-inclusive. Those who are discriminated against on the grounds of gender, race or disability are more widely protected than those who are discriminated against in relation to what I have referred to as the orphan strands—the newer strands of sexual orientation, age and religious belief. As has been pointed out by other Members who have contributed to the debate, those of a certain age or sexual orientation may be actively discriminated against in the provision of goods, services or facilities, yet have no redress in law.

The present position is ridiculous. It is illegal for a landlord to say that he does not want a woman tenant or to prevent someone from becoming a tenant because of that person's colour, but it is not illegal to refuse tenants because of their age or sexual orientation. I cannot for the life of me see any justification for that. It must be put right as quickly as possible.

As I said earlier, we must shift the focus towards promotion and prevention rather than concentrating only on redress. That means restructuring some of our current laws. Our efforts to introduce a single equality Act must proceed in parallel with work that has already begun to create mechanisms for the enforcement of such a law, and the establishment of the commission for equality and human rights. I hope that in the next Parliament, in the not too distant future, we shall be able to enact both pieces of legislation. I welcome this dress rehearsal, and look forward to the real thing.

5.36 pm

Julie Morgan (Cardiff, North) (Lab): Thank you, Mr. Deputy Speaker, for allowing me to speak in this important debate. I welcome the opportunity to give the Bill a Second Reading, especially as it takes place on the day on which a general election has been called. I shall be proud to campaign on the Bill, which focuses on the fundamental issue of equality and sends the clear message that it is at the top of our agenda, and I am proud that the Government have introduced it.

We know of the discrimination that still exists widely in nearly all spheres. The Secretary of State described it vividly, and I shall deal with some aspects of it later. First, however, let me congratulate the Secretary of State and her team on the hard work that they have done with various organisations to generate all this support for the Bill. I also congratulate the organisations involved, particularly the Equal Opportunities Commission. It helped the all-party sex equality group, which I chair and which has engaged in discussions on the Bill. I pay tribute to its relentless pursuit of the equality agenda.

I am very pleased about the review of all equality law. There has been a good deal of pressure for that from Members who are present today and from a number of organisations, and I am glad that the Government have responded. The current law is complex and inaccessible, and the mismatch of legislation is unacceptable. We have heard references to 35 Acts and to numerous statutory instruments, codes of practice and EC directives. It is impossible to continue with that legislative framework.

I especially welcome the creation of the commission for equality and human rights. Like my hon. Friend the Member for Wallasey (Angela Eagle), I felt very proud when I read the list of fundamental duties that it will have,

"with a view to the creation of a society in which ... people's ability to achieve their potential is not limited by prejudice or discrimination",

and providing that

"there is respect for and protection of each individual's human rights ... respect for the dignity and worth of each individual ... each individual has an equal opportunity ... there is mutual respect between communities".

I am proud to be associated with those ambitions, and, like others who have spoken, I am very pleased that the Bill promoted equality rather than just picking up the mess. It is a proactive Bill.

The commission will carry out the work of the existing commissions on gender, race and disability and will work to prevent discrimination and promote equality in the areas of age, sexual orientation and religion or belief. I welcome the extension of protection to groups discriminated against on those grounds. I also welcome the extension of protection against discrimination in the provision of goods, facilities and services on the basis of religion or belief, but I would like such protection to be extended to cover discrimination on the grounds of sexual orientation or age, and to be extended to transgendered people. That issue has been referred to and the Secretary of State responded to it, but it is important that we bring those different strands together as soon as possible.

From a Welsh perspective—there is a distinct one—I welcome the fact that the commission in Wales will have greater autonomy than the commissions currently enjoy and will have an explicit power to advise the Welsh Assembly. However, I want an assurance that it will have a strong, devolved structure so that it can engage effectively in the context of devolution. I would be grateful if the Minister assured me about that when she responds.

I welcome the fact that there will be a separate Wales committee, which will be part of the new commission. It will set the agenda of the commission for equality and human rights in Wales, and it will take into account the fact that Wales is different from England. I hope that the Minister will respond to my earlier question about how that committee will be appointed.

The commission needs to acknowledge that there are specific circumstances in Wales that need to be addressed, such as the high number of small and medium-sized enterprises there. I agree with the hon. Member for Buckingham (Mr. Bercow) that those businesses should not be exempt from the legislation, but we need to address the equality issue with them in a sensitive way. The Equal Opportunities Commission has received a tremendous amount of lobbying from small businesses in Wales. We must not exempt them, but we must approach the equality issue carefully.

[Julie Morgan]

I want the commission to be properly resourced, so that there is adequate funding to address the issues in Wales.

Chris Bryant: My hon. Friend makes an important point about how the different situation that may pertain in parts of Wales should be taken into account when considering equality issues. However, I hope that she would not encourage too much divergence from the fundamental principles embraced in the Bill. Part of the advantage of having a separate Wales committee is that some of the work done in this area by the Welsh Assembly Government has been groundbreaking. Indeed, we might want such suggestions to be brought into play throughout the UK.

Julie Morgan: I thank my hon. Friend for that helpful intervention and I agree with the points that he made.

I want the commission to be properly resourced, so that there is adequate funding to address equality issues in Wales. The current budget—£70 million has been allocated to it—is, in the opinion of many equality organisations, insufficient to meet all the demands placed on it. I was concerned to hear from Conservative Front Benchers that the budget could be streamlined. In fact, the budget is probably not enough, and I hope that the Minister will address that issue when she responds.

A report by the EOC, the Commission for Racial Equality, the Disability Rights Commission and the Legal Services Commission found that Wales was an "advice desert". There is only one law centre in the whole of Wales. Even if an individual can get advice, they may not have access to experts trained in discrimination law. Funding for training advisers in Wales is clearly needed, and we need to make sure that the Bill provides it. So there is much work to do in training people in Wales, and we must have a budget that is able to provide for that. There is also, of course, the issue of the Welsh language.

I therefore agree with the intervention from my hon. Friend the Member for Rhondda (Chris Bryant). We do not wish to diverge from the main thrust, which is the commission's covering the whole UK, but we must take into account the particular issues relating to Wales.

I also welcome the creation in the Bill of a public sector duty to promote equality between women and men. That duty will come alongside the existing race duty and the new disability duty, and I congratulate the EOC on its effective lobbying on this issue. In addition to what is covered in the Bill, I would like the elimination of harassment to be included in the gender duty, and I would like an assurance from the Minister that the gender duty will require public sector bodies to address unlawful pay discrimination, and to carry out the pay reviews that the EOC is promoting in its briefing for the Bill.

The pay gap in Wales is of particular concern, though on the basis of the figures provided by my hon. Friend the Member for Wallasey (Angela Eagle), it may be less than in England. For full-time women workers in Wales, it is 14 per cent. and for part-time workers, a completely unacceptable 32 per cent. A mandatory pay review would go some way towards addressing the problem, and I would like to hear whether the Government are prepared to go down that route.

I would like to raise the issue of the relationship of the new commission with the Children's Commissioner for Wales—it is a rights-based organisation—and with the new commissioner for older people, which we discussed in connection with a draft Bill in the Welsh Affairs Committee this morning. There is bound to be an overlap of functions and it is important to develop relationships between the bodies that cover the same issues. The draft Commissioner for Older People (Wales) Bill will, we were led to understand by the officials who gave evidence this morning, enact the first such commissioner in the world. The Bill's general aim is, among other things, to promote awareness of the interests of older people in Wales and to promote the provision of opportunities for, and the elimination of discrimination against, older people in Wales. We need to ensure that the two elements work well together and to avoid competing legislation. That will be part of the detailed work in Committee, which I hope will take place soon after we return to government. Tackling these issues should be one of our first priorities.

I would like to deal with some particular aspects of discrimination. We legislate for a purpose—to ensure that equality is promoted and honoured—and I believe that the Bill will help to eliminate sexism and gender discrimination, as well as racism and racial discrimination.

I also hope that the Bill will help us to deal with one of the most discriminated against groups in our society. I refer to the position of Gypsies and Travellers in this country. I am pleased that the Commission for Racial Equality is now working hard to promote the rights and needs of Gypsy Travellers. I hope that the legislation will help to ensure that adequate Traveller sites are provided in this country. Since the duty on local authorities was scrapped by the Leader of the Opposition when he was in government—he got rid of the Caravan Sites Act 1968—we have faced a difficult situation as to where Gypsies and Travellers are to stop. It has caused many problems for Gypsies and Travellers and for the local settled communities.

We all know that the policies of the market—Travellers were told that the market would provide and that they should buy their own land and get planning permission to set up their own sites—have failed miserably. It is very difficult for them to secure planning permission; indeed, the planning system rejects 90 per cent. of applications from Gypsies and Travellers. That has resulted in many illegal encampments, which then cause problems for local residents and are unacceptable for the Gypsy Travellers themselves. Currently, we face a no-win situation.

I believe that the Gypsy and Traveller community has cause to welcome the Bill. We know that these are among the most discriminated against groups in society. If the Bill means anything, we will have to tackle this issue and try to change people's attitudes towards Gypsies and Travellers. It is not easy to tackle it; we politicians find it difficult to do so. Sometimes I feel that we are discussing the Bill in theory, but at some point we have to face up to the existence of real discrimination and then do something about tackling it.

We know that Gypsies and Travellers have the highest rates of infant mortality, the worst health and the lowest levels of educational achievement in the country. A fairly recent MORI poll was commissioned

by Stonewall. The attitudes survey showed that 18 per cent. of respondents felt "less positive" about members of other ethnic groups, while 35 per cent. said that they felt "less positive" about Gypsies and Travellers. I hope that the Bill will tackle that problem and will go some way towards providing equal opportunities in housing, health and education for Gypsy Travellers. It should help to stop the current highly unsatisfactory position, which is very hard on both Gypsy Travellers and on local settled communities. If we get back into government, that is one of the first issues that we must tackle. We must improve the situation for people who suffer such great discrimination, and for the residents who suffer the problems of illegal encampments.

For many reasons, I welcome this Bill. I hope that it will render George Orwell's dictum that some people are more equal than others a thing of the past. I look forward to a time when people of whatever gender, race, disability, age, sexual orientation or religious belief can enjoy real equality and complete freedom from discrimination. I believe that this Bill is an excellent step in that direction.

5.50 pm

Mrs. Jacqui Lait (Beckenham) (Con): I apologise for the fact that I was unavoidably absent for the middle part of this debate, although I followed proceedings with one ear as much as I could. I want to add my voice to all those who have spoken in support of the Bill.

The Sex Discrimination Act 1975 has been on the statute book for 30 years and, although the Secretary of State may not be aware of it, I worked very hard to ensure its success. I campaigned, lobbied, marched, wrote letters and attended endless meetings in its support, and it is good that the thinking on which it was based is being extended across society.

While I campaigned for the 1975 Act, in my heart of hearts, I hoped that it would eventually be repealed when we had succeeded in achieving our aims and objectives in respect of equality for women. It is sad that, 30 years later, we are still talking about it. I hope that it does not take another 30 years before our successors can repeal this legislation, which I believe will achieve a huge amount. It is part of the great tradition in which legislation is used to change cultural attitudes. Legislation has a real role in that process and I am sure that, in the long run, this Bill will ensure that discrimination is eliminated from our society.

I do not want to repeat what many have said already, but neither do I want the warm welcome that this Bill has received in the Chamber to end up with us being burned as we were by the Child Support Act 1991. All hon. Members will remember the heart-rending child support cases that we heard about in our postbags and surgeries, and we should be wary about a Bill that receives a similarly warm reception here. When the Bill is enacted, I am sure that it will be broadly helpful, but we must look at it with a critical eye to ensure that it does not cause the resentment and difficulties experienced with other legislation.

I am keen that the CEHR should succeed and hope that the Government are not contemplating a repeat of what happened with the Equal Opportunities Commission. I intend no slur on Manchester, but the EOC was rather banished from what might be called the centre of influence. My friends among the commissioners, and my own experience, tell me that the EOC was not as influential as had been hoped when it was established and I am sure that distance was one of the factors in that. I therefore hope that, when the new body is set up, it remains in the centre of influence, which is still London, although I accept that there should be a Welsh and a Scottish element to it because of the devolved Administrations.

It is crucial that the body works with the grain of society. Although there is a need to confront discrimination and prejudice, it is much easier to persuade a society to accept the changes that are required to deliver equality if people are encouraged to go along that route, rather than enraged or driven to take that route because resentment has built up. I agree with my hon. Friend the Member for Daventry (Mr. Boswell) about the need to work with the grain of society, making sure that businesses, organisations and the community feel that it is in their own best interest to rid society of discrimination and to work towards equality because it would deliver a better society.

It is important that the new organisation is clear in its thinking. One problem with other equality bodies is that language has been developed that is all-encompassing and which avoids the issue in order not to offend. The problem is that the language itself is derided and people ignore or deride the organisation. None of us wants the efforts to abolish inequality to be undermined by language that invites mockery. We label it politically correct language, but in my view using such language often means avoiding clarity of thought. If we are not clear in our objectives and the meaning of the words that we use, we are likely to undermine our objectives. It is crucial that the CEHR is clear about what it wants to achieve and that it speaks in language that is readily understood.

Reading the explanatory notes, one thing that struck me was the general duty on the public bodies to ensure gender balance, with which I have no quarrel. That is not before time and I wish them all success in so doing. What slightly bothers me is how that is to be implemented—whether it will be implemented from the centre, whether public bodies will be subject to further quotas and targets, whether there will be costs to the bodies for the measurement of their achievements or lack thereof, and what impact those costs could have on the organisation, in terms of extra administration, and ultimately on the taxpayer or, in the case of local government, the council tax payer.

We are all well aware that council tax has risen steeply in recent years and that there is huge resentment of it. I would not wish legislation to be approved that added further costs to public bodies. It is encouraging that an organisation such as the Audit Commission is reviewing the amount of auditing work that it imposes on the bodies that it audits. I would hate to think that we were complicit in adding further costs, having just taken some away, particularly from local government. I would like the Minister to assure us that provisions to ensure gender balance will not give rise to extra costs and bureaucracy.

I agree with my hon. Friend the Member for Daventry that it is in the best interests of small businesses to maximise the quality of their employees. Labour Members discussed whether small businesses

[Mrs. Jacqui Lait]

should be exempt from the legislation and I should be grateful to hear the Minister's thoughts on that and whether it is an issue for the equalities review. My hon. Friend the Member for North-West Norfolk (Mr. Bellingham) said that 90 per cent. of business is comprised of small businesses and that we must ensure that they are not overburdened or over-regulated. One million jobs have gone from manufacturing industry in the past few years and we do not want to put yet another regulatory burden on small businesses. We need to work with them so that they are encouraged to hire people and are not badgered and bullied into it.

Three organisations are being consolidated into one and there will be savings on premises. However, there will be overlapping expertise and the cost to the new organisation will be higher. The existing commissions believe that they do not have sufficient resources and it will be difficult for the Department to work out the balance, but we must ensure that, when the bodies are consolidated, duplication in obvious areas is winnowed out or efficiency will be reduced. No new body would want to be labelled inefficient from the start.

My final point is more personal. We have discussed the groups that we do not want to suffer discrimination, but I am concerned about the stigma that still attaches to people with mental health problems. When we discuss discrimination against people with disabilities, mental health disabilities are often overlooked. Society still stigmatises people with mental health disabilities more than those with physical disabilities. Will the Minister assure me that the commission's remit will cover mental health so that it can work with the broader population to alleviate people's fears about those with mental health problems? People who are mentally ill are capable of recovering because modern drugs and treatment enable them to play a full part in society. If that is achieved, a large group of people—one in five will suffer from a mental illness at some time—will have that stigma removed and be able to play a full part in society.

With those slightly cautionary notes, I wish the Bill well, but I also think that we need to look at it with a clear eye. There are pitfalls that we need to avoid before it passes into law, leaving us needing to change the legislation at a later date.

6.5 pm

Keith Vaz (Leicester, East) (Lab): I am delighted to take part in what is probably the last Second Reading debate of this Parliament and which, because the Bill will not be able to complete all its stages, may well provide the first Second Reading debate of the next Parliament when we come back after the election. I have been in the House for 18 years, and I cannot recall such a good-tempered debate on an issue that used to cause great controversy. I remember debates on equality and race and community relations in which there was much anxiety and distress among Members on both sides. Certainly, that was so when we were the Opposition and the Government were Conservative. That has not happened today, and we have heard some excellent speeches on both sides. Three in particular deserve mention—those from the hon. Members for North-West Norfolk (Mr. Bellingham), for Daventry (Mr. Boswell) and for Buckingham (Mr. Bercow)—and we have just had a speech from the hon. Member for Beckenham (Mrs. Lait). I often vote for the hon. Member for Buckingham as Back Bencher of the year; I know that he did not win this year, just, and he cannot win every year, but I am sure that after the election I shall vote for him as the Opposition Front Bencher of the year, because I am sure that his hard work in Parliament will be rewarded by whoever is the next Leader of the Opposition.

What has been good about the debate are the constructive points that Members have put in welcoming what the Government propose to do in the Bill. We have needed a Bill of this kind for some time, and there is no doubt huge support for it outside Parliament. All of us have received a briefing note from practically every one of the organisations involved, and there is universal praise. When the Law Society agrees with Stonewall and the Citizens Advice Bureau with Age Concern, there must be something very right about what the Government propose.

There is all-party endorsement, although I am sorry that I missed the speech from the Liberal Front-Bench spokesman and most surprised to see so few Liberal Democrat Members attending; they often claim to belong to the party that speaks for equality, but they obviously do not feel that so strongly that they felt they should come here in large numbers, which is a pity.

As the Secretary of State said, equality is the defining issue of our age. I am proud to have been a member of the first multiracial Government in this country's history, and I am very proud of what the Labour Government have done since 1997 on equality issues. In a sense, the Bill is an emphatic underlining of the work that we have done and a pledge to continue it after the election.

A lot of tributes have been given to Ministers, and I pay tribute to my right hon. Friend the Deputy Minister for Women and Equality, who has steered the Bill through from the initial consultation period, but I particularly mention my Leicester colleague, the Secretary of State, for her work on the equality issue. I have called her the champion of equality. I share a city and a community with her, and we go to many community events together. Throughout her long career, and even before she came to the House through her work for the National Council for Civil Liberties, she has always championed the ethnic minority community and women's rights. It is therefore right that she should have introduced the Bill.

My concern when the Bill was published—a concern, too, of the black and Asian community—was that we did not want the Government to abolish the Commission for Racial Equality. We felt that this was not the right time to deal with the CRE on the same basis as the other organisations. I welcome the fact that a number of organisations that have never had a commission acting on their behalf, such as Stonewall and Age Concern, will be included, with all these other strands, but I felt, and the community felt, that there was a strong case for keeping the CRE outside the ambit of the new commission until it was ready to join. Ministers in this Government listened very carefully to what the community had to say. They accepted the points made by organisations such as the 1990 Trust, listened to the consultation that took place and heeded

the wise words of the CRE chairman, Trevor Phillips, who will now be chairing the equalities review, and they accepted that this was not the right time.

On race, a number of issues had to be resolved and time was needed to ensure that that was done before the CRE became part of that whole. We therefore welcome the fact that late entry is being accorded to the CRE. That commitment has been warmly welcomed by the community as a whole. That does not detract from the fact that we need to get on and ensure that we have the single equality Act that we need to ensure that the Human Rights Act 1998 is very much a part of our everyday life in this country.

I know that my hon. and learned Friend the Member for Redcar (Vera Baird) will be speaking next. There is no better advocate or champion of human rights legislation. She is much more experienced on these matters than I am, and I am sure that she will cover this point. When that legislation first became part of our domestic law, there were concerns about how it would develop. We all welcome it, and it has become part of the everyday life of our country; indeed, it is part of the law. It is right that the commission will recognise human rights issues within its overall ambit. Why have four or five commissions when we could have one commission on equality?

The other important point in this debate is the way the chairman of the commission and the other commissioners are chosen. I know that there is detail in the Bill and that we will have a chance to scrutinise it when it goes into Committee after the election, but it is important that we ensure that the commission properly reflects the community as a whole and the stakeholders in this new organisation.

The point made by the hon. Member for Beckenham is also important. I am not sure whether she was in favour of or against targets for public bodies. I think that targets are a very good idea. I recently completed a report called "Making Progress", which looks at Government appointments to quangos over the past five years with particular reference to the black and Asian community. The power of appointment is an extremely important weapon, and we need to make sure that we use it to put black and Asian people on to those committees, to put more women on to our quangos and to make sure that every group in society is properly represented.

The hon. Member for Daventry, a former Minister who, in government, had the opportunity to make a number of appointments, correctly talked about the huge talent that we have in this country. That is why we have a leadership role in equality and race issues in Europe. We are able to show by example—not by positive action but by merit—how our various communities, not just the black and Asian community, but women and all the other communities that make up Great Britain, have been able to contribute to the country. That is something that we can be proud of, but we need to go much further. Of course, jobs must be awarded on merit, but when the commission is formed, we must ensure not only that the commissioners are representative of society as a whole but, much more importantly, that people who have executive positions are also properly representative of society. That is happening with the civil service now; it is getting better. However, as the Secretary of State and the Minister of State have said in speeches on the issue, there is still so much more that can be done. My hon. and learned Friend the Member for Redcar is a rare example of a woman QC, but she was appointed on merit; she just happened to be a woman.

There has been much better progress in some Departments, especially in the Home Office. When my right hon. Friend the Member for Blackburn (Mr. Straw) was Home Secretary, targets were introduced for the first time. In the Lord Chancellor's Department, now the Department for Constitutional Affairs, the Lord Chancellor has made a huge effort to ensure that there is adequate diversity in the appointment of the judiciary—all based on merit. The basis of equality is to ensure not that we have positive discrimination in this country, but that every citizen has the right to be chosen on their merits.

On today of all days, when the Prime Minister has asked Her Majesty for a general election and Parliament is to be dissolved, my hon. Friend the Member for Cardiff, North (Julie Morgan) made a good point: the Bill is a good campaigning issue. It seems as though there will be common ground, which is good for politics and for our country. If equality and race could be taken above party politics and become campaigning subjects across parties and across the political spectrum, that would be the way forward.

My final point is about location. My right hon. Friend the Deputy Minister for Women and Equality may want to announce that the new commission will be based in Redditch, but what better place to house the new equality commission than the great city of Leicester?

Mr. Bercow: East.

Keith Vaz: Leicester, East is not yet a city. However, the architect of the legislation, my right hon. Friend the Secretary of State, comes from Leicester and by 2010 the city will have more people of Asian origin than any city in Europe, and half our population happens to be women. It is a perfect location, so in supporting the Bill I put in a bid for the city of Leicester. If we spoke to the Secretary of State she might be in favour of that as well.

6.17 pm

Vera Baird (Redcar) (Lab): Even the members of the commission will have to relax some time. Redcar has a fantastic beach, so my bid is for the location to be further north than Leicester. However, I am pleased to follow my hon. Friend the Member for Leicester, East (Keith Vaz), who gave such an amusing and knowledgeable address.

I welcome the Bill. I hope I do not sound like a pompous lawyer, but I should like to welcome it not just personally but as chair of the all-party group on equalities. We thoroughly congratulate my right hon. Friends the Secretary of State and the Deputy Minister for Women and Equality, who are great champions for equalities, and in particular great champions of the rights of women.

The Bill is a huge and strong signal of the Government's commitment to eradicate discrimination and enhance the rights of all members of our society. It makes it clear that the Government understand, if I can put it in shorthand form, that we are all in this together; the pursuit of equalities is not a minority interest.

[Vera Baird]

Almost equally welcome was the announcement in February of the equalities review, to try to identify the root causes of inequality. I hope and expect that Trevor Phillips can carry out a profound inquiry into the deep-seated, complex and subtle causes of the various inequalities that still limit the personal development of a large number of our citizens at a time—the 21st century—when that simply should not be happening.

Like most people, I also welcome the discrimination law review, which I hope will propose a single Act on equality. People are concerned about timing. The review is due to report in summer 2006, so if its proposals are clear, scrutinised reasonably quickly and accepted, by the time the commission starts in 2007 it may have the powers that it needs—the basis of equal law for all strands of inequality.

I repeat a point that has been made before: the current random selection of rights in equalities is unacceptable. There is a public duty for race and there is soon to be one for disability. We have suffered hugely as a gender from the fact that there has been no public duty for gender. That is, of course, in the Bill, but there is still no public duty to promote age.

Equally, discrimination in respect of goods and services on the grounds of race, gender, disability is unlawful. The Bill will prevent discrimination on the grounds of religion or belief, but still not on the grounds of age. All those things must be smoothed out and recast to ensure that the new commission is not saddled with—I hope that I have in place the right grammatical structure—the oxymoron of a hierarchy of equalities.

I wish briefly to welcome two aspects of the commission: the equalities aspect absolutely unequivocally, and the human rights aspect strongly, too. The commission's equality duties, as set out in clause 8, are truly all that we could ask for. The commission must

"promote understanding of the importance of equality and diversity ... encourage good practice ... promote equality of opportunity ... promote awareness and understanding of rights under"

equality law, enforce equality law and

"work towards the elimination of"

discrimination and harassment.

More prosaically but very practically, a huge advantage to having a single commission working together, even though the strands will obviously conduct their own separate work as well, is that it is not always possible to know the basis on which someone is discriminated against. If a 58-year-old black woman is refused a job, it is essential to have what the hon. Member for Buckingham (Mr. Bercow) called a one-stop shop to which she can take her problem. She should not have to guess why she has been refused the job inappropriately. She needs to go to an organisation that can pick her case, run with it and put right what has been wrong. So I am pleased with the equality aspect, and I am pleased, too, with the incorporation of human rights.

Human rights is a very dear issue to me. I pay great tribute to the Joint Committee on Human Rights. I was briefly privileged to be a member of that Committee, but long after I left, it carried on its powerful work, which I firmly believe has played a large role in ensuring that human rights are part of the Bill and the commission. I strongly compliment my right hon. Friend the Member for Bristol, East (Jean Corston), who has so very well chaired and led the Joint Committee on Human Rights and truly driven the human rights agenda in this Parliament in a way that is second to none.

The commission's human rights duties are not too bad either. The commission must

"promote the understanding of the importance of human rights ... encourage good practice in relation to human rights ... promote awareness, understanding and protection of human rights and ... encourage public authorities to comply with the Human Rights Act 1998".

I give that four out of six, because I regard it as slightly weak in terms of enforcement.

I wish to express the devout hope that the commission will be instrumental in bringing about a human rights culture throughout out society. Equality teaches us that we cannot bring about a cultural change by piecemeal advances in rights that come about because of random cases that happen to go to court at any given time. The commission is necessary to drive human rights until they are rooted in our society, so that they become common values that we can use daily to frame and balance what the hon. Member for Daventry (Mr. Boswell) talked about: the decent ways that we should deal with one another.

I want to express three perhaps mild concerns, given the temper of the debate. First, the commission will be able to pursue cases under human rights law where the case is brought on the basis of equality, but if the equality aspect of the case is dropped or somehow falls away, the commission must drop the case completely, unless the Secretary of State gives leave for it to continue on a human rights basis. I cannot think why it should be for the Secretary of State to make such a decision and why the commission cannot determine whether the human rights aspect of the case is good enough to continue in its own right.

My second concern, which I raised with the Secretary of State, is the absence of teeth in relation to the human rights side of the commission. It has no power to issue codes of practice, and no investigatory and enforcement powers. I appreciate what she said—that we do not want to overburden the commission—but I hope there will be an opportunity when we discuss the Bill again to consider increasing the powers that relate to the human rights side of the commission, because it is hugely important that human rights are not seen as a lower priority.

The third caution that I raise is the way in which clause 9 is framed. Not surprisingly, and entirely appropriately, it gives priority to promoting rights under the European convention on human rights, which is entirely as one would expect. However, I hope that the provision will not preclude the promotion of broader rights. For example, we are signatories to the convention on the rights of the child and the convention on the elimination of all forms of discrimination against women. The specific rights in those conventions equally merit dissemination by the commission, so I hope that I can be reassured that clause 9 is not intended to limit the commission's ambit.

On the commission's budget, I wish to raise a rather different point from that made by the hon. Member for North-West Norfolk (Mr. Bellingham). I think the commission will have an annual budget of £70 million plus start-up costs. All three current commissions think that that will not be sufficient and reckon that a budget of £120 million would be closer to that required. Together they get approximately £50 million, so even with the efficiency savings of which Conservative Members understandably made much, the proposed allocation of £70 million would leave only £20 million extra to deal with the three additional strands of equality: the human rights remit, the expanded operation into Scotland, Wales and the English regions—that is an important point for someone with a north-east constituency—and the important requirements of the new commission's community functions. It is hard to see how £20 million more than that for the current three commissions would be an adequate sum.

Let me turn briefly to the points made by the hon. Member for Buckingham about the Equal Opportunities Commission's fears about what I call in shorthand "the missing powers". Section 55 of the Sex Discrimination Act 1975 currently gives the EOC the power to review discriminatory health and safety provisions. That is important when there is a requirement to treat women and men differently, such as the way in which pregnant women are treated at work. Section 73 of that Act allows the EOC to tackle persistent discrimination when an individual is unwilling or unable to pursue a complaint. It is important that the commission can take the matter to an employment tribunal, get a ruling and subsequently rely on that in civil proceedings. The power is useful and used frequently, but it is not in the Bill and I cannot think why.

Let me praise the gender duty. The Bill imposes a duty on all public bodies to have due regard to the need

"to eliminate unlawful discrimination, and ... promote equality ... between men and women."

What a wonderful turn of phrase, so hallelujah for it. The provision was promised in 1999 and has now been delivered by the Government. Women will be glad to hear of it in the advent of an election and will be increasingly glad as its impact starts to bite in the years to come. The duty will shift responsibility on to public authorities and they will have to ensure that they take active steps to promote gender equality.

Mr. Bercow: Will the hon. and learned Lady give way?

Vera Baird: I will—I was actually just about to turn to a point that the hon. Gentleman made.

Mr. Bercow: Given the circumstances, the hon. and learned Lady is especially generous in giving way. Given the importance that the Government rightly attach to the duty to promote gender equality, does she agree that it is not too much to expect—either by amendment in Committee or through secondary legislation—a firm commitment to require pay reviews and action to counter pay discrimination not only in the provision of in-house services by public authorities, but in relation to contractors? When services are outsourced, action must be taken to ensure that those who service the Government operate by the standards that the Government apply in-house.

Vera Baird: Three aspects of how the gender duty will impact on the pay gap need clarification. Presumably—I am sure that my right hon. Friend the Minister will confirm this—public bodies will be required to address unlawful pay discrimination and carry out pay reviews. However, will the duty go beyond pay reviews and pay discrimination so that the kind of matters that the Women and Work Commission is starting to throw up can be examined? It has issued only a position paper thus far, but it has already found subtle ways in which the emergence of women into equal pay is being obstructed, although they can be remedied. As the hon. Gentleman says, the provision is necessary because although the definition of a public body covers any body that has functions of a public nature and the duty will therefore cover a private security firm that is contracted to provide a public function, for example, that duty will extend only to the public function, not to the whole of the private company. Consequently, the application of contract compliance becomes extremely important. I hope that my right hon. Friend the Minister can confirm that that is what is anticipated and intended, although I do not expect much detail at this early and rather queer stage of the Bill.

I shall end where I started by giving a welcome to the Bill and a predictive welcome to what I think of as the single equalities Bill that will soon follow. In a few weeks' time, when Labour has been re-elected for an historic third time and that Bill is introduced, we will, with a straight face, have to say what we have said today all over again. Our re-election is an exhilarating prospect, whereas the repetition of this debate is a somewhat debilitating prospect, but I say of both: the sooner, the better.

6.31 pm

Mrs. Eleanor Laing (Epping Forest) (Con): I am in the peculiar position of agreeing with almost everything that everyone has said in this afternoon's debate, which is hardly the right atmosphere in the Chamber on the day that the Prime Minister has asked Her Majesty to dissolve Parliament. However, I disagree with the hon. and learned Member for Redcar (Vera Baird) in that I look forward to having the debate again, because some extremely important issues have been raised and although we have had plenty of time today to discuss them and we have heard some excellent speeches, it is worth re-examining them so that we can perfect the legislation before it is properly introduced in the House.

I agreed with much of what the Secretary of State said, in particular her remark that equality is a basic moral imperative—or words to that effect. I agree 100 per cent. and I think that all Members of this House do. It is not so long ago that that statement would not have commanded complete agreement within the Chamber, but it is now accepted that equality is a basic moral imperative and no party would argue differently. What is good about the proposals is that instead of being negative and designed to prevent discrimination, they are positive and designed to promote equality. I welcome that approach.

[Mrs. Eleanor Laing]

It is unfortunate that the Government have timetabled the Second Reading today, when the Bill has no chance of becoming law. What a pity that we did not use all those hours that we spent debating the rights and wrongs of fox hunting to consider this Bill, which, had it become law—in a slightly different form, having been through a proper Committee stage—could have done so much good.

Angela Eagle: I am confused, because the hon. Member for North-West Norfolk (Mr. Bellingham) suggested that we delay the Bill until all the work had been done on the single equality Bill that must surely follow, whereas the hon. Lady wants us to have introduced this Bill sooner. Clearly, we all want legislation on the statute book as soon as possible, but I am confused about the Opposition Front-Bench team's position.

Mrs. Laing: I am saying that it is a pity that the whole issue was not discussed sooner—not only weeks, but months or years sooner. However, I pay tribute to the Secretary of State and her Ministers for much of the work that has been done on equality issues. We discuss those issues week after week, and much progress has been made, which I welcome.

Also welcome is my expectation that in a few weeks' time, when my colleagues and I are sitting on the other side of the Chamber—*[Laughter.]* The hon. Member for Leicester, East (Keith Vaz) scoffs, but just let him wait. When we are sitting on the Government Benches, we shall have another debate of this type as a prelude to introducing our legislation on equality, to which we are all committed. The hon. Member for Rhondda (Chris Bryant) asked when that was likely to happen. All I can say is that it has taken the Labour Government eight years to reach this stage, but it will not take the next Conservative Government as long, because for us it is a priority.

My hon. Friend the Member for North-West Norfolk (Mr. Bellingham) put our case extremely eloquently. I reiterate what he said about the importance of the value of the work force and of fair and equal treatment. He put it so well, saying that what we are trying to do, if this proposed legislation were properly to be brought forward, is to encourage all employers to do what good employers have always done. At the same time we must not put unnecessary burdens on businesses and on employers, especially on small and medium-sized businesses. My worry is that if an employer knows that employing a certain type of employee—be it somebody with a disability, somebody who happens to be female or somebody from a different country—is likely to lead to a case being brought against them for some sort of unfairness, that employer, unfortunately, is likely not to employ that person in the first place. That would be a retrograde step. I do not want to see that happening because I believe passionately in equality of opportunity for everyone in the workplace.

The right hon. Member for Coatbridge and Chryston (Mr. Clarke) is right in his plea for the need for strong advocacy in enforcement of the rules that would be brought forward by the commission. Any sort of legislation is meaningless without enforcement. I commend the right hon. Gentleman's patience and perseverance, having spent 19 years waiting to see the fruition of the work that he began a fair while ago. I am sure that he must be pleased to see a little step forward, and that much that he wishes to see happening will probably happen in the months ahead.

The hon. Member for Gordon (Malcolm Bruce) made an interesting speech. I agree with his point about the importance of a positive approach and the need to promote a duty of equality rather than just to provide a right to complain in retrospect. He is right to promote sign language, which is what he called his personal soap box. It is so important but it is a much neglected area. I completely support what he has been trying to do. However, how strange it is that when asked how he and his party would implement what he was putting forward as being a reasonable idea, he said at the same time that his party would abolish the Department of Trade and Industry. The hon. Gentleman is a clever man and a quick thinker but he had no answer to the question. The truth is that he and his party know that there is no chance that they will be in Government to implement any of the things to which he is referring. He has no answer and he has not thought things through because he does not have to do so.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): My hon. Friend the Member for Gordon (Malcolm Bruce) answered the hon. Lady. He told her that the Home Office was the obvious place from which to bring forward this sort of legislation. If she reads the words of Lord Lester of Herne Hill, who used to work for Roy Jenkins, she will find that it was a Department that was capable of bringing forward legislation of this sort in the past, and would be capable of bringing it forward in future. Possibly it is a failing of the Department of Trade and Industry that the Home Office is failing to recognise how important human rights are to this country. Perhaps if the Home Office had the connection with human rights, it would be the Department that might start to recognise and respect human rights.

Mrs. Laing: The hon. Gentleman has had a few hours since the hon. Member for Gordon failed to answer the question, and he has thought up a really good answer. Perhaps he has worked out in the intervening period that his party might be trying to position itself in some form of coalition in the weeks ahead. That is extremely interesting. I commend him on trying to sort out a difficult situation. It might well come to that.

The hon. Gentleman for Sheffield, Hillsborough—*[Interruption.]* I beg the hon. Lady's pardon. I should have said the hon. Member for Sheffield, Hillsborough (Helen Jackson).

Mr. John Randall (Uxbridge) (Con): It is equality.

Mrs. Laing: No. I never think that addressing a lady as a gentleman means equality. After all, a woman who seeks equality lacks ambition. The hon. Lady has been committed to these issues for many years, and she made a spirited speech today. I am sure that the whole House will wish her well in whatever the future holds for her.

My hon. Friend the Member for Buckingham (Mr. Bercow) made an impassioned speech in which he referred to respect and used the excellent phrase "equality before the law". That is what this is all about. He and I have supported some slightly unpopular causes, and we have always been right; we are winning through. With his usual eloquence, he explained how the Bill could be improved, and I look forward to that happening in the near future. He asked the Minister an important question, of which I am sure she has taken note, about the obligations on public authorities in regard to equal pay. We look forward to hearing her answer.

The hon. Member for Ilford, North (Linda Perham) has shown a consistent commitment to age equality. I recall the private Member's Bill that she introduced some time ago, about which she was extremely enthusiastic and on which she worked very hard. She made a good point today about the lack of a positive outlook on age. The hon. Member for Burnley (Mr. Pike) intervened on her to point out that the work force needed older people, and that is true. However, we must also remember that, because the Chancellor of the Exchequer has made such a dreadful mess of the pensions system, older people often no longer have a choice about whether to work; many of them have to work because the pensions in which they have invested during the whole of their working lives have been plundered by the Chancellor's taking £5 billion per annum out of private pension schemes. Surely we therefore owe it to the older people in society who have been forced to work when they want to retire to ensure that they should not be discriminated against when they apply for jobs. Let us not forget that, while most of us can never change our race or ethnic origin and very few of us change our sex, we shall all change our age. It would be rather short-sighted not to look forward to the time when that happens.

My hon. Friend the Member for Daventry (Mr. Boswell) has been dedicated to promoting issues of disability, special needs education and equality for many years. He has committed himself to championing some unglamorous causes with his customary understatement and forensic accuracy. He is totally right to say that there is a business case for taking action. There is certainly a moral case for doing so, but there is also a business case. He also made some important suggestions on how the Bill could be improved, and I very much look forward to seeing him and my hon. Friend the Member for North-West Norfolk introducing a new Bill when they become Ministers in a few weeks' time.

Keith Vaz: As the hon. Lady prepares for ministerial office, will she address the point that I made in my speech that it is important that the new commission should be located outside London? I put forward the view that Leicester would be an excellent place for it. Will she make an early commitment, before she becomes a Minister, to accept Leicester as the location?

Mrs. Laing: I think that I could make a commitment that, when I am in that position, I could come to Leicester to review the possibilities.

Keith Vaz: You are already wriggling.

Mrs. Laing: No—Leicester would be an excellent place. It is in the middle of country, so why not?

The hon. Member for Wallasey (Angela Eagle) was right to say that we must ensure that no teeth are lost in the streamlining process. I wonder whether that was in the Age Concern brief.

Sir Robert Smith: Some of the new body's teeth are to promote human rights and the European convention in this country. Would the hon. Lady pull those teeth from the Bill under the leadership of the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) or would she keep them to promote the rights?

Mrs. Laing: The Conservative version of the Bill will have all the teeth that the measure currently possesses. That is a reasonable commitment.

The hon. Member for Cardiff, North (Julie Morgan) has been committed to equality for many years and she spoke passionately about it. That also applies to my hon. Friend the Member for Beckenham (Mrs. Lait), who is right to make the case for small businesses and saving money. There is no point in putting three bodies into one if the costs increase. Creating one body out of three is the perfect opportunity to save costs; the public expenditure thereby saved could then be better spent on other things.

The hon. Member for Leicester, East was right to say that members of all sectors of our society must be given opportunity on merit but, sadly, some parties on the fringes of British politics do not agree. I hope that very few people cast votes for those parties in the forthcoming general election.

The hon. and learned Member for Redcar who is chairman of the all-party group on equalities, of which I am pleased to be an officer, as ever made an excellent and impassioned speech. We can all work together on the issue.

The Bill is correct, not only because it is the right thing to do but because it is good for the people of this country and our economy. We all believe in equality; let us go forward and try to achieve it.

6.47 pm

The Deputy Minister for Women and Equality (Jacqui Smith): I agree with hon. Members from all parties about the quality of our debate today. I should like to put on record my thanks to my right hon. Friend the Member for Coatbridge and Chryston (Mr. Clarke), my hon. Friends the Members for Sheffield, Hillsborough (Helen Jackson), for Ilford, North (Linda Perham), for Wallasey (Angela Eagle), for Cardiff, North (Julie Morgan), for Leicester, East (Keith Vaz), my hon. and learned Friend the Member for Redcar (Vera Baird) and, for an intervention, my hon. Friend the Member for Rhondda (Chris Bryant). All have a proud record of campaigning for equality and against discrimination in the House, in our party and in their communities. I also put on record my welcome for the support from Opposition parties for the Bill, especially given that the measure is so ambitious, as the hon. Member for Gordon (Malcolm Bruce) said.

[Jacqui Smith]

The Bill needs to be ambitious because it aims to help nurture the sort of society that can meet with confidence the challenges of the future. We want a society in which, as the Bill makes clear in clause 3's groundbreaking fundamental duty, every individual can achieve their full potential and enjoy equal respect and dignity. We want a society in which every one of us has an equal chance to participate and contribute, and where our communities are strong, vibrant and celebrated as part of the essential fabric of modern Britain. The Bill is the latest step in the development of our equality and human rights framework. As my right hon. Friend the Secretary of State says, it builds on the excellent work of the existing equality commissions, to which I pay tribute, and that of many other organisations that strive to make Britain a better place for all.

Despite the progress that we have made in the past 30 years, there is still too much evidence of persistent inequalities, whereby people's life chances are blighted because of who they are instead of enhanced by what they can bring to our workplaces, communities and civil society. Although our law has moved on, no institutions exist to enforce new regulations on sexual orientation, religion and belief—and, when they arrive, on age. Despite our historic human rights legislation, there is no institution providing advice on or promoting human rights. Individuals facing discrimination need to decide into which box they fit in order to get support, and employers large and small who want to do the right thing to tackle discrimination need to shop around for the right advice. The time is therefore right for a step change to meet those future challenges.

Tom Levitt (High Peak) (Lab): Will the Minister give way?

Jacqui Smith: No, because I am short of time. I am sorry.

The single commission for equality and human rights will ensure greater impact, relevance, ease of access and coherence.

I want to try to respond to some of the points made about the commission. For example, my hon. Friend the Member for Sheffield, Hillsborough—to whom I also extend my best wishes for what I know will continue to be an active and, in the broadest sense, political life following her retirement from the House—made the case strongly for legislation to change culture. In particular, she argued that we need both promotion of the values of equality and diversity and sufficient enforcement powers to make a difference. I assure her that we have put in place the necessary teeth in terms of modern enforcement powers to ensure that the commission is able to do that.

In relation to individual cases, which were raised by the hon. Member for North-West Norfolk (Mr. Bellingham), funding will come from the commission for equality and human rights budget. At the behest of stakeholders, we have not set down specific criteria on which cases should be supported. That will rightly be a decision for the commission to take, and will be part of its strategic planning in relation to spending priorities.

I know that there is concern about rolling forward the provisions in sections 55 and 73 of the Sex Discrimination Act 1975. It is our intention that there will be no regression in the powers of the commission, particularly with regard to section 73. We are examining carefully what to do to ensure that that is the case. Perhaps I can write to the hon. Member for North-West Norfolk on the point about freedom of information in relation to clause 6.

I want to respond, however, to the point made about the state of the nation report and the function of the commission to monitor equality. That is an innovative new duty to measure progress on human rights and equality. It is important, of course, that the commission gets it right. The hon. Member for North-West Norfolk argued that the process should happen every year. In fact, we will need to take time both to gather evidence and to ensure that the right indicators are in place. That is why clause 13 provides for wide consultation. It is important that that process should not be rushed. I assure him that under clause 44, the commission will be able to continue an action started by one of the three existing commissions.

One of the important things about the commission will be the way in which it recognises the new nature of devolution in the UK. My hon. Friend the Member for Cardiff, North raised issues in relation to Wales. I assure her that members of the Wales committee, while appointed by the CEHR board, will in practice be appointed in consultation with the National Assembly for Wales. Of course, the chair of that committee will be the commissioner with special responsibility for Wales, who will have been appointed in agreement with the Assembly. We will of course want to ensure that the commission works closely with both the Children's Commissioner for Wales and the older persons' commissioner for Wales.

My right hon. Friend the Member for Coatbridge and Chryston and others raised the issue of disability in particular. We have listened carefully and taken into consideration the recent history of development in relation to disability, not least the important progress made with the Disability Rights Commission. That is why we have made provision for a disability commissioner and disability committee. As my right hon. Friend said, many people in the disability world are now convinced and more confident that they will benefit from a commission that can not only give a strong voice to disabled people in determining progress on their legislation, which is right, but address cross-strand issues and be a more powerful and effective body.

I thank my hon. Friend the Member for Leicester, East for his comments about the way in which the Government have tried to listen to the understandable concerns of black and ethnic minority communities, especially those represented by the Commission for Racial Equality, the 1990 Trust and others.

We have listened, I believe that we have addressed those concerns, and I can give my hon. Friend this commitment: we will continue to listen to those communities and ensure that they have a voice through the commission. I entirely agree that we must ensure that both commissioners and staff represent a model for the diversity that we feel should be promoted.

Keith Vaz: Can my right hon. Friend also answer my question about the commission's location? Will she consider Leicester as a possible venue?

Jacqui Smith: My hon. Friend wins today's prize for trying very hard on behalf of his constituency. I assure him that I will consider Leicester—at the same time as considering Redditch.

As for the important issue of the significance of the commission for business, Members are right: the CBI has welcomed the establishment of a one-stop shop where all the business expertise will be in one place. I take particularly seriously the need to ensure that small and medium-sized businesses can benefit from that. The opportunity to build up regional support and to use intermediaries is especially important.

Costs have been mentioned. I believe that savings will result from the combination of administration, property and other backroom services, but those savings must be ploughed back into front-line services. I therefore consider that £70 million—which builds on the £43.5 million currently being spent on the commission—is appropriate, given the commission's new responsibilities.

My hon. and learned Friend the Member for Redcar and others rightly spoke of the importance of the commission's work on human rights. Human rights are about more than compliance, and the commission will enable us to take them out of the courtroom and on to the front line of public service delivery. That applies particularly to the promotion of public awareness, and to encouraging public authorities to comply with their obligations to undertake inquiries about human rights problem areas, give advice and intervene in cases. The commission must add value, however. My hon. and learned Friend mentioned additional enforcement powers, which we do not think would add value in the current circumstances. There is already a well-understood and well-used process for challenging alleged breaches of convention rights in courts and at tribunals. Nevertheless, like my hon. and learned Friend, I have no doubt that the commission will make a significant difference.

In the limited time that remains, I want to deal with what has been said about the development of harmonised legislation. It is because we recognise the need to consider our discrimination legislation in detail that we have set up not just the equalities review but the discrimination law review. That will enable us to create a simpler, fairer legal framework with a view to introducing a single equality Bill in due course. I know that many Members, especially my hon. Friends, will welcome that. Certainly the case was made strongly by my hon. Friend the Member for Wallasey. However, I do not think that we should delay this Bill for that purpose.

Representatives of the new strands, in particular, think it important for us to make progress in giving them institutional support for the first time. The equalities review will enable the commission to begin its work with a proper understanding of where equalities persist, and the ability to make a real difference.

The Bill marks a step along the journey towards a prosperous and fair society. It is, I believe, a better Bill than it was when we began to plan and consult on it. Its scope is wider, its powers are stronger and it is more effective and relevant. It is a good Bill, and I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

MENTAL CAPACITY BILL (PROGRAMME) (NO. 4)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme Motions),

That the following proceedings shall apply to the Mental Capacity Bill for the purpose of supplementing the Order of 11th October 2004, as varied by the Orders of 12th October 2004 and 14th December 2004:

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall be completed at this day's sitting and shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any further question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[James Purnell.]*

The House divided: Ayes 277, Noes 97.

Division No. 150] **[7pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, rh John
Bayley, Hugh
Beard, Nigel
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Byers, rh Stephen
Byrne, Liam *(B'ham Hodge H)*
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Connarty, Michael
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, rh Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Dawson, Hilton
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive

Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(MerthyrTydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hepburn, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hodge, rh Margaret
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, rh Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hume, John *(Foyle)*
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Khabra, Piara S.
Kilfoyle, Peter
Knight, Jim *(S Dorset)*
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Lloyd, Tony *(Manchester C)*
Lucas, Ian *(Wrexham)*
McAvoy, rh Thomas
McCabe, Stephen
McCartney, rh Ian
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
MacShane, Denis
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Pearson, Ian
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Salter, Martin
Sawford, Phil
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, rh Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, Ian *(Eccles)*
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Wareing, Robert N.
Watson, Tom
Watts, David
White, Brian
Whitehead, Dr. Alan
Williams, Betty *(Conwy)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Gillian Merron and
Mr. John Heppell

NOES

Allan, Richard
Ames, David
Atkinson, Peter *(Hexham)*
Bellingham, Henry
Bercow, John
Boswell, Tim
Brady, Graham
Brazier, Julian
Burnside, David
Burstow, Paul
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Clarke, rh Kenneth *(Rushcliffe)*
Conway, Derek
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gill, Parmjit Singh
Gillan, Mrs Cheryl
Greyling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Gummer, rh John
Hammond, Philip
Heath, David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Key, Robert *(Salisbury)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
McLoughlin, Patrick
Malins, Humfrey
Mawhinney, rh Sir Brian
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Öpik, Lembit
Page, Richard
Paterson, Owen
Pickles, Eric
Redwood, rh John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Sanders, Adrian
Selous, Andrew
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spring, Richard
Stanley, rh Sir John
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*

Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Watkinson, Angela
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. John Randall and Mr. Eric Forth

Question accordingly agreed to.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): *On a point of order, Mr. Speaker. Will* you confirm that Standing Orders state that, after the House has debated and divided on my amendment (a), any Division on an amendment will be in the hands of the Crown unless there is any free time at the end of the allocated period?

Mr. Speaker: That is correct, if all these matters can be discussed in the hour available. However, if the whole hour is devoted to his amendment, that will be the only one to be voted on, unless a Minister of the Crown were prepared to facilitate otherwise.

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): Further to that point of order, Mr. Speaker. I seek clarification in respect of my amendment. Are you saying that there will not be a separate vote on that?

Mr. Speaker: That is correct, unless we dispose of other amendments in the hour at our disposal and are thus able to get to your amendment.

Mr. Peter Luff (Mid-Worcestershire) (Con): Further to that point of order, Mr. Speaker. I seek clarification on this matter. There will be a Division on the amendment tabled by my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith), and I believe that there may be a subsequent vote on the lead amendment in the group. However, will the House have an opportunity to express its opinion on the remaining amendments in the group and on the amendments in the other two groups? If not, will the votes on the remaining amendments in the first group and on the amendments in the other two groups be taken separately?

Mr. Speaker: That would be the scenario, if we take the full hour on the first group. It is then a case of the knife coming down and everything else falling.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): On a point of order, Mr. Speaker. You will recall that when the Bill was last debated in the House, letters exchanged between the Secretary of State for Constitutional Affairs and the Archbishop of Cardiff were circulated to hon. Members. Has it been indicated to you whether further correspondence has taken place, and whether the Archbishop of Cardiff has made a statement following the proceedings in the other place?

Mr. Speaker: That is information that the right hon. Gentleman can draw out in the course of the debate.

Mr. Eric Forth (Bromley and Chislehurst) (Con): On a point of order, Mr. Speaker. For guidance, can you clarify that what you are saying to us essentially is that the House now has a choice between debating these important issues or voting on them? The Government's timetable has forced that on us, and here in the House of Commons we can have neither a proper debate nor the votes that we need to tease out these important issues. Is that the position?

Mr. Speaker: The right hon. Gentleman is using a point of order to express an opinion, which he is entitled to do from time to time, but I will not be drawn into whether I agree with that opinion or not.

Mental Capacity Bill

Lords amendments considered.

Clause 2

PEOPLE WHO LACK CAPACITY

Lords amendment: No. 1.

Mr. Speaker: With this we may consider amendment (a) thereto, Lords amendment No. 2, Lords amendment No. 3 and amendment (a) thereto, Lords amendment No. 4 and amendments (a) to (e) thereto, Lords amendments Nos. 5 and 6, Lords amendment No. 7 and amendment (a) thereto, Lords amendments Nos. 14, 17 to 19, 22 and 23, Lords amendment No. 24 and amendment (b) thereto, and Lords amendments Nos. 71, 74 and 93.

7.16 pm

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I beg to move amendment (a) to Lords amendment No. 1.

I draw the attention of the House to other amendments that I have tabled in the first group: amendment (a) to Lords amendment No. 3, amendment (a) to Lords amendment No. 4, amendments (b) to (e) to Lords amendment No. 4, amendment (a) to Lords amendment No. 7, and amendment (a) to Lords amendment No. 11. I have also signed amendment (b) to Lords amendment No. 24 and others.

I shall not go through the amendments in detail. As has already been made clear, we have only one hour and I know that many other hon. Members wish to get in. Each of the amendments was designed to demonstrate that, during the passage of the Bill through the House and another place, the Government have not met many of the major concerns of those who made representations to the Government during the consultation period and subsequently. There are many serious flaws in the Bill.

On the point about the correspondence between the Archbishop and the Government, I know it is on the record in the other place, but the Archbishop has expressed his deep unhappiness with the fact that the Government, having given undertakings in the House, have not met them during the Bill's passage through the Lords. At the time of that rather messy conclusion to the debate in the House, a letter was circulated on the Government Benches which purported to suggest that there had been tacit agreement between the Government and, at that stage, Archbishop Smith about which amendments would be acceptable in the Lords. That was not circulated in all parts of the House. The Archbishop has said that the spirit and wording of that letter have not been met.

Mr. John Gummer (Suffolk, Coastal) (Con): Is my right hon. Friend saying that the Government circulated a letter among chosen Members of the House, that that letter was not revealed to the House, and that it now turns out that the promises contained in the letter were not carried through in the debates in the other House?

Mr. Duncan Smith: That is pretty much the case. If my right hon. Friend reads *Hansard*, he will see clearly that most of that messy conclusion is fully recorded and that the Minister finally had to read out the letter so that everyone understood what was in it.

Mr. Edward Leigh (Gainsborough) (Con): Will my right hon. Friend give way?

Mr. Duncan Smith: I shall give way only once more, because other hon. Members want to speak.

Mr. Leigh: Does my right hon. Friend agree that this week we have shown that there are limits to moral relativism and that not only does the Bill reek of moral relativism, but the way in which it has been conducted reeks of moral relativism? At the end of this hour surely we must have opportunities to state that there are absolute truths, such as the right to life.

Mr. Duncan Smith: I agree. The Bill contains a number of problems, but most importantly I am reminded that we have delayed business in this House because of the death of the Pope. Everyone celebrates his belief, but tonight we are discussing a Bill that cuts across that belief.

Many hon. Members have faith and many do not. I do not want to speak on behalf of anyone, but the Government have a great opportunity to stand by their commitment in this House and the other place and say that they are against euthanasia in all its forms. They know very well that that is still not clear enough in the Bill and that it will be possible for someone who might otherwise live to have life-sustaining treatment withdrawn because someone who was appointed as attorney believes that it is the right thing to do. The Government's problem is that the language used to modify the provision is still not strong enough. It still refers to motive, but the key word that should have been used throughout is "purpose". The Bill should state that if someone acting as an attorney and making a decision can be demonstrated to have the purpose of ending someone's life, that decision should be null and void. That lies at the heart of all our debates.

Many right hon. and hon. Members on both sides of the House hold strong opinions about the matter. They have behaved impeccably, with great honour, and have consulted across the Floor of the House to ensure that we have compromised enough and that the amendments are right. Throughout the passage of the Bill amendments tabled by Back Benchers have offered the Government a solution. They have not always been perfect, but they have been available to ensure that the Bill shuts the door on euthanasia by omission. That is the problem. We now have the prospect of a Bill being railroaded through the House when the Government know full well that they do not have the backing of the vast majority of Members of this House. Labour Members who are not prepared to be dragooned by threats or promises have chosen to oppose it honourably. I simply do not understand how the Minister responsible for the matter or his colleagues in the other place can put their hands on their hearts and genuinely say that they believe that the Bill is now strong enough to exclude the possibility of euthanasia by omission. Someone charged as an attorney could make a decision with the purpose of ending life. That is in the Bill.

Mr. John Redwood (Wokingham) (Con): My right hon. Friend is doing a marvellous job for a noble cause. Can he explain why, when the Government say that they share our wish not to make euthanasia legal, they cavil at putting words into the Bill that would guarantee that?

Mr. Duncan Smith: The Government have got themselves into a terrible state about whether the provisions that we are discussing might have affected the judgment in the Bland case. I accept that that is one of their main concerns. They have been anxious to get the Bill through because many charities want it. There is a legitimate reason for that and I do not cavil at it, but what bothers me is that the Government have split the difference. Ultimately the problem boils down to a word or, in the case of their hon. Friends' amendment, a single line. It would cost them nothing, even now, to turn to their Back Benchers who tabled the amendment and agree to include it in the Bill. Even I would be satisfied that that would at last safeguard the problems that we are talking about. They cannot even bring themselves to do that. That is essentially what happens when civil servants take control of an issue and Ministers are, as happens too often, driven by those civil servants. They are generalists, in this particular case, who do not understand, or do not wish to understand, the deep problems that exist in some of the wording that they will allow to go through.

We have limited time and I wish to draw to a close. I shall not talk in detail about the problems, but will simply say that one simple principle is at stake. We have a Bill that has been through a fair amount of debate in both Houses and which, in its last phases, is about to be driven through at speed by a Government who appear, or who give the sense of appearing, to be frightened of further debate, because that debate would expose the reality that the Bill is deeply flawed. The Bill is unlike most others that the House passes and votes on: most Bills are not likely to end in death for somebody who is subject to its failures. That is the reality of this Bill, however. Somebody in future years may find themselves incapable of speaking or controlling events for themselves and relying on someone else whose motivation and purpose is not what it should be. They will have food and fluids withdrawn. In short, they will lose their life. That is the difference between this Bill and many others.

It is not too much to say that a Government who have refused to give their own side a free vote, who have railroaded their own Members as hard as they can, and who have refused to accept the advice or helpful assistance of almost everybody who wanted to see the Bill through, albeit with safeguards, show an arrogance that simply will not stand up over the next few years. I guarantee—it is a small prophecy—that in future years the Bill will be challenged, and I hope that it happens soon. They will be forced to bring it back to reverse some of the provisions that they have allowed to go through.

I urge all right hon. and hon. Members to take the Government at their word in the House the last time the Bill was before us. They said that they intended to do the decent thing; they have not. I urge Members to vote for my amendment and to vote down all the Government amendments.

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): I have spent long periods in consultation on the Bill and in negotiation with officials and Ministers in both Houses. I must record that I will strike a slightly different tone from that of the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), in that I welcome much of what has happened and many of the amendments that have been made. I speak, I know, for Archbishop Peter Smith in saying that.

My recent amendment to Lords amendment No. 24 highlights an area in which I still feel there is room for movement by the Government, however. The Bill has been debated at length and amended in specific areas. The area I am talking about now is that of advance decisions. My amendment deals with advance directives and whether suicidally motivated advance directives should be given force in the Bill to bring about a person's death.

My amendment seeks to close a glaring loophole in the Bill as drafted. Advance decisions, as the Government have acknowledged, are not covered by the welcome declaratory provision formerly contained in clause 58, now in clause 61, that restates that the Bill does not change the law on assisted suicide. We need to be extremely clear about that. The preservation of the prohibition in the Suicide Act 1961 on assisting suicide will not stop doctors being forced by the unamended Bill to engage in what many regard, in common sense, as complicity in expressly suicidal refusals of treatment. We need to be clear, too, as the Government have acknowledged, that the best interest criteria in the Bill do not apply to advance decisions. We welcome those best interest clauses.

7.30 pm

In my view, the Bill will, if unamended, give statutory force to expressly suicidally motivated advance decisions. As night follows day, this glaring loophole will be exploited by the Voluntary Euthanasia Society, which will promote carefully drafted advance decisions that will force doctors to be complicit in assisted suicide and may make a mockery of our prohibition against assisted suicide.

As my hon. Friend the Member for Bolton, South-East (Dr. Iddon) said on Report before Christmas, the Voluntary Euthanasia Society is determined to use advance decisions to weaken our legal prohibition against euthanasia, and I feel that the form in which advance decisions are included in the Bill will give it a helping hand. It is interesting that the society has been strangely silent all through the passage of the Bill.

Dr. Brian Iddon (Bolton, South-East) (Lab): Does my hon. Friend agree that the publication this week of the House of Lords Select Committee report on the Assisted Dying for the Terminally Ill Bill, introduced in the other place by Lord Joffe, a member of the Voluntary Euthanasia Society, underlines the statement that my hon. Friend has just made in this House?

Jim Dobbin: Yes, I agree entirely. There is a determination by the Voluntary Euthanasia Society to make sure that that Bill, introduced in the Lords for the second time, will re-emerge at some time in the future.

My amendment was drafted by Professor Finnis, a professor of law at Oxford university and an internationally renowned authority on these matters.

[Jim Dobbin]

Obviously the Government believed that he was a competent witness, as it were, because they happily engaged with him in the preparation of clause 61, and he was happy to take part in that discussion. Professor Finnis argues that if we approve the Bill without closing the loophole, the Bill will carelessly introduce a new culture of prescribing death by the artifice of arranged and managed omissions. That is the view of the person who helped to draft the declatory provision in the first place.

The Archbishop of Cardiff said:

"Professor Finnis and I believe that a further amendment is still needed to ensure that the Bill confers no authority on expressly suicidal advance decisions. We therefore strongly support efforts of Members of both Houses who are seeking to introduce an amendment to exclude decisions from being given validity or authority by a Bill where they have a purpose of bringing about death or are motivated by a desire of doing so."

I had a letter today from Archbishop Peter Smith which backs up that statement. He added:

"I very much hope the government will reconsider its opposition to inserting such an amendment, which we firmly believe can be made without affecting the jurisdiction of the courts affirmed in the Bland case."

That, too, is a very clear statement that there is no wish by the hierarchy or Professor Finnis to overturn the Bland judgement; the amendment would not do that. Professor Finnis was asked to draw up the amendment on the basis of that being the case, and that is what he has endeavoured to do.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): My hon. Friend said some moments ago that he believed that clause 61 did not protect people in the case of an advance directive. Will he explain why he thinks that is the case? My reading of the clause is completely the opposite.

Jim Dobbin: That is the legal advice that I have been given, and I understand that it is also the Government's position—perhaps the Minister will want to clarify that later.

The amendment would not force doctors to keep treating a dying, unconscious patient where the treatment was futile and even where the family expressed the wish for the patient to die peacefully at home. By contrast, the amendment would not prevent doctors from giving palliative treatment to a dying patient if foreseeably that might shorten the patient's life. We have had a superb example of that in recent days. In his last days, the Holy Father displayed the true meaning of dying with dignity. He did not ask for all the stops to be pulled out to keep him alive; he even declined to return to hospital, preferring to die at home, at the Vatican. He demonstrated that those of us opposed to any weakening of the legal prohibition and assisted suicide are not vitalists, and I hope that the Minister will acknowledge that today.

Without the amendment, we have only clause 4(5), the best interests provision, which prevents anyone, in considering a person's best interests, from being motivated by a desire to bring about death, but the clause does not apply to advance decisions, as the Government have made clear. Without my amendment it would be possible under the Bill for an expressly suicidal advance decision to be legal and binding on the doctor with care of the patient.

Throughout discussion of the Bill, I have not doubted the Government's good intentions, but good law is far more important. In addition to the loophole that I have already identified, there is nothing in the Bill to deal with a dangerous situation such as the one we witnessed in the United States last week in the Terri Schiavo case, where the attorney had a vested financial interest in the incapacitated patient's premature death. We do not want to get into such a situation, but if the Bill is not amended we shall be starting down that dangerous road. It is not too late for the Government to amend the Bill, and many people up and down the country, who are closely monitoring today's events, will be sorely disappointed if the Government fail to respond appropriately.

I accept your ruling about a vote on my amendment, Mr. Speaker. In that event, I should seek powerful reassurances from the Government that all the concerns that I have raised in my speech be taken into consideration and covered in some detail.

Mr. Tim Boswell (Daventry) (Con): It would be redundant and tedious for the House if I were to go on at length about the difficulties in which the Government have put us by their choice of the programme motion that the House has just passed. It is a matter of record that after the most exhaustive consideration in the other place, including three hours on Third Reading—when, as the Minister knows, the convention is to move and consider amendments—it has fallen to us to consider a huge range of Lords amendments, and amendments proposed thereto, in a mere hour. That has put the House in a difficult position.

I genuinely have not reached a final conclusion about my course of action at the end of the debate, so it would help me if the Minister could give the House two assurances. He needs some time to explain his position. First, will he tell the House straight that in his considered view there is no possibility of euthanasia by omission in any circumstances under the Bill? My second fundamental concern relates to the issues raised by the hon. Member for Heywood and Middleton (Jim Dobbin) when he spoke about his all-party amendment. Will it be possible to conclude a valid advance directive, on which there would be an implied obligation to act, by somebody with a suicidal motive? I am not legally informed, and it seems that there is a clash of legal opinion on the matter, but it is my understanding that, if somebody—as in any other case—sought to take suicidal action, it would invalidate such a decision. Furthermore, if somebody were to assist them in complying with that apparent advance directive, that would still be tantamount to assisting suicide and would be covered by clause 61. It is terribly important that the Minister clarify that.

Bearing in mind the downside—that unresolved issues in the Bill could lead to its fall and that there would be real drawbacks if it were aborted because of these continuing concerns—the Minister owes it to the House to get things absolutely straight so that we can consider his assurances and take appropriate action.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): I am grateful for the opportunity to speak on the Lords

amendments. I shall centre my comments on amendment (b) to Lords amendment No. 24, tabled in my name and that of many other Members.

I was present on Second Reading and privileged to sit on the Standing Committee that scrutinised the Bill. I am pleased that some of the concerns that we expressed in the Chamber and in Committee were accepted by the Lords and are reflected in their amendments. I am pleased that we have moved to written advance directives. That is immensely important and provides huge reassurance, but I am deeply concerned about our failure adequately to address advance directions and the admissions within that.

It is still possible for an individual to specify in an advance directive that they do not wish to receive food or water. That individual is essentially giving other individuals the right to kill them either through hunger or dehydration. Neither method of death is humane. We would not tolerate them for an animal, nor for any other people in society who are fit, able and capable of deciding for themselves, but it seems that we will tolerate those methods of death for the most vulnerable of all in our society.

For those reasons, I cannot agree to the Bill, which does not afford protection to people in that position. While people are incapacitated and in that state, they cannot stand for themselves, but others will. I personally would not want to stand by and see someone die of starvation. I would not want to see them die of dehydration. I would go to court to say, "If the Government have given licence to this individual to die using the method of starvation or dehydration, I want to challenge that because it is inhumane." It would not be right for me as a family member, an advocate, a deputy or a friend to stand by and watch that happen. If the Government have allowed that individual to exercise that right, why should they decide the means? Why should they decide the time? If that individual elects to die, why should we not allow them to do so in the manner of their choosing and at a time of their choosing? That is why, as the clauses that relate to advance directives have not been amended, it is effectively euthanasia by omission.

I agree with the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) that the House will have to deal with the issue again. Just as the Bland judgment brought us to this point with the Bill, we will be brought back and asked to codify the law.

Mr. George Howarth: Will my hon. Friend give way?

Mrs. Curtis-Thomas: I hope that my hon. Friend will forgive me, but I want to continue.

We will be asked to codify the decisions made by the courts. Who could resist an argument that rules out death by starvation or dehydration? Certainly, I do not think that any hon. Member would want to see such a provision remain. That will be on the statute book and we will be given a clear choice: it is either that or death by lethal injection at a time of the individual's choosing. That is where we will end up. I do not want to go there—it is the wrong place to be. This is the wrong Bill to achieve that purpose. If the Houses of Parliament want to discuss euthanasia, let them do so openly. The Labour party is being whipped on this issue. I find that personally very objectionable. The Bill should not be whipped.

I may remain deeply concerned about the Bill and its impact. I do not doubt for a moment the numerous benefits associated with the Bill, and they are long awaited. I openly welcome and embrace many of the measures, but we have made a serious mistake. It is not too late for the Minister to accede, although I have received no indication that he will, so I await with interest the first judgments that we will receive from the courts. The Voluntary Euthanasia Society has been quiet, because it expects to go to court with this issue.

I will resist any further temptation to legalise euthanasia by omission and I ask colleagues and my hon. Friend the Minister to embrace the comments made earlier by my hon. Friend the Member for Heywood and Middleton (Jim Dobbin), to try to take on board some of the deep reservations that we still have and to afford those individuals who depend on us most the sort of care and concern that we all have for them but have expressed in different ways this evening.

Mr. Paul Burstow (Sutton and Cheam) (LD): I pay tribute to the hon. Member for Crosby (Mrs. Curtis-Thomas) and hon. Members on both sides of the House for the way in which they have pursued their concerns about aspects of the Bill during its passage. I certainly echo the comments of the hon. Member for Daventry (Mr. Boswell) about the adequacy of the time that we have tonight to do justice to those concerns. However, anyone who has read the proceedings of the other House's consideration of the Bill and the detailed exchanges of views that took place among those with legal and medical backgrounds cannot fail to have been impressed by the way in which the other place considered the legislation and diligently advanced the improvements to it that are before us tonight. The Bill has been significantly improved by that process.

7.45 pm

On Report, I added my name to several amendments tabled by the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) about the question of purpose. Having read and studied the matters considered in the other place in some detail, the amendment that he has tabled tonight raises other concerns.

I was especially struck by an exchange on Report in the other place on 15 March. My noble friend Lord Carlile put seven points to the Government, two of which were referred to by the hon. Member for Daventry: whether the Bill could be stretched in such a way as to allow euthanasia—voluntary or otherwise—by the back door or through the front door, and whether it could allow assisted suicide and whether advance directives could allow someone with suicidal intent to use the Bill for that purpose. The answers to those questions are set out in great detail at column 1278 of the relevant *Hansard*, so I urge hon. Members who still have worries to study it. I hope that the Minister will be able to reaffirm what was said in the other place.

Advance decisions are important and clearly still cause concern. They cannot require doctors to do anything and would not require them to do anything that would aid and abet a suicide. English law is clear that no person can ask for assistance in committing suicide by refusing treatment, but the Bill puts into

[Mr. Paul Burstow]

statute the common-law right to refuse treatment. The important thing is that the Bill errs on the side of life. It protects doctors. If doctors had any doubt about the state of mind of individuals when they wrote their advance decisions or when they lost capacity, or if medicine had moved on so that things of which individuals were not aware became possible, doctors could step in and act to safeguard life. Surely we should celebrate that as a way in which the Bill has moved forward.

I was struck forcefully by an example cited in the other place about Jehovah's Witnesses, who, on the ground of strongly held convictions, refuse blood transfusions. They may do that while they have capacity, but if several of the amendments tabled tonight were accepted, they would not be able to have their views, wishes and values—their belief system—respected through the treatment that they received if they lost capacity. If they had a car crash, someone else could decide, against their belief, that they should have a blood transfusion. We are talking about the right of individuals to refuse treatment, or their personal autonomy. We must be careful when we encroach on people's autonomy, although I think that the Bill tries to avoid doing that by carefully constructing a framework to safeguard the individual.

Mr. Leigh: If it is true that the Bill errs on the side of life, does the hon. Gentleman agree that there would thus be absolutely no harm in accepting the amendment tabled by the hon. Member for Heywood and Middleton (Jim Dobbin), because that would mean that the Bill would say that an advance directive could not be used to lead to a situation in which a person would not be given life-sustaining treatment in the form of fluid or another substance? Why not put that provision in the Bill? Surely the hon. Member for Sutton and Cheam (Mr. Burstow) accepts that.

Mr. Burstow: I shall listen carefully to what the Minister says in response to that amendment—

Mr. Ronnie Campbell (Blyth Valley) (Lab): How will you vote on it?

Mr. Burstow: Surely listening carefully to an argument and then coming to a conclusion is what we should be doing in this place. That is what free votes are all about, and a free vote is what my party is having on this matter. I shall listen to the Minister's response to the reasoned and reasonable arguments made by the hon. Member for Heywood and Middleton. My concern is that the way in which the amendment is formulated sows the seeds of confusion where there is currently no confusion in law. That is why I am not convinced that the amendment should be supported and currently I do not intend to support it. I shall listen to what the Minister has to say. That is not an unreasonable position to adopt.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): The hon. Gentleman says, and in my view it cannot be disputed, that if, say, a Jehovah's Witness—a sentient person—refuses a blood transfusion, that is a conscious act by a sentient person and it is perhaps equivalent to suicide. However, we are not dealing with suicide as such. We are dealing with what happens if a Jehovah's Witness refuses a blood transfusion for his or her child, which is a very different matter from an adult sentient person refusing medical treatment out of conviction.

Mr. Burstow: As I understand the legislation, that would not be possible in those circumstances. I hope that the Minister will confirm that.

The amendments tabled by the right hon. Member for Chingford and Woodford Green are well intentioned and I understand them entirely, but clause 4(5) deals with the matter in a way that enables us not to confuse English law. By using the word "purpose", we would inadvertently put into law a provision that could have the effect of criminalising an act that we all want to happen—that is, the act of giving palliative care and providing assistance and pain relief at the end of life. The amendments might make that unlawful.

The Bill contains so much that is good and important about a person's quality of life and their right to lead their life as they choose that it should make its way on to the statute book today. However, I hope that the Minister can respond to the many concerns that have been aired during this short debate.

Mr. George Howarth: I wish to cover two matters: the issue raised by my hon. Friend the Member for Heywood and Middleton (Jim Dobbin), and the assertion made by my hon. Friend the Member for Crosby (Mrs. Curtis-Thomas). If I misrepresent my hon. Friend's views, I am happy to be corrected by her, but the burden of her argument seemed to be that it is always, in every circumstance, in a patient's best interest to receive food and hydration. I think that that was her point.

Mrs. Curtis-Thomas: No. I do not wish to imply that every person, irrespective of their state, should receive food and fluid, only that people who are living with a condition should do so. When someone begins to die and food and fluid become burdensome, they should be withdrawn. However, if the person is not dying and has no other threatening condition, but needs only food and fluid to survive, that person should receive food and fluid.

Mr. Howarth: I am grateful to my hon. Friend for that clarification, but I think that that formulation would lead to enormous confusion. At some point, someone has to decide when the provision of food and fluid is in a person's best interest and when it is not. My other problem with that argument is that, having listened to medical evidence, like many other hon. Members, I am aware that the pain and suffering of patients with certain conditions can be aggravated by hydration in particular.

The second point that I wanted to make is in response to an issue raised by my hon. Friend the Member for Heywood and Middleton—that clause 61 does not apply in cases where there is an advance directive. That is not my reading of the position now that the Bill has been amended by the House of Lords. I do not know where my hon. Friend is getting his advice from, but I suspect that he is wrong in this instance. I should be

grateful if the Minister could confirm that my interpretation of the position—that clause 61 would override the circumstances that my hon. Friend describes—is right, or whether my hon. Friend is right.

Secondly, does the Minister accept the burden of the argument of my hon. Friend the Member for Crosby about food and water? Would there be circumstances where people would feel it absolutely necessary to go ahead with feeding or hydrating people through tubes even though it would not necessarily be in their best interests?

Sir Gerald Kaufman: We recognise that these are agonising issues. Recent events in the United States, which we have seen on television, have shown just how agonising these issues are. They are not simple issues, but there is a simple issue behind what some of us seek to achieve, which is to prevent legislation that would allow euthanasia by the back door. That is what has motivated my approach to the Bill from the beginning.

I am baffled by the way in which the Government have handled the Bill from the beginning of its passage through Parliament. If I am fortunate enough to be re-elected in four weeks' time, I shall have sat in the House a few weeks after that for 35 years. Never have I known a Government handle a Bill of this sort in this way. To begin with, no Bill that I have been involved in, dealing with issues of this kind, has been whipped. It has been a tradition of my party—I am not interested in how the other parties conduct themselves—that on issues of conscience such as capital punishment, gay rights or abortion, we are not whipped.

I pleaded with the Government, both at meetings of the parliamentary Labour party and at private meetings with the Chief Whip, not to whip us on this Bill. It is still beyond my understanding why we are being whipped. It is totally beyond me. Yet we are proceeding with the Bill and with the aspects with which the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) is dealing in his amendments, on the basis of an extraordinary preoccupation that it is vital, in the dying stages of this Parliament, with only a few days left, that this piece of legislation survives.

This is not a Labour Bill—it did not originate within the Labour party. It is not a manifesto commitment. The Bill originated 16 years ago under the previous Conservative Government as an omission by the Law Commission. For some reason, it has now surfaced as a piece of legislation that a Labour Government, working hard to get themselves re-elected for an historic third term, believe is essential and should receive Royal Assent.

8 pm

Mr. Kevin Barron (Rother Valley) (Lab): Besides the issue of the Whip, is not the answer that people outside the House who have worked with people with mental incapacity for the past decade or more have been waiting for legislation of this breadth to come along, to give those people the rights that society has denied them for far too long?

Sir Gerald Kaufman: I accept every word that my right hon. Friend says when he refers to the breadth of the legislation. Every one of us has received letters this week from esteemed charities saying that they want the Bill to become law, and I am not arguing with my right hon. Friend about that. However, he rightly suggests that this is a matter of conscience. This ought not to be a matter of contention between political parties; it should be a matter of honest and respected disagreement between right hon. and hon. Members of the House.

Mr. Barron: If the Bill were about putting euthanasia on to the statute book, is it not the case that we would have a free vote on it?

Sir Gerald Kaufman: That depends on how we interpret it. The fact is that, when the Bill came before the House of Commons last December, and when we were dealing with the very issues on which the right hon. Member for Chingford and Woodford Green has tabled his amendment, the Government were so concerned that it should not be defeated that we got the exhibition of correspondence between the Secretary of State for Constitutional Affairs and the Archbishop of Cardiff being circulated among Labour Back Benchers—something else that I have not seen before in my 35 years in the House. I have never known anything like that to happen on an issue of conscience. What that told us was that the Government had accepted, very belatedly, that this was an issue of conscience. In order to seek to assuage the consciences of a considerable number of Labour Members, they circulated that correspondence. That day, the Prime Minister is said to have been on the telephone to the Cardinal Archbishop in an effort to get an agreement with him that would persuade right hon. and hon. Members on this side of the House.

I do not want the Bill to fall, but I recognise the concerns that are being expressed. Many of us have personal experience of these matters. I had a sister who died after having suffered from Alzheimer's disease for many years. I have an elder brother who does not know me when I go to see him; he, too, is suffering from Alzheimer's. My sister's son and my brother's daughter are loving children. Fine, but we cannot assume that, in a situation relating to the amendment that we are now considering, my nephew and niece would be typical. That is why we have sought the safeguards that we are debating this evening.

I accept that improvements have been made to the Bill in the House of Lords. That cannot be denied. After all, the right hon. Member for Chingford and Woodford Green is tabling an amendment to a Lords amendment. If we compare the Bill with the one that left the House of Commons in December, there is no doubt that it has been improved. However, it still contains this loophole, which causes a twinge of agony to many of us who understand the circumstances in which these decisions might well be made. That is why what my hon. Friends the Members for Heywood and Middleton (Jim Dobbin) and for Knowsley, North and Sefton, East (Mr. Howarth) are saying is important. They are disputing a matter of ethics that impinges on the very nature of human life. What I want to hear from the Minister is either that the contents of the letter from the Archbishop of Cardiff to my right hon. and learned Friend the Lord Chancellor have been effected to the Archbishop's satisfaction, or a clear and specific assurance that will assuage hon. Members' consciences

[Sir Gerald Kaufman]

because we are considering a clause and an amendment about conscience. We are considering human life and the deepest single issue that relates to human beings.

Mr. Leigh: On a point of order, Mr. Speaker. We are listening to an interesting speech, but we have less than 12 minutes to hear from the Minister. Can we get on to the Minister's speech as quickly as possible?

Mr. Speaker: I am sure that the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) appreciates the time.

Sir Gerald Kaufman: I apologise to the hon. Member for Gainsborough (Mr. Leigh); I was not looking at the clock and I did not note when the debate was due to end. However, the hon. Gentleman is right that it is essential to hear from the Minister before reaching a decision. I shall therefore sit down, but I hope that the Government take account of the fact that people feel very uneasy at this stage of the debate.

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): When we considered the Bill on Report, concerns were expressed about attorneys and deputies and people who would seek to harm those at the end of their lives. Along with my noble Friend the Lord Chancellor, I undertook to continue dialogue with the Catholic Church and specifically Archbishop Peter Smith. Much has been said in his name tonight and I want to assure hon. Members that amendment No. 4, which proposes a new subsection (5) to clause 4, goes to the heart of the points that he made. He was quoted in Committee in the other place on 25 January 2005 and also said in a letter to my hon. Friend the Member for Heywood and Middleton (Jim Dobbin) that proposed new subsection (5),

"makes it explicit that the Bill does not give authority to doctors, proxies or other third parties considering a patient's best interests to make any decision that is motivated by a desire to kill the person."

Jim Dobbin: Will my hon. Friend give way?

Mr. Lammy: In a moment. The concerns that have been expressed in the debate today relate not to the best interests aspect of the Bill but to advance decisions. That is all that is left for the House to determine. We should remember that it is possible to make an advance decision now—that fact was lost in some parts of the discussion. An advance decision does not mean electing for suicide. The Government stand firm on suicide and have continually made that clear. We did that in relation to clause 58 and best interests and in the context of advance decisions.

Mr. Boswell: Will the Minister give way?

Mr. Lammy: Let me finish. One can make an advance decision now. The House has to decide whether to vote for the additional safeguards on advance decisions for which the Bill provides or to retain the current position, with no safeguards. Let me list those safeguards because it is important to set them out. First, importantly, under this Bill, if a doctor is not satisfied, he can decide that he will not accept the advance decision as valid and applicable. We therefore either vote to give the doctor that right, or we leave it, and doctors will not have that security.

Helen Jones (Warrington, North) (Lab): I am listening carefully to what my hon. Friend has said, and I accept his view that this Bill has been much improved in the House of Lords. Will he address, however, the issue raised by my hon. Friend the Member for Heywood and Middleton (Jim Dobbin) in relation to ensuring that we prevent advance directives containing suicidal intentions from being carried out? If, as the Minister said, that is the Government's intention—I accept his honest view on that—what is wrong with accepting the amendment tabled by my hon. Friend the Member for Heywood and Middleton?

Mr. Lammy: The Bill—

Jim Dobbin: I just want to follow up with the rest of the letter. The archbishop goes on to say:

"But this amendment still leaves a major gap. It does not cover advance decisions. The clauses dealing with advance decisions, although tightened up, still leave open the possibility that an expressly suicidal advance decision is binding".

Mr. Lammy: As I was saying, doctors cannot now be forced to accept advance decisions, because, under the Bill, if they are not satisfied, they do not have to do so. On the point raised by my hon. Friend the Member for Warrington, North (Helen Jones), the Bill states specifically that someone must have capacity and be able to weigh information. Someone who is suicidally motivated cannot legally do those things—

Mr. William Cash (Stone) (Con): On a point of order, Mr. Speaker—

Mr. Speaker: Order. I really hope that this is a point of order.

Mr. Cash: It is indeed. The Minister has just been referring to issues that he claims have been raised by the Archbishop of Cardiff, which is not the case. He is using that as evidence against a professor of law—

Mr. Speaker: Order. I really knew that that was not a point of order.

Mr. Lammy: In addition, there are provisions under clauses 25(5) and (6) of the Bill in relation to the person who elects to have an advance decision. Let us be clear that the Government are not saying that people must have an advance decision; we are accepting that there are those in our community who want to make advance decisions and refuse certain types of treatment. We are accepting that Jehovah's Witnesses, Christian Scientists and all sorts of people want to make that decision. That is why the Bill is supported by the Alzheimer's Society, Age Concern, Mencap and the mental health community, who have written to all Members of the House to argue for the Bill. They have said that it is necessary.

Mr. Duncan Smith: I realise that we are short of time. Let me make sure that the Minister clearly understands the amendment tabled by the hon. Member for Heywood and Middleton (Jim Dobbin). If the Minister says that the Government's determination and intention is that advance decisions should not represent suicidal intentions, all that he has to do is amend the provision as follows:

"a decision or statement complies with this subsection only if"—

the amendment says—

"it does not state a desire to bring about P's death by forgoing that treatment".

Why is that so hard to do if, as he says, that is the Government's intention?

Mr. Lammy: I would have thought that that was patently obvious. The reason is that that would force people to stay and die in hospital—*[Interruption.]* It would mean that people cannot elect to die at home. That would be the consequence—

Mr. Duncan Smith: Will the Minister give way?

Mr. Speaker: Order. The right hon. Gentleman has had a good say in this debate. He must allow the Minister to speak without interruption.

Mr. Lammy: There will always be a difficult balance between personal autonomy—the person's right to say, "No, thanks, not for me"—and having the right safeguards governing that, to allow doctors to say, "I am not satisfied", and to ensure that someone has all their mental faculties and is capable of making their decision.

Mr. Leigh *rose—*

Mr. George Howarth *rose—*

Mr. Lammy: Our further amendment today says that where someone recognises that the risk is to their life, they must make a further statement that is written and witnessed.

8.15 pm

On all those counts, while the law makes it clear that we do not support assisted suicide—Members will remember the Diane Pretty case, which went to the European Court of Human Rights and was effectively thrown out—I urge Members who are concerned about advance decisions and would not choose to make such decisions themselves, but who want to ensure that safeguards exist, to vote for the Bill. They will be ensuring that doctors can make the decision, and that it is in writing that people can make an advance decision only when they are capacitated. On that basis, I commend a Bill for which we have waited 15 years, and for which outside organisations are campaigning.

Question put, That the amendment to the Lords amendment be made:—

The House divided: Ayes 98, Noes 240.

Division No. 151] **[8.16 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Atkinson, Peter *(Hexham)*
Beggs, Roy *(E Antrim)*
Benton, Joe *(Bootle)*
Bercow, John
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brazier, Julian
Burnside, David
Burstow, Paul
Burt, Alistair
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Clifton-Brown, Geoffrey
Conway, Derek
Cummings, John
Curtis-Thomas, Mrs Claire
Davey, Edward *(Kingston)*
Davies, rh Denzil *(Llanelli)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Donaldson, Jeffrey M.
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Fallon, Michael
Field, rh Frank *(Birkenhead)*
Flight, Howard
Forth, rh Eric
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gill, Parmjit Singh
Gillan, Mrs Cheryl
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Gummer, rh John
Hammond, Philip
Hayes, John *(S Holland)*
Heath, David
Hendry, Charles
Hoban, Mark *(Fareham)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lansley, Andrew
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Moss, Malcolm
Murrison, Dr. Andrew
Opik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paterson, Owen
Pickles, Eric
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Sanders, Adrian
Selous, Andrew
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, David *(NW Leics)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Thurso, John
Walter, Robert
Watkinson, Angela
Widdecombe, rh Miss Ann
Wiggin, Bill
Willis, Phil
Winterton, Sir Nicholas *(Macclesfield)*

Tellers for the Ayes:
Ann Winterton and
Mr. Edward Leigh

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Benn, rh Hilary
Bennett, Andrew
Berry, Roger
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Byrne, Liam *(B'ham Hodge H)*
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*

Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Clapham, Michael
Clarke, rh Kenneth *(Rushcliffe)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cohen, Harry
Connarty, Michael
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, rh Jean
Cousins, Jim
Cranston, Ross
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
David, Wayne
Davidson, Ian
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobson, rh Frank
Doran, Frank
Dorrell, rh Stephen
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, rh Derek
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(MerthyrTydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Heyes, David
Hill, rh Keith *(Streatham)*
Hinchliffe, David
Hodge, rh Margaret
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, rh Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jackson, Robert *(Wantage)*
Jamieson, David
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Khabra, Piara S.
Kilfoyle, Peter
Knight, Jim *(S Dorset)*
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Lloyd, Tony *(Manchester C)*
Lucas, Ian *(Wrexham)*
McAvoy, rh Thomas
McCabe, Stephen
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McKechin, Ann
McKenna, Rosemary
MacShane, Denis
McWilliam, John
Mahmood, Khalid
Mann, John *(Bassetlaw)*
Marshall, David *(Glasgow Shettleston)*
Martlew, Eric
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Pearson, Ian
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Ruddock, Joan
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Steinberg, Gerry
Stewart, Ian *(Eccles)*
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Ian *(Esher)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Wareing, Robert N.
Watson, Tom
Watts, David
Whitehead, Dr. Alan
Williams, Betty *(Conwy)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Jim Fitzpatrick and Gillian Merron

Question accordingly negatived.

Motion made, and Question put, That this House agrees with the Lords in the said amendment.—*[Mr. Ainger.]*

The House divided: Ayes 269, Noes 68.

Division No. 152] **[8.27 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Benn, rh Hilary
Bennett, Andrew
Berry, Roger
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Bottomley, Peter *(Worthing W)*
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Burstow, Paul
Byrne, Liam *(B'ham Hodge H)*
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Clapham, Michael
Clarke, rh Kenneth *(Rushcliffe)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cohen, Harry
Colman, Tony

Connarty, Michael
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, rh Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Davey, Edward *(Kingston)*
David, Wayne
Davidson, Ian
Dawson, Hilton
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dorrell, rh Stephen
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallsey)*
Edwards, Huw
Elman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, rh Derek
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gill, Parmjit Singh
Gilroy, Linda
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Heyes, David
Hinchliffe, David
Hodge, rh Margaret
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, rh Beverley *(Stretford & Urmston)*
Hughes, Simon *(Southwark N)*
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Robert *(Wantage)*
Jamieson, David
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Khabra, Piara S.
Kilfoyle, Peter
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Lloyd, Tony *(Manchester C)*
Lucas, Ian *(Wrexham)*
McAvoy, rh Thomas
McCabe, Stephen
McDonnell, John
MacDougall, John
McFall, rh John
McGuire, Mrs Anne
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
MacShane, Denis
McWilliam, John
Mahmood, Khalid
Mann, John *(Bassetlaw)*
Marshall, David *(Glasgow Shettleston)*
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
Öpik, Lembit
Osborne, Sandra *(Ayr)*
Page, Richard
Pearson, Ian
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Shaw, Jonathan
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stewart, Ian *(Eccles)*
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Stunell, Andrew
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Harrow W)*
Thurso, John
Timms, Stephen
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Tynan, Bill *(Hamilton S)*
Tyrie, Andrew
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Wareing, Robert N.
Watson, Tom
Watts, David
Whitehead, Dr. Alan
Williams, Betty *(Conwy)*
Willis, Phil
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Jim Murphy and Jim Fitzpatrick

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Atkinson, Peter *(Hexham)*
Beggs, Roy *(E Antrim)*
Bercow, John
Brazier, Julian
Burnside, David
Burt, Alistair
Campbell, Ronnie *(Blyth V)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Clifton-Brown, Geoffrey
Conway, Derek
Davies, rh Denzil *(Llanelli)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Donaldson, Jeffrey M.
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Fallon, Michael
Forth, rh Eric
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gillan, Mrs Cheryl
Grayling, Chris
Green, Damian *(Ashford)*
Gummer, rh John
Hammond, Philip
Hayes, John *(S Holland)*
Hendry, Charles
Hoban, Mark *(Fareham)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jenkin, Bernard
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Lansley, Andrew
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Morrison, Dr. Andrew
Osborne, George *(Tatton)*
Paterson, Owen
Pickles, Eric
Randall, John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Selous, Andrew

Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Swayne, Desmond
Syms, Robert
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Walter, Robert
Watkinson, Angela
Wiggin, Bill
Winterton, Sir Nicholas *(Macclesfield)*

Tellers for the Noes:
Miss Ann Widdecombe and Ann Winterton

Question accordingly agreed to.

Lords amendment agreed to.

Mr. Speaker: I draw the attention of the House to the fact that privilege is involved in Lords amendment No. 69. If it is agreed to, an appropriate entry will be made in the Journal.

Question put, That this House agrees with the Lords in their remaining amendments.

The House divided: Ayes 236, Noes 51.

Division No. 153] **[8.39 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Benn, rh Hilary
Berry, Roger
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Burstow, Paul
Byrne, Liam *(B'ham Hodge H)*
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Clapham, Michael
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Connarty, Michael
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, rh Jean
Cousins, Jim
Cranston, Ross
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Davey, Edward *(Kingston)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, rh Derek
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gill, Parmjit Singh
Gilroy, Linda
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(MerthyrTydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Heyes, David
Hinchliffe, David
Hodge, rh Margaret
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, rh Beverley *(Stretford & Urmston)*
Hughes, Simon *(Southwark N)*
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Khabra, Piara S.
Kilfoyle, Peter
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lloyd, Tony *(Manchester C)*
Lucas, Ian *(Wrexham)*
McAvoy, rh Thomas
McCabe, Stephen
McDonnell, John
MacDougall, John
McGuire, Mrs Anne
McKechin, Ann
McKenna, Rosemary
MacShane, Denis
McWilliam, John
Mahmood, Khalid
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marshall, David *(Glasgow Shettleston)*
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Naysmith, Dr. Doug
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Öpik, Lembit
Osborne, Sandra *(Ayr)*
Pearson, Ian
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Ruddock, Joan
Savidge, Malcolm
Sawford, Phil
Shaw, Jonathan
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Speller, rh John
Squire, Rachel
Stewart, Ian *(Eccles)*
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Stunell, Andrew
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tonge, Dr. Jenny
Trickett, Jon
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Wareing, Robert N.
Watson, Tom
Watts, David
Whitehead, Dr. Alan
Williams, Betty *(Conwy)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Jim Murphy and Jim Fitzpatrick

NOES

Amess, David
Beggs, Roy *(E Antrim)*
Bercow, John
Burnside, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Colman, Tony
Conway, Derek
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Dobbin, Jim *(Heywood)*
Donaldson, Jeffrey M.
Duncan Smith, rh Iain
Evans, Nigel
Fallon, Michael
Forth, rh Eric
Francois, Mark
Garnier, Edward
Gillan, Mrs Cheryl
Grayling, Chris
Hammond, Philip
Hayes, John *(S Holland)*
Hendry, Charles
Hoban, Mark *(Fareham)*
Howarth, Gerald *(Aldershot)*
Iddon, Dr. Brian
Jenkin, Bernard
Kirkbride, Miss Julie
Lansley, Andrew
Leigh, Edward
Lilley, rh Peter
Loughton, Tim
Mackay, rh Andrew
Mackinlay, Andrew
McLoughlin, Patrick
Mudie, George
Murrison, Dr. Andrew
Osborne, George *(Tatton)*
Paterson, Owen
Reed, Andy *(Loughborough)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Selous, Andrew
Smyth, Rev. Martin *(Belfast S)*
Taylor, David *(NW Leics)*
Taylor, Sir Teddy
Watkinson, Angela
Widdecombe, rh Miss Ann
Wiggin, Bill
Winterton, Sir Nicholas *(Macclesfield)*

Tellers for the Noes:
Ann Winterton and
Mr. Desmond Swayne

Question accordingly agreed to.

Lords amendments Nos. 2 to 95 agreed to [one with Special Entry].

HIV/AIDS (Africa)

Motion made, and Question proposed, That this House do now adjourn.— *[Mr. Ainger]*

8.49 pm

Ms Sally Keeble (Northampton, North) (Lab): I am grateful to have secured this Adjournment debate about HIV/AIDS orphans and vulnerable children in sub-Saharan Africa. This has been an historic day in the middle of a remarkable week, and I am particularly pleased to be able to speak on an issue on which Labour has set the agenda not just for the country but for the world. It is this Labour Government who have led the world in tackling debt relief, global poverty, trade reform and HIV/AIDS and who have, more recently, been leading the debate on the future of Africa. Those are policies that have resonated around the country, with young and old, and around the world. They have been a hallmark of the values that we in the Labour party hold dear, and a shining beacon of Labour's achievements and of the kind of world that we want to create.

The group that I want to talk about, however, is one for which there is still a desperate need for support. We will all have our images and memories from the past four years of this Parliament. Certainly for me, the saddest ones were of the HIV/AIDS orphans whom I saw and met in sub-Saharan Africa. A whole generation of children are growing up without parents and, so often, without hope. On a personal level, I found that to hold one of these little children, so very fragile that the wind could blow them away, was one of the saddest experiences of my whole life. To see them growing up alone in their huts in the African countryside or on the streets of African cities, children who have literally been abandoned to fend as best they can in a harsh, cruel world, is tragic. There is a whole generation of these children: some 12 million now, some 25 million by 2010. Whatever happens to HIV and AIDS—and there are signs that in some places infection rates may, thankfully, be slowing down—the number of orphans will rise inexorably.

One person described that generation to me as the brick wall that Africa is heading for, and quite apart from the human tragedy, these children are also a massive social and development challenge. They will grow up mostly without health, without schooling, without social skills, often with illness and with high levels of crime and delinquency. My hon. Friend the Minister knows the statistics; they are horrendous, so I will not recite them.

This evening I want to press my hon. Friend on what the Government are doing about the orphans and vulnerable children within their overall HIV/AIDS strategy and to press for funding for community-based services. I am grateful to a number of agencies for their help, support, advice and, indeed, inspiration over the past 18 months. One is World Vision, whose work for HIV/AIDS orphans I have seen in Lesotho, South Africa and Ethiopia. Another is UNICEF, which arranged for me to see HIV/AIDS orphans work in Mozambique, and has provided advice and support. Another is NCH, which has provided advice on child care policies; often HIV/AIDS work focuses on health care, whereas work with orphans and vulnerable

[Ms Sally Keeble]

children needs to be guided by sound child care policies. SABMiller has also provided valuable insights from its experience in sub-Saharan Africa.

Most of all, I want to pay tribute to the community-based organisations that do such remarkable work in the most difficult circumstances to look after these children. The Kenyan Network of Women Against Aids, which cares for some 1,300 children in Nairobi, provides food for children five days a week—including teenage girls, to keep them from prostituting themselves just for the price of a meal. It provides meals during the week, but at weekends it cannot, so the children do not eat at weekends. Yet that organisation, which advises the Kenyan Government, receives international delegations and has, I believe, organised events for the UK Government, does not have secure funding. Children in my constituency twinned with KENWA—the Kenya Network of Women with Aids/HIV—and sent the orphans gifts last Christmas, which was a most heart-warming experience.

There is also Kuvumbane in Mozambique, which supports 900 women with HIV/AIDS and about 2,000 orphans. It is based in Xai-Xai, the capital of the province of Gaza, just three hours' drive on a tarred road north of Maputu, so it is not a remote project, yet it has no regular funding. It has occasional supplies of food from the World Food Programme and teams of volunteers, most of them completely unpaid, to provide community-based care, but with no equipment at all.

I went out with that organisation recently and saw a family of orphan children living in a hut on their own. The thatched roof had been damaged, so the rain came in and the younger children had coughs and colds. They also had fungal disease on their heads. The youngest was only a year old when his mother died a year ago, and we can only imagine what his prospects are. I met another family of five children whose father had died a couple of years ago. When I arrived, their mother was lying down, desperately ill with AIDS. She managed to stand up and speak briefly and we could but wonder at the horror for those children of watching their surviving parent die.

I shall remember for a long time the plight of another young woman. She was not a child, but she was very young to be dying such a horrible death. Her parents had died. Her aunt had died. She had no siblings and her own baby died at a year old. When I arrived, she was lying on the floor of her hut moaning. She could not drink and was in complete agony. A volunteer was with her, the only person to be there at her death; but there were no painkillers to ease her suffering and give her more dignity in dying—no mattress, no pillow. Nothing. The lack of resources for community care is horrific.

There are several projects in Zimbabwe, in Harare and Bulawayo, which probably do not want to be identified, but where people have thought through with the greatest attention sophisticated strategies for child care. They shelter children from abuse by the police and take them off the streets. They help them with memory books so that they can come to terms with the loss of their parents. Most of all, they feed children—not enough to satisfy them, but it keeps them from starving.

People who undertake such work have commitment and are enormously dedicated, with the insight and thought to care for children, but they completely lack the resources to put care services in place. I know that my hon. Friend the Minister can point to the policies of the Government, their support for the UNICEF framework and the money to implement policies. It is true that the UK Government have led the way in combating HIV/AIDS with financial resources, support for the use of anti-retrovirals, the allocation of funds for orphans and in pressing for a more co-ordinated approach to the UNICEF framework, but there is an issue about delivery. The best intentions in the world will fail if they are not efficiently implemented and monitored, and there are some difficulties with that.

Of the £150 million that the Department for International Development has set aside for HIV/AIDS orphans and vulnerable children, £85 million is being spent through the Department's African country programmes. Some of the money is going into budget support for Governments to advance their national orphans and vulnerable children plans. Having spent some time looking at the work in six of the sub-Saharan countries most affected by HIV/AIDS, it is not at all clear, with the exception of South Africa, that there is any capacity to deliver programmes. There are not even departments to run them. Even if there are central Government departments, there are no regional or local structures so that policies and resources can cascade down.

To say that is not to belittle those countries. Complex services are needed and they are difficult to deliver. After all, only under the Labour Government have we had a Minister for children and co-ordinated children's services across Government. In Kenya, the department with lead responsibility for children is the equivalent of our Department for Culture, Media and Sport, and children's services are very much a junior partner. In Lesotho, the First Lady has responsibility for such services. I had long discussions with her. She is an inspiring woman with a deep commitment and a profound understanding of what is needed to bring about change in her country, but she is not actually in government and has no departmental resources. The situation in Zimbabwe is desperate; for example, in Bulawayo, the second city, there are fewer social workers than there are Zimbabwean social workers in the social services department of one outer London hospital.

If the money is to deliver services, there must be some clear accounting for how it is spent. Providing a form of words to fit the policy requirement simply will not deliver the services on the ground that children need. Perhaps what is needed is a kind of barium meal for the international community's financial systems, which would trace the money that goes from the British taxpayer to the delivery of services for the orphans and vulnerable children in sub-Saharan Africa.

As my hon. Friend the Minister knows, I have put a proposal to him for a funding stream structure that could provide financial support directly to the community-based services concerned. In practical terms, that would provide support where it is most needed: at the community level where the caring takes place—food for the feeding schemes, hygiene items for the home-visiting schemes, school fees or, where school is free, money for school books and uniforms, and money to re-thatch hut roofs. The organisations that carry out those activities operate well below the radar of

national and international Government agencies, but they are able to provide the small-scale interventions that make all the difference to enable children to have some reasonable prospect for the future.

Such a proposal would also have two other important functions—first, to develop and systematise community care programmes. That is desperately important. It is better understood in the communities that I visited in Africa than it has ever been in the UK that children belong in their own homes, not in residential institutions. What is needed to keep them in their own homes is, as I said, a complex network of small-scale interventions.

Such interventions include, for example, help with getting birth certificates, so that children can get Government grants for free schooling, which is the kind of thing that I saw the volunteers of Kuvumbane do for the children in Mozambique; protection of their property rights, so that they can keep ownership of their parents' homes, which is often the first step to being able to provide them with a secure life after their parents have died; help with food and clothing; and home visiting by an adult. Home visiting also includes providing the help, psychological support and counselling that children need when they are grieving the loss of their parents. That is something that we do not often think about, because we so often think about how to feed children who are hungry, rather than how to comfort them when they are mourning. Those are very hard services to develop and deliver, and they may have to be provided from the base up, rather from central Government down.

The other big purpose that such a funding stream would achieve is to support African civil society. In a number of cases, the organisations that I have visited group together into some kind of network, but they very much lack the resources to develop and to extend their work and impact through their countries.

The amounts of money needed for such activity are quite small, and I fully recognise that it is impossible for the UK Government to provide individual grants at such a small scale and localised level. Arguably, the level is too small even for the country Governments. It is the kind of function that, in this country, local government would undertake, and could be managed by a group of organisations—indeed, some organisations have expressed an interest in doing so.

Half of everything that we know, we learn in the first five years. We in this country recognise, in providing services for our own children, that those early years are when we must put in the investment if we are to influence the adults of the future and the shape of society in future.

The wheels of the international community may be grinding on this issue, but they grind extremely slowly. Those children cannot wait for the money that has been earmarked for them to trickle down. I press my hon. Friend the Minister to give a commitment on this, and he can do so in the certain knowledge that after the election, a Labour Government will continue to transform not just this country, but the wider world and lead the international community in development policy, as they have done in the past eight years, thus ensuring that the otherwise lost generation of HIV/AIDS orphans and vulnerable children will inherit a very different world.

9.4 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): I congratulate my hon. Friend the Member for Northampton, North (Ms Keeble) on securing the debate and on the way in which she continues to campaign on the issue. I appreciate the number of oral and written parliamentary questions that she has asked on the matter and the considerable amount of travel that she has undertaken to investigate it, especially in Africa. I am also aware, from meetings that she has had with my right hon. Friend the Secretary of State and me, of her considerable knowledge of the challenges that we and the international community more broadly face when trying to scale up support for those orphaned by the terrible epidemic.

I also join my hon. Friend in paying tribute to World Vision and UNICEF, especially, with which I have held several conversations about the AIDS epidemic in general and specifically about how we should respond to the orphan crisis. I also join her in paying tribute to the organisations that she met on her travels in Africa to examine the issue to which she referred, and, indeed, to the National Children's Home and SABMiller.

The sheer scale of the AIDS pandemic is well know to all hon. Members. The number of people affected is truly staggering and, as my hon. Friend said, increasing each year. However, the matter that clearly concerns us today is the tragic plight of children affected by AIDS. The increasing numbers of poor children who are living with HIV, or orphaned by AIDS, cannot fail to move us, as the example that she cited in her opening remarks made clear. I visited the Dukhathole township in Germiston, near Johannesburg, in May 2004 to see a project that we are funding, which Christian Aid and the Anglican Church are running, so I know about the scale of the challenge in just that one township. Support is being provided to those who are helping orphans and vulnerable children to access primary education and helping people to claim benefits to enable the provision of healthy food and reasonable-quality lives. Remarkable women in the township support orphans, and grandmothers and other relatives, by looking after orphans and other vulnerable children. I completely accept the fundamental point behind my hon. Friend's speech: we need to do more.

My hon. Friend also talked about the social cost of AIDS, with many families losing one or two breadwinners. The number of children orphaned by AIDS is expected to grow from 12.3 million in 2003 to 18.4 million in 2010, and those figures are just for Africa. The risk of the AIDS epidemic taking off in a truly alarming way in Asia is fast gaining more international attention. The orphans crisis in Africa could perhaps become a significant problem there.

My hon. Friend has rightly focused the bulk of her remarks and campaigning work on sub-Saharan Africa. Already more than a third of households in Uganda are caring for at least one orphan. It is estimated that, by 2010, some 50 million children in Africa will have lost at least one parent and that nearly 40 per cent. of those losses will be as a result of AIDS.

There have always been orphans, of course, and in Africa they have always been cared for by their extended families. However, the effect of the AIDS pandemic is

[Mr. Gareth Thomas]

undoubtedly stretching the ability to cope in many communities to breaking point. Orphans need caring for, so carers have to find extra resources from somewhere. As the number of orphans rises, less well-off carers have to make sacrifices. Children, most often girls, are taken out of school and families have to make do with less.

Increased poverty has a marked impact, not only owing to the immediate effects caused by poorer nutrition and poorer health, but also over the longer term. Children who are poorly nourished early in life will never reach their full potential. Poorer children often do not go to school. Evidence shows that, especially for girls, lack of education is associated with a higher risk of being both poor and of HIV infection. Hunger and poverty may lead orphans to exchange sex for money or food, so comprehensive sexual health services are thus fundamental to a truly effective and comprehensive approach. As my hon. Friend said, if we do not act to improve the opportunities for orphans and vulnerable children, poverty will continue to be transmitted down the generations, with millions denied the chances that they deserve.

The Government made their intention clear in the strategy on AIDS in the developing world, which we published in July last year. We have committed £1.5 billion of taxpayers' money over the next three years to tackling the HIV/AIDS epidemic, of which £150 million has been set aside for action to help orphans and vulnerable children. We shall also help orphans and vulnerable children through the doubling of our support for the Global Fund to Fight AIDS, Tuberculosis and Malaria, bringing our total support to some £250 million through to 2008. HIV/AIDS orphans will also benefit from the additional funding of £36 million over four years that we provided to UNAIDS—the Joint UN Programme on HIV/AIDS—to support its global leadership work. That work focuses on the pandemic as a whole, but HIV/AIDS orphans are clearly part of that response. We are also providing additional funding of £80 million over four years to support the United Nations Population Fund's HIV prevention and sexual and reproductive health work with women. That, too, will help the fight against AIDS in the longer term.

My hon. Friend will know that our right hon. Friend the Prime Minister has said that the fight against HIV and AIDS and our work to highlight the needs of Africa will be the centrepiece of our presidencies of the G8 and the European Union. During 2005, we shall focus on two areas. First, our aim is to co-ordinate more effectively the money that is available for the fight against AIDS and to leverage in more of the resources necessary to fight AIDS in general, as well as to deal with the specific problem of HIV/AIDS orphans. Secondly, we want to maintain HIV prevention momentum and to ensure an adequate focus on balanced prevention strategies such as microbicides and vaccines to reduce HIV incidence globally. Again, that will help to provide further support for HIV/AIDS orphans in the long run.

Looking ahead, in September we will host the conference on replenishment of the global fund, back to back with a broader AIDS funding conference to examine the needs of other parts of the international system. UNICEF will, no doubt, play a key role—my hon. Friend rightly mentioned UNICEF's crucial role in the fight against AIDS. Its strategic framework, which the UK was one of the first to endorse, provides guidelines for the global response to those issues. At the global partners forum in December in Washington, I was able to set out our initial thinking on how we will spend the £150 million that we have committed to children affected by AIDS. We are committed to spending £44 million of that support through UNICEF over the next three years.

Part of our funding will go towards supporting national Governments' analysis of the extent of the problem and their planning of an adequate response. To date, 17 African countries have completed comprehensive national action plans to support children affected by AIDS. My hon. Friend rightly said that national action plans are welcome, but we must monitor how they are delivered on the ground. She was also right to focus attention on developing countries' capacity to respond to the challenges of HIV/AIDS. Whereas once the high price of anti-retroviral drugs constrained our ability to respond appropriately to the epidemic in many developing countries, the issue now is whether there are enough nurses, doctors and other workers to provide support on the ground.

Ms Keeble: Does my hon. Friend accept that although we have cheaper anti-retroviral drugs for adults, the same is not true of drugs for children? Getting the price of paediatric medicines reduced is also a major issue.

Mr. Thomas: I accept that absolutely. I would not want to suggest that we do not want to see more action to reduce drug prices further. I simply say that I think that my hon. Friend's point about capacity and the need to train up more people to help to provide support to orphans and vulnerable children, and more broadly to those who are HIV positive or have full-blown AIDS, is absolutely right.

In the context of the drugs that we can provide and are available at present to help children living with HIV, one of the things that we have been able to do to provide support through the £1.5 billion that we have set aside is to invest in trials of cheaper drugs. The particular one that I am thinking of is co-trimoxazole, which could halve the death rate for HIV infected children in Africa.

We have invested also in a new research programme to examine the provision of anti-retroviral treatment for children in areas where money, health staff and transport facilities are in short supply. We are already providing support to a range of civil society organisations, including organisations based in the UK—I gave the example of Christian Aid, which we are supporting in South Africa, which works with the Anglican Church there. There are other such organisations. We have recently increased our funding for those organisations with which we have long-term relationships. We have asked them, in a sense as part of their response to receiving the extra money, to prioritise additional work on HIV/AIDS issues.

My hon. Friend has brought forward a particularly interesting proposal. I am grateful to her for her recent letter, setting out her proposals to support the civil

society response to children affected by AIDS in sub-Saharan Africa. I can assure my hon. Friend that as a result of her letter we are considering her idea seriously. I have asked my officials to discuss it with other partners, including the UN and UNICEF in particular, to explore whether there are additional things that we can do in line with the idea that my hon. Friend has identified.

This is, as my hon. Friend has alluded to, a difficult area in which to reach the right partners in a sustainable way. There are real issues about how we provide support to community-based organisations that seeks to scale up sustainable support and allows the development of capacity on the ground.

It is right that we continue to prioritise the bulk of our funding on HIV-AIDS, so as to scale up the ability of Government to provide effective responses to the challenge in developing countries. However, I recognise that there are too many HIV and AIDS orphans in developing countries, particularly in sub-Saharan Africa, who are not getting the support that they need now. For that reason, my hon. Friend's proposal is timely. We are considering her idea seriously. We are discussing it with partners. I hope that she will be willing to discuss the idea further with us at the Department, when our thinking has developed and after the election has taken place.

I believe that the £1.5 billion that we have made available over the next three years to scale up our response to HIV and AIDS orphans has set a template for others in the international community to respond to. I believe also that our replenishment conference for the global fund and our broader AIDS funding conference will help to scale up and to leverage additionally our funding for those members of the international community and those multilateral organisations that are playing such a key role in the fight against AIDS. HIV/AIDS orphans must continue to receive attention from Members of this place. My hon. Friend, as I have said, is a doughty campaigner on this issue. I look forward—

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at nineteen minutes past Nine o'clock.

House of Commons

Wednesday 6 April 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Employment

1. **Alan Howarth** (Newport, East) (Lab): What his latest assessment is of the change in the number of jobs in south-east Wales since 1997. [224369]

The Secretary of State for Wales (Mr. Peter Hain): According to the labour force survey, 622,000 people were in employment in south-east Wales over the 12 months to November 2004—47,000 or 8.2 per cent. more than in 1997.

Alan Howarth: Is my right hon. Friend aware that, in Newport, unemployment has fallen by more than half since 1997 and that, in the last year alone, more than 1,700 new jobs have been announced in Newport by a wide variety of employers, including the Office for National Statistics and the Prison Service? Is that not a tribute to the quality of Newport's work force, as well as to the efforts by Newport city council and Newport Unlimited to attract employers to Newport? Does he share my pride about how Newport's people and economy have grown in strength and confidence in the past eight years under this Labour Government?

Mr. Hain: I do indeed. Newport is now one of the fastest-growing cities in Britain, with business start-up rates very high, a lot of confidence and more jobs being attracted by the Office for National Statistics, the Prison Service and world-class companies, such as Cogent and others. That just shows that, under Labour, Wales is working—do not let the Conservatives wreck it!

Mr. Simon Thomas (Ceredigion) (PC): Today's decision by Dairy Farmers of Britain to close the Llangadog creamery, which will also affect the milk bottling plant in Cardiff, shows the difficulty that we have in the dairy industry in Wales at the moment. What can the Secretary of State say for dairy farmers throughout south Wales and about the job losses being experienced by that industry? What steps can he, with the National Assembly Government, now take to ensure that there is a farming co-operative that can take over plants such as Llangadog and continue to run them for the benefit of the dairy industry in Wales?

Mr. Hain: I understand the problem: the closure notice faced by that creamery is indeed very disappointing and disturbing, although I understand that efforts are being made to find an alternative purchaser and operator. We hope that those are brought to fruition because we want to see a healthy industry in the milk sector, as indeed it is in many other respects.

Mr. Alan Williams (Swansea, West) (Lab): As someone who represents south-west Wales, may I ask my right hon. Friend to bear in mind that, although unemployment in all three Swansea constituencies has fallen by more than 50 per cent., we stand to lose some jobs because of civil service changes? Will he try to ensure that Swansea and south-west Wales—his own constituency included—stand to benefit from the UK redistribution of civil service jobs?

Mr. Hain: Indeed. As my right hon. Friend knows, 500 jobs were recently relocated by the national Pension Service. We are looking for more opportunities, as a result of the Government's plans to redistribute jobs from the over-congested parts of England into parts of Wales, such as Swansea, that need more jobs—although, as he knows, Swansea has been doing very well with business start-ups, the SA1 development and the two techniums there. Swansea is now a city that is really buzzing, as the Prime Minister recently saw for himself, and that is partly due to the excellent representation of the two Swansea Members of Parliament, including my right hon. Friend.

Mr. Nigel Evans (Ribble Valley) (Con): The fact is that the Secretary of State for Wales uses one set of statistics but ignores another. He never mentioned anything about manufacturing decline in south-east Wales at all. He talks about going forward, not back, but is it not a fact that anyone who votes Labour at the next election will be going forward to even more manufacturing meltdown in Wales?

Mr. Hain: That is from a Conservative Member who supported the policies of the last Conservative Government that saw more than 100,000 manufacturing jobs decimated in Wales. What we have seen is that the Welsh manufacturing sector continues to account for 21 per cent. of Wales's national wealth—a higher proportion than in the rest of the United Kingdom—employing 17 per cent. of the Welsh work force. Indeed, Welsh manufacturing output for the past four quarters was 0.3 per cent. higher than in the previous four years. Welsh export orders were up 7.3 per cent. on last year—bigger than the UK rate. Welsh manufacturing is now healthy, expanding and growing, compared with contracting and in a dismal position under the Conservatives.

Child Poverty

2. **Mr. Martin Caton** (Gower) (Lab): What recent discussions he has had with Cabinet and National Assembly for Wales Government colleagues on measures taken to combat child poverty in Wales. [224370]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): My right hon. Friend the Secretary of State and I have regular discussions with colleagues here and in the National Assembly about our shared objectives of eradicating child poverty in Wales. As I told the House on Monday night, I am deeply proud of this Labour Government's historic commitment to halving child poverty by 2010 and eradicating it within a generation.

Mr. Caton: I thank my hon. Friend for that reply. Does he agree that the issue of child poverty should be at the centre of the general election debate in Wales? Does he recall that, in 1997, Britain had record levels of child poverty and that, in Wales, the situation was even more acute? Do we not need, in the weeks ahead, to contrast that with the situation today when UNICEF can report that Britain is leading the developed world in tackling child poverty? We are on track to meeting the targets that he has just mentioned.

Mr. Touhig: My hon. Friend is quite right. I remember the days when the Tories said that they wanted wealth to cascade down the generations. We know in Wales that it was poverty that they passed down through the generations. The great Scottish socialist MP, James Maxton, said that poverty is man made and therefore open to change. This Labour Government are doing just that.

Mr. Win Griffiths (Bridgend) (Lab): Given the correlation between higher incomes and better health, can my hon. Friend tell me whether any studies have been commissioned—if not, will he commission them?—to see at which point children can benefit from the prospects of better health and the increase in family income?

Mr. Touhig: My hon. Friend makes an important point: there is a correlation. What is important is that under this Government, we are seeking to make work pay and make families better off. That is why we have had record increases in child benefit; that is why we have the child tax credit; and that is why we have the national minimum wage.

I pay tribute to my colleagues in the Assembly who do a great deal of work to ensure that we end poverty, the problem of child poverty and continue to invest in the health service. Coming from the valleys, there is no doubt in my mind—and as my hon. Friend knows—that poverty has been exacerbated over the years, and ill health has been a consequence of that. It is only by putting in the investment that this Government are putting in—not the £35 billion of cuts that the Tories would put in—that we will do anything about it.

Hospital Trusts

3. **Miss Anne McIntosh** (Vale of York) (Con): what discussions he has had with (a) the First Secretary of the National Assembly for Wales and (b) Cabinet colleagues on the financial position of hospital trusts in Wales. [224371]

The Secretary of State for Wales (Mr. Peter Hain): I regularly meet the Assembly First Minister to discuss health and funding matters.

Miss McIntosh: In thanking the Secretary of State for that less than full reply, may I ask him whether he agrees that to improve the health service in Wales, he will have to increase its budget? Why, then, has he cut the health budget for the forthcoming year?

Mr. Hain: I do not know where the hon. Lady gets her figures from—perhaps from the shadow Chancellor. His figures are about as trustworthy as Mickey Mouse's.

Michael Fabricant (Lichfield) (Con): That is an insult to Mickey Mouse.

Mr. Hain: The hon. Gentleman says that that comment was an insult to Mickey Mouse. In that case, I withdraw it.

The truth is that the Welsh health budget will have doubled under this Labour Government and compares with the situation in which patients lost treatment from NHS dentists under the last Conservative Government, nurses' jobs were cut, hospital jobs were cut and hospitals were closed. I should have thought that the hon. Lady would have got up to apologise for the dreadful Conservative record and to welcome the doubling of the Welsh health budget.

Mr. Huw Edwards (Monmouth) (Lab): Will my right hon. Friend bring his Cabinet colleagues to the Gwent Healthcare NHS Trust, whose financial position has allowed us to have a new community hospital in Chepstow, a new day surgery unit in Nevill Hall, a new CT scanner and a new coronary care unit costing £2.5 million? We are also about to start work on a new health and social care facility in Monmouth, as well as a new orthopaedic centre at St. Woolas. Does he agree that the people of Wales want that investment in the health service and not the public expenditure cuts promised by the Tories?

Mr. Hain: Absolutely—that is why the people of Monmouth will re-elect my hon. Friend as their Member of Parliament on 5 May. They will take note of the fact that the Conservatives, as part of their £35 billion of cuts, will rob the health service and public services in Wales of £2 billion. In addition, with their patient's passport, which will charge people to have operations, they plan to take £60 million out of the Welsh national health service and to encourage people to go down the road of having their operations done privately. That £60 million is the equivalent of 2,400 nurses or 660 Welsh consultants. If the Conservatives were elected, such a cut would damage the health service in Gwent and right across Wales.

Mr. Bill Wiggin (Leominster) (Con): Can the Secretary of State confirm whether it is true that, according to the *Evening Post*, Swansea faces debts of up to £15 million, and Neath, Port Talbot and Bridgend £10 million each? The fact that the British Medical Association has passed a vote of no confidence in the Assembly clearly shows how badly it feels it has been let down. Given the headline that appears in *The Western Mail* today, I could sign that motion. Why could not he?

Mr. Hain: The hon. Gentleman can sign a pledge in the knowledge that it would be totally worthless, because as a result of the spending cuts that the Conservatives intend to introduce, the Welsh health service would be back to the dismal state that it was in when we began to rescue it in 1997.

As for the deficits in the health budgets, this is the third year running in which the deficit has fallen. The Assembly is on target to achieve financial balance by 2008–09, thus eliminating the deficit, including in Swansea.

Medical Staff

4. **Patrick Mercer** (Newark) (Con): What discussions he has had with the National Assembly for Wales Government on joint initiatives to increase the numbers of medical staff in Wales. [224372]

The Secretary of State for Wales (Mr. Peter Hain): I regularly meet the Assembly First Minister to discuss health matters.

Patrick Mercer: I am grateful to the Secretary of State for his reply. He will be aware that over the past 15 months, Welsh consultants have not been paid for the extra shifts that they are having to work due to the failure to implement new contracts. Is it any wonder, therefore, that there are twice as many empty consultant posts in Wales as in England? Surely the situation is unfair, so how does he intend to resolve it?

Mr. Hain: There has been a dispute with consultants, but we hope that it will resolve itself sooner rather than later. May I just remind the hon. Gentleman of the facts? There are now 350 more whole-time equivalent consultants than when we came to power in 1997, along with 5,000 more qualified nurses, as a result of which the health service in Wales is improving. Nearly 190,000 more patients are being seen in Welsh hospitals than was the case under the Conservatives and we are performing many more operations. The health service is going from strength to strength with its budget doubled. The Conservatives would attack the health service, and privatise and charge in the way in which they always wanted to do—if they win the election, they certainly will do so.

Ian Lucas (Wrexham) (Lab): When the North Wales clinical school opened in Wrexham in January this year, I had the opportunity to discuss with trainee doctors the fact that they were training in north Wales for the very first time. They were complimentary about the National Assembly's policies on bringing forward training for doctors in north Wales. Will the Secretary of State speak to the National Assembly to try to extend that initiative in north Wales to nurse practitioners and other medical staff in the NHS so that the increased provision that is going into the health service can be reflected by more training for medical professionals in north Wales?

Mr. Hain: I will certainly do so. That just shows how, under Labour, investment in the health service is producing better quality. Since we came to power, the number of medical and nursing students in Wales has doubled and it continues to increase steadily. By 2008, Wales will be producing 360 medical graduates a year, which can be compared with the situation under the Conservatives when we were starved of training places for both nurses and other medical staff.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Will the Secretary of State break with tradition and give me a straightforward answer to a straightforward question? Why is it that so many people from Ynys Môn have to travel three and a half hours to access NHS dentistry in Barmouth in my constituency?

Mr. Hain: There has been a serious problem with dentistry, but it is a result of the problems that we inherited, which we are trying to put right. *[Interruption.]* No, no. We did inherit a serious problem: the Conservatives closed two entire dental schools. As far as Ynys Môn is concerned, over the past two years, 10 new dental practices offering NHS dentistry have opened throughout Wales and 26 practices have expanded their NHS dental provision. The number of NHS dentists in Wales has increased by 168, or a fifth, over recent years. Increasingly, we will see more NHS dentists provided under Labour in Ynys Môn. However, if the people of Ynys Môn follow the hon. Gentleman's lead and vote for the nationalists, they will get a Conservative Government and we will see health cuts all over again.

Lembit Öpik (Montgomeryshire) (LD): Following on from that, with Wales being governed by the Labour party and Britain—*[Interruption.]*

Mr. Speaker: Order. There is far too much noise in the House.

Lembit Öpik: With the Labour party in power in Wales and Westminster, the right hon. Gentleman must accept that it has become virtually impossible to access NHS dental provision in Wales. When the Liberal Democrats form the Government of this country on 6 May 2005, we will fix the problem, working with the Assembly. Since the Secretary of State for Wales has had the chance to fix the problem but has failed to do so, why should anyone believe that a re-elected Labour Administration will prevent the effective privatisation of NHS dental services in Wales?

Mr. Hain: All I can say is that with two Liberal Democrat MPs in Wales, the hon. Gentleman has a long way to go to achieve his objectives. A vote for the Liberal Democrats in key Labour-Tory marginal seats across Wales and Britain will put the Conservatives into power through the back door. That is why Labour supporters and every fair-minded person in Wales should vote Labour on 5 May.

Mr. Bill Wiggin (Leominster) (Con): The Secretary of State just told the House that the health service in Wales is going from strength to strength. Can he now tell us why GP registrars have not had the pay rise they were promised in May 2004?

Mr. Hain: They certainly would not get any pay rises if the Conservative cuts were implemented as part of their plans for £35 billion-worth of cuts. Let us stick to

the facts. We have seen significant progress on reducing waiting lists. In the past month, out-patient waits of more than 18 months have been cut by more than 2,000—a reduction of 38.4 per cent. Eighteen months is unacceptable for waits, but in the past year the number of patients waiting longer than that time has been cut by nearly 5,000—a massive 60 per cent. We are bringing waiting times down to 26 weeks within the next few years in Wales, meaning that in Wales people will get world-class treatment. Under the Conservatives, they would go back to the cuts, misery and hospital closures for which they were responsible in Wales last time.

Mr. Wiggin: I am not surprised that the Secretary of State did not answer the question. The chairman of the GP committee of the British Medical Association Wales, Andrew Deardon, said that the

"Assembly hasn't given us any reason".

It

"has just not got round to it and there is no excuse."

Dr. Neil Statham, the GP trainer, said:

"Registrars . . . were promised this money and they haven't had it. It is either inept or deliberate."

Why will the Secretary of State not encourage the Assembly to pay up and treat medical staff with the respect that they deserve? No wonder nobody believes a word he says.

Mr. Hain: I am surprised that the hon. Gentleman pursues the question again when the truth is that the health budget in Wales has more than doubled under Labour. We recruited more nurses and consultants, and waiting times are coming down. Under Labour, the health service is safe, but it would be in a dire position if the people of Britain voted Conservative. *[Interruption.]*

Mr. Speaker: Order. I appeal to the House again. It is unfair to hon. Members if there is so much noise. Perhaps Ministers could bear that in mind.

Concessionary Fares

5. **Mr. Andrew Turner** (Isle of Wight) (Con): What discussions he has had with the National Assembly for Wales Minister for Transport on concessionary fares on public transport in Wales. [224373]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): My right hon. Friend and I hold regular discussions with Assembly colleagues. The Assembly introduced free travel on local bus services for women aged 60 and over, men aged 65 and over and disabled people on 1 April 2002. This was extended to include men aged 60 to 64 on 1 April 2003.

Mr. Turner: So the Chancellor's announcement in his Budget was absolutely worthless as far as pensioners in Wales are concerned. How does that compare with the amount pensioners will have to spend in Wales as a result of the 70 per cent. council tax rise and the impending cost of revaluation?

Mr. Touhig: Unlike the plans of the hon. Gentleman's party, pensioners in Wales will get £200 to help offset their council tax. [HON. MEMBERS: "£500!"] Oh yes, £500; I am sure. His party's record on looking after pensioners was appalling. When it was in government, it thought that they could survive on £69 a week. That is what it did for pensioners. Under this Government, we have achieved record support for pensioners. Pensioners in Britain know: Labour delivers for them; the Tories would abandon them.

Donald Anderson (Swansea, East) (Lab): As one who is shortly to move into the category of Welsh pensioner, may I, on behalf of Welsh pensioners, thank the Government and the Assembly for the tremendous job that they have done and express surprise that the Opposition are playing to our strongest suit—what we in government and in the Assembly have done for Welsh pensioners?

Mr. Touhig: I pay tribute to my right hon. Friend's dedication over many years and wish him well in his retirement. He has represented the people of Wales and of his city well. He is absolutely right: the Labour Government have put at the heart of their policies ensuring that pensioners have dignity in old age and have the support they need. The Labour Government will look after pensioners—he can be certain of that in his retirement. Vote Labour.

Public Transport (Disabled Access)

6. **Gregory Barker** (Bexhill and Battle) (Con): What discussions he has had with the National Assembly for Wales Minister for Transport on disabled access on public transport in Wales. [224374]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): My right hon. Friend and I have regular discussions with Assembly Ministers on matters affecting Wales. Under the Disability Discrimination Act 1995, transport providers must take reasonable steps to remove physical barriers to making their services accessible.

Gregory Barker: Interesting words, but if that Act is effective why do 60 per cent. of disabled people in Wales surveyed by Leonard Cheshire say that they have real difficulty accessing public transport? What action has the Minister taken on installing lifts at Bangor, Llandudno Junction, Colwyn Bay and other real stations? Is it not true that the Government are all talk and no action?

Mr. Touhig: Accessible buses are increasingly available in Wales. My Assembly colleagues have pledged a further £250,000 to upgrade buses in the Caerphilly area to make them accessible to pensioners. What is important is that the Government will continue to support and invest in public transport in Wales. The Conservatives have no record of doing that: they are the authors of the discredited rail privatisation, for which some of us are still paying the price.

Kevin Brennan (Cardiff, West) (Lab): Does not the introduction of the discretionary fares scheme, including free access to buses for the disabled in Wales, mean that there are more buses than ever and more access for disabled people than ever?

Mr. Touhig: Yes it does. A great many public transport services in Wales have been sustained and supported by the Assembly's policy of providing free transport for pensioners and people with disabilities. We shall continue to do that.

Community Support Officers

7. **Mr. Wayne David** (Caerphilly) (Lab): How many community support officers have been appointed in Wales. [224375]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): In February 2005, there were 156 community support officers in Wales, with funding secured to increase their number to 300.

Mr. David: Does my hon. Friend agree that CSOs are doing an excellent job, especially in combating antisocial behaviour and that it would be an absolute disgrace if their number were cut because of Tory public expenditure cuts?

Mr. Touhig: I most certainly do agree. My hon. Friend and I share the borough of Caerphilly, where the first CSOs were pioneered. CSOs are doing a tremendous job, making a difference in the policing of our streets, and making our towns and communities safer. The investment that the Labour Government have committed compares well with the cuts that the Opposition would introduce.

Michael Fabricant (Lichfield) (Con): What does the Minister say to the North Wales police officers who have told me that CSOs are just policing on the cheap? CSOs have no power of arrest, many of them work only 9 to 5 and they are used merely because their area is not being supplied with extra police officers. Will the hon. Gentleman match the Conservative commitment to provide 40,000 extra police officers in England and Wales?

Mr. Touhig: I seem to recall that police numbers fell when the Conservatives were in power. Under the Labour Government, Wales has had more than 850 extra officers. If the hon. Gentleman wants to get up in a pulpit and preach a sermon, may I suggest a text for the day? Matthew 7:16—

"By their fruits ye shall know them."

Under the Conservatives, recorded violent crime increased by 166 per cent., the chance of being a victim of violent crime trebled, the chance of being burgled doubled and convictions fell by a third. Under Labour, crime has fallen by 30 per cent., burglary by 42 per cent. and vehicle crime by 30 per cent. I think that, come the general election, people will vote Labour, and we say amen to that.

Budget

8. **Julie Morgan** (Cardiff, North) (Lab): What discussions he has had with Cabinet colleagues on the impact of the Budget on the economy in Wales. [224376]

The Secretary of State for Wales (Mr. Peter Hain): Regular ones. As a result of the Budget, an additional £155 million will be invested in Wales on top of measures to improve skills, productivity and entrepreneurship, as well as council tax support. Indeed, it was a grand-slam Budget for Wales, with a triple crown for Labour on 5 May.

Julie Morgan: Is my right hon. Friend aware that because of the buoyant Welsh economy achieved by successive successful Budget measures and steady, sustained growth, unemployment in my Cardiff, North constituency and in Wales is at its lowest since January 1975, and is a third of the average during the Tories' 18 years? Does he not agree that the people of Wales need to vote Labour on 5 May?

Mr. Hain: I certainly do. Wales is working under Labour, and Cardiff is working. Do not let the Tories wreck it. Vote Labour on 5 May.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [224434] **Tony Lloyd** (Manchester, Central) (Lab): If he will list his engagements for Wednesday 6 April.

The Prime Minister (Mr. Tony Blair): Before I turn to my engagements, may I begin by extending, probably on behalf of the whole House, our profound sympathies to the Catholic Church on the death of His Holiness Pope John Paul II? The world has lost a religious leader who was revered by people of all faiths and none, and we mourn his passing.

I am sure that the whole House will join me in congratulating the new members of the Iraqi presidency council who have been confirmed today by the Transitional National Assembly, the outcome of the first ever democratic elections in Iraq.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Tony Lloyd: Does the Prime Minister recall that when Labour came to office in 1997 in constituencies such as mine the biggest single issue was unemployment? The preferred public spending of the outgoing Tory Government was wasteful, shameful spending to prop up unemployment. As the economy has stabilised and grown, that public spending has been turned into Sure Start schemes, doctors, nurses, teachers, pensions and

benefits that people have come to expect from the Labour Government. What advice can the Prime Minister give to my constituents—*[Interruption.]*

Mr. Speaker: Order. I am looking for briefer supplementaries.

The Prime Minister: My hon. Friend is of course absolutely right. There are 2 million more people in jobs since 1997. We now have the highest employment rate of any major industrial country. We have low mortgage rates that help home owners, low inflation and a stable economy. It is the Labour party today that is the party of economic competence. It is interesting that in elections the Conservatives used to run on the economy—now they run away from it.

Mr. Michael Howard (Folkestone and Hythe) (Con): May I begin by associating myself with the Prime Minister's words on the death of the Pope? The world has lost a towering spiritual leader, whose passing truly diminishes us all. I also associate myself with the Prime Minister's words on the Iraqi Government.

At the last election, the Prime Minister promised not to raise national insurance contributions. In their first Budget afterwards, the Government raised national insurance contributions. In the words of the Chancellor, why should people ever believe him again?

The Prime Minister: We made specific promises on the basic and top rate of income tax, and we have kept those promises. It is correct that we raised national insurance to pay for extra investment in the national health service. We want to keep that investment going into the national health service. The right hon. and learned Gentleman's plans are to take more than £1 billion out of the health service to pay half the cost of operations in the private sector, and there is no policy more elitist than that. We are proud of the investment in the national health service and proud of the work that it is doing. Under this Government at least, the national health service is safe.

Mr. Howard: Before the last election the Prime Minister was asked specifically whether people should suppose he was going to increase national insurance contributions. He said, "They shouldn't." Now he says that that was not a promise. Does not that tell people everything they need to know about the Prime Minister? In 1997 he said:

"Labour has no plans to introduce tuition fees for higher education".

He then introduced tuition fees. In 2001 he said:

"We will not introduce 'top-up' fees and have legislated to prevent them."

He then introduced top-up fees. In the words of the Chancellor, why should people ever believe a word he says again?

The Prime Minister: I am very happy to compare our record in government with the record of the right hon. and learned Gentleman. We are proud of the fact that our economy is strong, and that the investment goes into our schools and our hospitals. It is what we promised and what we have done. Let me just remind him of what he did when he was in government. When Minister of State for the Environment, he introduced the poll tax—correct? When he was Secretary of State for Employment, unemployment rose by 1 million. When Minister in charge of labour regulation, he ended up opposing the minimum wage, and when he was Home Secretary he cut the numbers of police. In the end, the judgment that people will make is between our record and future programme, and his. I know what judgment they will make.

Mr. Howard: The Prime Minister was asked specifically about his broken promises on top-up fees and tuition fees, and he could not bring himself to say a word in defence of those broken promises. In 1997 he promised "firm control" over immigration, but since then net immigration has tripled. In the words of the Chancellor, why should people ever believe him again?

The Prime Minister: I will tell the right hon. and learned Gentleman about the immigration and asylum system that we inherited. We inherited a situation where, when he was Home Secretary, it took 20 months to process an asylum claim and the number of removals was one in 10. Yes, it is true that we need to control immigration, but the way to do it is not his proposal of halving the immigration budget. Yes, immigration is an issue. Yes, it is important that we discuss it, but it is an issue that should be dealt with, not exploited.

Hon. Members: Hear, hear!

Mr. Howard: Labour Members are cheering the Prime Minister now, but let us find out what they really think of him. How many of them are putting his photo on their election addresses? Hands up! One, two, three, four, five, six. Does not that tell us all we need to know about what they really think of him? [HON. MEMBERS: "More!"] The Prime Minister promised to

"tackle the unacceptable level of anti-social behaviour".

Two and a half years ago he said he would remove housing benefit from antisocial tenants. Antisocial tenants still have their housing benefit and antisocial behaviour has got worse. In the words of the Chancellor, why should people ever believe him again?

The Prime Minister: Let me just remind the right hon. and learned Gentleman—*[Interruption.]* I think we know which photograph we certainly do have up. It will probably be the right hon. and learned Gentleman's, to remind people exactly of what they would be going back to. Since he has raised the issue of crime, let me remind him of what the chief constable of North Wales said about the Conservative party policy and its advertisement on crime. He said:

"This misleading advert quite improperly seeks to stir up fear of rising crime when it is a well-established fact that crime has been falling for years, both locally and nationally".

When the right hon. and learned Gentleman was in office, crime doubled under the Conservatives. It has fallen under Labour, so we have the strongest economy, falling unemployment, investment in our health and education services, falling crime and investment in the police. That is opposed to a policy that would put our economic stability at risk and make cuts in public

services. Once people know that choice, and they will over the coming weeks, it is very clear how they will choose.

Mr. Howard: The figures that we use in those advertisements are the police's own figures: the figures that the right hon. Gentleman used just two minutes ago when he was describing the record of the last Government. Let us have no such claptrap.

The right hon. Gentleman talks about his record, but his chief election co-ordinator—where is he? He is not even here today. His chief election co-ordinator says that his biggest fear—there he is; I have spotted him; excellent—has always been that this election will turn into a referendum on the Labour party. Is that what the Prime Minister thinks too?

The Prime Minister: No, I think that it is a choice. I think that it is a choice between a Conservative party that when it was in office had unemployment at 3 million, had interest rates at 10 per cent. for four years, had boom and bust recession twice, and ended up cutting spending on our NHS and in our schools, and a Labour Government who, over the past eight years, have delivered economic stability, low mortgages, low unemployment, low inflation and record investment in our NHS and in our schools. I think that that is the choice, and I think that when the country comes to consider not just the record of the Conservative party, but the fact that its economic, health and education plans are exactly the ones that it rejected in 1997, yes, I will be very happy that people should compare the choice between the Conservative's record and ours; between our future programme and theirs.

Mr. Howard: The right hon. Gentleman talks about his record. Let us look at his record. I will tell him about his record: taxes—[HON. MEMBERS: "Up."]; crime—[HON. MEMBERS: "Up."]; immigration—[HON. MEMBERS: "Up."]; waiting times—[HON. MEMBERS: "Up."]; MRSA—[HON. MEMBERS: "Up."]; truancy—[HON. MEMBERS: "Up"]. Let us have a look at what has gone down: take-home pay—[HON. MEMBERS: "Down."]; pensions—[HON. MEMBERS: "Down."]; productivity growth—[HON. MEMBERS: "Down."]; manufacturing employment—[HON. MEMBERS: "Down."]; detection rates—[HON. MEMBERS: "Down."]. After eight years of Labour government, we are locking up teachers not yobs, our voting system resembles a banana republic's, and pensioners who cannot find an NHS dentist are reduced to pulling out their own teeth. Is there not now a clear choice at this election: rewarding this Prime Minister for eight years of broken promises or choosing a Government who will take action on the things that matter to hard-working Britons.

Hon. Members: Hear, hear!

Mr. Speaker: Order. Let the Prime Minister speak.

The Prime Minister: I am going to begin by agreeing with the right hon. and learned Gentleman: I think that it does mean a choice, and the choice is very clear. People remember the years before 1997. They remember the people who lost their homes in the recession, who lost their jobs in the recession, who used to end up with mortgages that they could not afford. They remember the winter crises every year in the NHS. They remember the outside toilets and the creaking classrooms in the schools. They remember when the police officers were cut while the right hon. and learned Gentleman was Home Secretary. They remember all that. And between now and polling day we will remind them of what they have now, and what is therefore at risk. What they have now is economic stability, investment in public services and action on crime.

So the choice is indeed very clear. What I say to the British people is this: "Economic stability is at risk, your job is at risk, your mortgage is at risk, the economy is at risk, and therefore when you come to make that choice on 5 May, realise the fundamental nature of it, realise what you experienced under 18 years of Conservative government, realise the progress that we have made under eight years of Labour government, and then go out and realise too that unless you come out and support Labour, that stability, that investment, will no longer happen, the clock will be turned back, and the very self-same crew that you voted to get rid of in 1997 will come back." Yes, it is a big choice, and I cannot wait for the public to make it.

Mr. John Hume (Foyle) (SDLP): Prime Minister, could we get back to serious matters? Given that there has never been a war in the history of the world in which the vast majority of victims have not been innocent civilians, does the Prime Minister agree that the time has come to create a world where there is no longer war or conflict? Given his massive international respect, will he join together with other world leaders to create the means of ensuring that there is no longer any war or conflict in the world? Does he agree that the best way of doing that, given that the European Union is the best example in history of conflict resolution, is for a special department of the European Union for peace and reconciliation to be created and to visit all areas of conflict with the principles of the EU, which will create a resolution of conflict anywhere in the world? Will he and his international colleagues make that historic decision as soon as possible?

The Prime Minister: First, I pay tribute to the work that my hon. Friend has done for peace in this country, and in Northern Ireland in particular. I entirely agree with him that one of the most important things is what we can do to try to spread the type of peace and reconciliation that he pioneered in Northern Ireland throughout the rest of the world. I will certainly use our best offices and the European Union presidency to do so, and also within the G8.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): On behalf of my right hon. and hon. Friends, I associate myself entirely, of course, with the opening comments of tribute by the Prime Minister.

After eight years of this Labour Government, the Prime Minister will recognise that most women in this country still do not receive a full state pension in their own right, because they have had to take time out of work to raise children or, in many cases, to care for elderly relatives. Surely women should receive a pension as of right, rather than on the basis of national insurance contributions. After eight years, why has the Prime Minister not put that fundamental unfairness right?

The Prime Minister: I am sure that the right hon. Gentleman knows that two thirds of the beneficiaries of the pension credit are, in fact, women, and that helps enormously with relieving people in poverty and raising pensioners' living standards. Living standards for pensioners have risen considerably above not just inflation, but earnings over the past few years. Of course, we have always got to try to do more, but when we look back over the record of eight years—the winter fuel allowance, the free TV licences for the over-75s and, in particular, the pension credit, the help for the poorest pensioners in our country and the help that the Chancellor has just announced with the council tax for pensioners—I think that this Government have a record on pensioners of which we can be very proud. Of course, there is always more to do, but we will do it, if elected.

Mr. Kennedy: Staying on the issue of fairness, but looking at the other end of the age spectrum, why is it that we are now saddling so many of our young people with thousands of pounds' worth of debt wrapped around their necks because of the policy of imposing top-up fees? The Prime Minister's policy of top-up fees is in direct breach of the pledge that he made in his last general election manifesto, so why should any of us believe any of the promises that he is about to make in the next general election manifesto?

The Prime Minister: Of course, there are now going to be no fees paid at all when someone goes through university. What is more, the repayment that will be made by people once they graduate will be linked to their ability to pay. There will be no real rate of interest on that loan and there will be special help with the reintroduced maintenance grant for the poorest people. Of course, we believe that we have to get more money into our university system—I think that the right hon. Gentleman does as well—but I do not think that his proposal to take that money out of general taxation by a 50 per cent. top rate of tax is something that will recommend itself to people. It is a proposal that in my view would not raise the money that he thinks it would raise. In any event, it would not be a fair use of resources.

On education, I would just remind the right hon. Gentleman that this country is now investing more each year as a proportion of our national income on education—in Sure Start, nursery education, primary schools, secondary schools, and, yes, universities, and for those taking skills courses as well. I think that we can be very proud of our record in education, but it is true that we have to modernise our system continually to keep up with the new world in which we live.

Iraq War

Q2. [224435] **Dr. Julian Lewis** (New Forest, East) (Con): whether a full written legal opinion by the Attorney-General on the legality of a possible war against Iraq was shown to the Cabinet in 2003, in addition to the summary of the legal opinion it was shown.

The Prime Minister: As I have said before, the Attorney-General himself came to Cabinet, where he explained his view of the legal position and was able to answer any queries that people raised.

Dr. Lewis: The Prime Minister has repeated today what he said on 9 March and again on 16 March, and what the Foreign Secretary said on 24 March—that the Attorney-General took questions at that Cabinet meeting. However, the right hon. Member for Birmingham, Ladywood (Clare Short) is absolutely adamant that members of the Cabinet were not allowed to ask questions. Which is the truth and which is fiction? I know whom I believe—and it is not a man.

The Prime Minister: The Foreign Secretary has explained the position, and I repeat what he has said. I must say this to the hon. Gentleman and some other Conservative Members—I am happy to debate Iraq with people who disagreed fundamentally with that decision. What I find contemptible, however, is that parts of the Conservative party that agreed with the war in Iraq and that urged it upon us are now attempting to resile from that position. That approach will not command respect anywhere.

Engagements

Q3. [224436] **Helen Jackson** (Sheffield, Hillsborough) (Lab): Is my right hon. Friend aware that when I entered the House, 1,500 young people under the age of 25 were queuing up at jobcentres in my constituency for the right to work? Now, unemployment in my constituency is right down to 2 per cent., 1,000 of those young people have been helped into work through the new deal, and the major steel manufacturing unit is producing a record output of world-class aerospace steel. Will he promise to keep full employment at the top of the agenda and to maintain that fine economic record?

The Prime Minister: I pay tribute to my hon. Friend for her work on women's rights and in battling unemployment throughout the long years in opposition and then again in government. She is right to emphasise that the new deal, which the Conservative party has pledged to scrap, has helped more than 1 million people—young people, unemployed people, lone parents and disabled people—into jobs, and it is extremely important that we keep it going.

On unemployment, I can do no better than quote the shadow Foreign Secretary, who said the other day:

"Quite honestly I go to Germany now, and they say to me, 'I wish we had your unemployment.'"

They did not say that during the 18 years of Conservative government, but they do now.

Q4. [224437] **Mr. Nick Gibb** (Bognor Regis and Littlehampton) (Con): The Prime Minister will be aware of the Clackmannanshire research, which shows how effective synthetic phonics are in raising reading standards. Does he agree that one of the most urgent tasks for the incoming Secretary of State for Education and Skills is to order a complete review of the national literacy strategy to ensure that synthetic phonics is taught fast and first in all our primary schools?

The Prime Minister: We keep the national literacy strategy under review. I am sure that the hon. Gentleman agrees that major gains have been made in our primary schools in literacy and numeracy over the

past few years. When we came to office, something like just over half of 11-year-olds actually passed their 11-year-old tests. Now the figure is about 75 per cent. and rising. We keep all those matters under review, but we can only tackle the issue with the right policy and by keeping investment going into the state education system and not using it to subsidise private education.

Richard Burden (Birmingham, Northfield) (Lab): Amid the speculation in the press about the progress of negotiations between MG Rover and Shanghai Automotive, does my right hon. Friend agree that we must keep at the forefront of our minds the 6,000 employees at MG Rover, the employees' families, the communities that depend on MG Rover and the businesses whose futures are intertwined with MG Rover? Will he assure me that the Government will continue to do all that they can successfully to conclude those negotiations and that, come what may, this Government will continue to stand by manufacturing in the west midlands and MG Rover workers?

The Prime Minister: I can certainly give my hon. Friend that assurance. All the members of the Government with an interest in the matter, including my right hon. Friends the Secretary of State for Trade and Industry and the Chancellor, and I, keep in close touch on that issue, and we will do whatever we can to help to achieve a successful resolution. As he has rightly said, the jobs, living standards and livelihoods of those people who work at MG Rover must be foremost in our minds.

Q5. [224438] **Sir Michael Spicer** (West Worcestershire) (Con): What does the Prime Minister most regret about his time in office?

The Prime Minister: I think that although we did pretty well on this score, we could have done with even fewer Tories sitting opposite. But since the hon. Gentleman has given me the opportunity, I will tell him what I do not regret—*[Interruption.]* It is always important to balance the regrets with the plus points. What I do not regret is the strong economy, investment in public services and falling crime, and I thank him for giving me the opportunity to say so.

Mr. Ivan Henderson (Harwich) (Lab): May I tell my right hon. Friend that the district of Tendring in my constituency has been named as one of the safest districts to live in; that the local Tory district council makes that clear in the newspaper that it has just released; and that the figures put out by the chief superintendent in my area also say that crime is down? Who does my right hon. Friend think is right—those with the facts or the Leader of the Opposition with the fiction?

The Prime Minister: I am absolutely sure that the chief police officer and other officers in my hon. Friend's area know exactly what is happening, which is that crime is falling. We still have a long way to go. We must keep up the investment in the criminal justice system and in extra numbers of police and community support officers: that is why we will continue to have a rising police budget. We will not go down the path advocated by the Conservatives—of freezing the Home Office budget, which would cut police numbers.

Q6. [224439] **Mr. Steve Webb** (Northavon) (LD): My local primary care trust recently wrote to local doctors urging them not to send people to hospital because of a beds crisis. At one point, more than 80 people in two casualty units were unable to find beds, yet there are plans to merge my two local hospitals into one, with fewer beds than at present. Can the Prime Minister give a guarantee to my constituents that there will not be cuts in NHS beds?

The Prime Minister: I can certainly guarantee that there will not be cuts in NHS spending, because we have a proposal that would allow us to keep raising spending on the national health service year on year in the coming years. If we take the whole period of this Government, we have spent far more on our national health service than the Liberal Democrats ever asked us to. The way in which local hospital services are configured is obviously a matter for local people, but I can assure the hon. Gentleman that if we are re-elected the investment that has been pouring into his constituency and others will continue to do so.

Q7. [224440] **Kevin Brennan** (Cardiff, West) (Lab): What advice can the Prime Minister give the House on how we can all inspire people to turn out and vote on 5 May so that in future they do not have to look back in anger at the unanticipated consequences of apathy, namely, a Government with "something of the Flight" about them?

The Prime Minister: My hon. Friend is right to point out that in constituencies such as his, during the 18 years of Conservative government, there were unemployed people and two recessions which hit constituencies in Wales particularly hard. *[Interruption.]* Conservative Members may yawn, but I think that the public know that the strong economy is the foundation of this country's success, and I can assure him that with this party in government, that economic stability will continue and the investment in public services will continue, not be put at risk.

Q8. [224441] **Patrick Mercer** (Newark) (Con): It is clear from the recent inspectorate's report that the Home Office intends to reinforce Nottinghamshire constabulary merely with other inspectors and supervising officers. Nottinghamshire needs bobbies, not bureaucrats. Is not that another good reason to vote Conservative?

The Prime Minister: That is not a very wise thing for the hon. Gentleman to raise. As far as I am aware, in Nottinghamshire there are actually more than 200 more police officers than in March 1997, and more than 100 community support officers. What is more, as a result of our proposals to invest in public services for the future, as opposed to the Conservatives' proposal to take £35 billion in cuts out of our spending programme—*[Interruption.]* Oh yes, that is their policy.

I am afraid that the only way for them to get more police and community support officers in Nottinghamshire is to vote Labour.

Q9. [224442] **Mr. John Grogan** (Selby) (Lab): Although it has not always been the case, does the Prime Minister agree that on this occasion the Government have a unique two-for-one offer to make at the general election—vote Labour, and keep not only an experienced Prime Minister tested by fire but a successful Chancellor with good future prospects?

The Prime Minister: On that happy note, I wish everyone well.

Q10. [224443] **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): Does the Prime Minister share my surprise at the fact that the Office of Fair Trading failed in its recent report to find any abuse by supermarkets of their dominant market position in their dealings with farmers and crofters? Does he agree that that report demonstrates the failure of the current voluntary code of practice, and—if he is in a position to do anything about the matter after the general election—will he give a commitment to considering introducing a compulsory code to protect our farmers and crofters?

The Prime Minister: It is a serious issue and we are going to study the code of practice very carefully. It is important that it be implemented—after all, that was part of the agreement that we came to with the supermarkets. So I can assure the hon. Gentleman that if we are in a position to do so, we will certainly look at this issue.

Equal Enforcement of the Law

12.31 pm

Mr. Andrew Robathan (Blaby) (Con): I beg to move,

That leave be given to bring in a Bill to make provision for direction to police forces to enforce the law equally as it applies to settled communities and to travellers; to amend the law on trespass; and for connected purposes.

One of the abiding principles that runs through the development of British democracy and society is that of equality before the law. The peasants' revolt, Magna Carta, the civil war, habeas corpus, the abolition of the Test Acts and many other instances show the development of this principle, and a vital principle it has been. But under this Government, some people have discovered that the law will not be applied to them equally. The terrorists of Sinn Fein are one such group, but I wish to dwell on the current treatment of Travellers in the country.

As far as I am concerned, if people wish to live in caravans and travel around the country that is entirely their own affair. I do not believe in prescribing how people lead their lives, just as long as they do not impinge unreasonably on the lives of others. There is a permanent campsite at Aston Firs, in my constituency, which I have visited in the past and will probably visit during this election campaign. I believe the people there to be law abiding, and while there might not be many votes there for me, I think it important to make myself available to all my constituents.

I was brought up on the romantic notion of Gypsies in attractive and colourful caravans pulled by horses, and of Romany people living their unique lifestyle travelling around the country. This still happens—indeed, only last week, there was a traditional caravan in Swinford, in my constituency. However, in contrast and entirely by coincidence, on Monday my constituency office was deluged with calls from concerned people in Lutterworth about an illegal Gypsy encampment at the Ladywood works. I went to see the site, where half a dozen caravans had moved in on Saturday night. A local garage had been closed because the 17-year-old female cashier said that she had been intimidated by Travellers. When I spoke to the owner, he told me that he had not reported it to the police because the last time he caught a Gypsy on closed circuit television stealing something from his forecourt, the local police had advised him not to press charges because he might be vulnerable to criminal damage in retaliation. What a disgrace!

Another three caravans have now arrived in Lutterworth on the same illegal site, where they are trespassing. When the first ones arrived, one of the Travellers made an offer to the manager of the site, saying that they would leave straight away if paid £350 for a van. When I visited the site, helpful police officers were present. When I pointed out that one car had no road fund licence, the officer explained that although the owner of it was committing an act of trespass, the police had no rights to enforce the law on private land. The phrase Catch-22 comes to mind.

At this site, one of the particular complaints of the businesses based there was that human excrement had been left on their doorsteps. A couple of years ago in Northfield park in Blaby, I saw an astonishing amount of rubbish, including abandoned cars, that had been dumped by Travellers. Local residents were so intimidated that they did not dare use the park. I met some aggressive Travellers who were, shall I say, extremely impolite to me, but the police stood off, not wishing to make trouble. That is a pity, because two issues relating to caravans and the police have been drawn to my attention by people involved in the legal caravanning world.

The first is the width and length of caravans. Photographs published in *The Sun* and elsewhere show that some caravans have twin or even triple axles and they are too long to be towed legally by anything other than a full-sized commercial vehicle in the UK. At the same time, a maximum-width caravan that can be towed in the UK is just over 7 ft 5 in. Photographs in *The Sun* on 12 March show a German-made LMC caravan just under 8 ft wide. That is illegal, yet the police very rarely stop those sorts of illegal vehicles. Perhaps the Minister might like to answer the written question that I have already tabled about prosecutions for over-wide or over-long caravans in this country.

The second and enormously important issue for the police is theft. Some 5,000 touring caravans are stolen and not recovered each year—about 20 per cent. of the total UK sales of new caravans. All these new caravans have CRIS identification numbers and generally have transponders in them. If a new caravan is found without such means of identification, the question should be asked, "Why not, and is it stolen?" Unfortunately, when one police officer in Bedfordshire followed such a course of action, he was moved to an office job because he was upsetting Travellers in Bedfordshire. He also upset the local social services, which feared that they might have to find accommodation for families whose caravans were confiscated. Surely it is the duty of the police to make simple inquiries to ascertain whether caravans are stolen.

It is also interesting to note how many brand-new vehicles tend to be pulling these vans, and it might be pertinent for the Inland Revenue and Customs and Excise to be making inquiries about taxation and VAT. Little council tax gets paid and I doubt whether much else gets paid either.

If any hon. Member fails to tax his car, I would expect him to be prosecuted with the assistance of the police. If he or she dumps rubbish on public land or by the side of the road, he or she is committing an offence. Human excrement in a public place should incur the wrath of environmental health departments. Furthermore, we all pay taxes and the overwhelming majority of our constituents pay council tax for the services that they expect to receive.

It is not unreasonable for us all to obey the laws of this country, whether they be planning laws, motoring laws or laws relating to environmental health. Illegal encampments of Travellers have been much in the news recently and one does not have to be a reader of *The Sun* or the *Daily Mail*, which I understand have both campaigned on this issue, to believe that it is wrong for people to flout the planning law in a flagrant fashion and then apply for retrospective planning permission.

BEST COPY AVAILBLE

[Mr. Andrew Robathan]

Sadly, the Government believe, and I am quoting from a Government document:

"Whilst some planners think that treating everyone the same helps to ensure equality, this is not the case. Explicit recognition of difference is needed to ensure that the right action can be taken to deliver a planning service responsive to different needs within the communities it serves".

Similarly, on unauthorised camping, the Government have said:

"Where the occupier of the land is a public body such as a local authority, then every effort should be made to avert forced eviction. Where trespassers are for instance Irish travellers, public bodies are required under the Race Relations Act to have due regard to the need to promote good race relations".

The law does not apply to everyone; the law is not applied equally to all people in this country.

I think that the overwhelming majority of people in this country, faced with casting their votes in a general election, will take the view that everybody should be subject to the same laws. I propose that trespass, where it involves occupancy, be made a criminal offence. That would give the police the certain power to move on trespassing Travellers. The House will know that that is exactly what happened in Ireland under the Housing (Miscellaneous Provisions) Act 2002. That, of course, is why there has been an influx of Irish Travellers into this country, where we are seen as a soft touch.

I further propose that councils be allowed to refuse applications for retrospective planning permission by Travellers or rogue developers who, often advised by disreputable lawyers, are cynically manipulating the planning system. I would allow local councils to ensure that, where planning permission does not exist, caravans are rapidly removed and that large fines or confiscation of assets are imposed on Travellers who are trying to profit from illegal developments.

Police must know that they have not only the power but the duty to stop Travellers of whom they are suspicious and to check their road fund licences and the roadworthiness and provenance of their vehicles. If I am stopped by a police officer, I must be displaying my road fund licence on my car and I may be required to produce my insurance. There is no reason why that law, too, should not be applied to Travellers, but police officers seem wary of doing so because they fear that it may cause trouble.

Finally, the Travellers who are behaving illegally—they are probably a minority of the travelling community—know their rights, but not their responsibilities. I propose a review, or even the repeal, of the so-called Human Rights Act 1998. That Act sounds attractive, but it is used by smart, slick lawyers to drive a coach and horses through the laws that the rest of us have to obey. In particular, the Act has allowed Travellers to break planning laws, but it takes no account of the rights of others whose lives are made a misery by illegal Traveller encampments. When my right hon. Friend the Leader of the Opposition made exactly that suggestion, one person commented that it had

"the whiff of the gas chamber about it".

Only a bitter, twisted and perverted mind could imagine that to say that all people should obey the same laws is in some way wrong. We are all equal before the law, and I propose that that equality should be enforced.

I urge the House to support this Bill.

Question put and agreed to.

Bill ordered to be brought in by Mr. Andrew Robathan.

EQUAL ENFORCEMENT OF THE LAW

Mr. Andrew Robathan accordingly presented a Bill to make provision for direction to police forces to enforce the law equally as it applies to settled communities and to Travellers; to amend the law on trespass; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Thursday 5 May, and to be printed [Bill 106].

Mr. John Hayes (South Holland and The Deepings) (Con): On a point of order, Mr. Speaker. About a fortnight ago, 1,600 of my constituents queued for seven hours to register with a national health service dentist. I wrote to the Prime Minister about that immediately afterwards, asking him to take action. I seek your guidance on this matter. Before the forthcoming dissolution of Parliament, what pressure do the rules allow to be brought on the Prime Minister to reply to my letter and reassure my constituents who, as you will understand, are anxious about this crisis? I feel that I owe them a duty to answer their proper questions, and that the Prime Minister owes me a duty to answer me, so that I can answer them. What pressure can I bring to bear on the Prime Minister to deal with the NHS dental crisis?

Mr. Speaker: That is not a matter for me but, as a Member of Parliament in my own right, with my own constituency, I would telephone Downing street. That is what I would do.

Business of the House

12.43 pm

The Leader of the House of Commons (Mr. Peter Hain): I beg to move,

That the following provisions shall have effect—

Sittings on 6th, 7th and 8th April: general

1. At this day's sitting and at the sittings tomorrow and on Friday—

(1) any motion made by a Minister of the Crown may be proceeded with, though opposed, until any hour, and shall not be interrupted under any Standing Order relating to the sittings of the House;

(2) proceedings on Lords Amendments or any subsequent Lords Message in respect of any Bill may be considered forthwith without any further Question being put and shall be brought to a conclusion (unless already concluded) one hour after their commencement (subject to paragraph 3(1));

(3) Standing Orders Nos. 83D to 83H and 83I(2) to (6) (conclusion of proceedings, &c.) shall apply to proceedings to be taken in accordance with this Order (but with the omission of Standing Orders Nos. 83D(2)(c) and 83E(2)(c));

(4) notices of Amendments, new Clauses or new Schedules to be moved in Committee on any Bill may be accepted by the Clerks at the Table before the Bill has been read a second time;

(5) Standing Order No. 41A (Deferred divisions) shall not apply; and

(6) the Speaker shall not adjourn the House until any Messages from the Lords have been received and any Committee to draw up Reasons has reported.

Wednesday 6th April

2. At the sitting this day the following business shall be brought to a conclusion (unless already concluded) at the time after its commencement shown in brackets at the end of each sub-paragraph—

(1) any motion made by a Minister of the Crown for the reading of specified Resolutions of 22nd March, presentation and first reading of any Finance (No. 2) Bill brought in on those resolutions and remaining proceedings on any such Bill (four hours);

(2) any motion made by a Minister of the Crown for the bringing in of an Appropriation Bill, presentation and first reading of any Bill brought in in pursuance of that motion and remaining proceedings on any such Bill, to which Standing Order No. 56 (Consolidated Fund Bills) shall apply (forthwith);

(3) remaining proceedings on the Inquiries Bill [*Lords*] (one hour);

(4) Committee of the whole House and remaining proceedings on the Disability Discrimination Bill [*Lords*] (one hour); and

(5) Committee of the whole House and remaining proceedings on the Public Services Ombudsman (Wales) Bill [*Lords*] (one hour).

Thursday 7th April

3. At the sitting tomorrow the following business shall be brought to a conclusion (unless already concluded) at the time after its commencement shown in brackets at the end of each sub-paragraph—

(1) proceedings on any Lords Amendments to the Serious Organised Crime and Police Bill which may be received (one and a half hours);

(2) remaining proceedings on the Education Bill [*Lords*] (one hour);

(3) the motion relating to suspension and revival of the Crossrail Bill (one hour); and

(4) second reading and remaining proceedings on the International Organisations Bill [*Lords*] (one and a half hours).

4. On Thursday 7th April there shall be no sitting in Westminster Hall.

Friday 8th April

5. On Friday—

(1) Standing Order No. 14(4) (Private Members' Bills) shall not apply; and

(2) the Speaker shall not adjourn the House until a Message has been received from the Lords Commissioners.

General

6. If any Finance (No. 2) Bill, or the International Organisations Bill [*Lords*], is read a second time, it shall stand committed to a Committee of the whole House.

7. The Orders that the Disability Discrimination Bill [*Lords*] and the Public Services Ombudsman (Wales) Bill [*Lords*] be committed to a Standing Committee shall be discharged and the Bills shall be committed to a Committee of the whole House.

8. A reference in this Order to proceedings on or in respect of a Bill includes a reference to proceedings on any Money Resolution, Ways and Means Resolution or Order of Consideration motion in relation to those proceedings.

9. The Order of Consideration motion of which Maria Eagle has given notice in respect of the Standing Committee on the Disability Discrimination Bill [*Lords*] may be moved by a Minister of the Crown in respect of the Committee of the whole House to which the Bill is committed under paragraph 7.

10. Paragraph 2(1) shall have effect notwithstanding the practice of the House as to the intervals between stages of Bill brought in upon Ways and Means Resolutions.

11. If the sitting this day continues after 11.30 a.m. on Thursday 7th April, this Order shall have effect as if any reference to the sitting on Thursday 7th April or Friday 8th April included a reference to the sitting this day.

12. If the sitting tomorrow continues after 9.30 a.m. on Friday 8th April, this Order shall have effect as if any reference to the sitting on Friday 8th April included a reference to the sitting tomorrow.

This is a motion designed to facilitate our business between now and Prorogation, and it may help the House if I say something about its effect.

The motion provides that today, Wednesday, after we have concluded our consideration of this Business of the House motion, we will proceed as follows. First, we will take all stages of the new Finance Bill, for up to four hours. Instead of seeking to amend the original Bill, which would require a complex Committee stage, the Government will—on the advice of the Clerks and with the agreement of the Opposition—withdraw that Bill and reintroduce part of it as a new Bill.

Secondly, we will take all stages of an Appropriation Bill, without debate. Thirdly, we will debate the remaining stages of the Inquiries Bill for up to one hour, followed by Committee of the whole House and remaining stages of the Disability Discrimination Bill for up to one hour. We will then take Committee of the whole House and remaining stages of the Public Service Ombudsman (Wales) Bill for up to one hour. Finally, we expect to take some Lords amendments or messages for up to an hour on each Bill.

Tomorrow, Thursday, we will consider the following, although not necessarily in this order: Lords amendments to the Serious Organised Crime and Police Bill, for up to one and a half hours; remaining proceedings on the Education Bill for up to one hour; the motion to suspend the Crossrail Bill for up to one hour; Second Reading and remaining stages of the International Organisations Bill for up to one and a half hours. During the course of the day, we may consider other Government motions, including motions relating

[Mr. Peter Hain]

to Lords amendments or messages. I hope and intend that we will conclude our business and be prorogued on Thursday evening.

The motion makes general provision for debate on Government motions to continue until any hour without the need for motions at the moment of interruption. Amendments to be moved in Committee may be tabled before Second Reading. There will be no deferred Divisions and Mr. Speaker will not adjourn the House until any Lords messages have been received and any Reasons Committee has reported.

The motion provides that there will be no sitting in Westminster Hall on Thursday.

I hope that the House will agree to this motion swiftly so that we can proceed to consider the important legislation before us.

Before closing, I would like to thank all the staff and Officers of the House for their hard work during this Parliament. Without them this House would not operate as effectively as it does. I would also like to pass on my thanks for all the work undertaken in Departments, private offices and parliamentary sections. In particular, I thank my two private offices: the Leader's Office and the Wales Office. The hard work, professionalism and integrity of the civil servants in both those offices have served me and my predecessors well.

I commend the motion to the House.

12.46 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I join the tributes paid by the Leader of the House to all those who work here and help us so much in everything we do. I thank them for their work throughout this Parliament. I also thank the officers at Conservative headquarters who help me with the necessary research in my role.

I join the tribute that the Leader of the House paid yesterday to the hon. Member for North Cornwall (Mr. Tyler), who has had a long career here and is now retiring. We wish him well in his retirement. [HON. MEMBERS: "Hear, hear.]

I thank the Leader of the House for consulting, through the usual channels, on the form of the motion. We agreed that it would be for the convenience of right hon. and hon. Members throughout the House to include everything in one motion, particularly the programmes for the various Bills in so far as they are known. That is acceptable to us as a suitable way of dealing with business only at this stage of a Parliament and not as a wider precedent. I hope that the Leader of the House will confirm that that is his understanding.

Mr. Hain: I am happy to confirm that the motion does not set a precedent for the general conduct of business. The shadow Leader of the House is aware of the unusual circumstances that always occur at the end of a Parliament. I take this opportunity to thank him and the usual channels for expediting matters and for the constructive approach that meets both Opposition and Government interests and, ultimately, the national interest.

Mr. Heald: I thank the Leader of the House for his comments. I said yesterday that we would take a constructive approach to the Bills before Parliament. Good progress has been made and the Government have accommodated our requirements on the Bills that are proceeding. However, would the Leader of the House look again at the Inquiries Bill? Two Lords amendments were removed in Committee here, but concern has been expressed throughout the House. When an inquiry touches on ministerial conduct, surely it is right that Parliament should approve the details of the setting up of an inquiry, as happens now under the Tribunals of Inquiry Evidence Act 1921. What is the reason for taking that power away from Parliament unless it is to be able to hold such inquiries in a way that might not be approved by both Houses of Parliament? Surely that is not something that the Leader of the House wants. In the interests of having inquiries that have the support of Parliament and the public, surely the Government could look at the matter again.

12.48 pm

Mr. Paul Tyler (North Cornwall) (LD): I add my thanks on behalf of my colleagues to those that have been expressed. Perhaps I could also be allowed to thank not just the Officers of the House, but right hon. and hon. Members of all parties with whom I have been happy to work for some years. The House is often at its best when we work across party lines for the achievement of better business and a better legislative product. We all regret it when a straitjacket is imposed but, as the Leader of the House said, this is not a precedent for the way in which Parliament usually operates. These are abnormal times and I accept that this is evidence of the way in which constructive consultation behind the scenes in both Houses can achieve a sensible way of doing business in abnormal circumstances.

If I have any reputation at all as I leave this House, I hope that it is that I am capable of making both a brief point and a point briefly, so I hope that by making a succinct contribution this afternoon I do not endanger that reputation. We should get on with the substance of the business so that we have the maximum time for scrutiny.

Finally, I thank both the Leader of the House and his Conservative shadow for their kind remarks about me.

12.50 pm

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): I would not like the House to prorogue without my joining in the tributes paid by the Leader of the House and the spokesmen for the Opposition parties to the staff. This establishment has not always caught up with modern management techniques and, inevitably, it cannot run in the same way as a structured, commercial organisation, nor should it choose to do so. It is thus essential that our staff at every level, whether direct employees or members of associated firms, are not only sufficiently flexible to fit in with the needs of the House of Commons and the Members, but that they also meet the very real need of the general public to know what is happening here and to understand our sometimes arcane procedures.

It is easy to criticise and occasionally to knock those who maintain traditional forms of dress, but who marry with that extremely modern forms of administration. It

is important that Members understand what an enormously effective job the House of Commons does in servicing the needs of a Parliament. That goes right the way through, whether it is the Refreshment Department staff, the people who service the building or the industrial or non-industrial civil service. It is essential not only that Members understand that, but that we say firmly how grateful we are to the staff for the way in which they perform their duties day in, day out, and occasionally, even now, night in and night out.

The hon. Member for North Cornwall (Mr. Tyler) and I have west-country connections that go back a long way. He will be missed in this place; he is an individual voice and a very plain one. I shall miss all the other Members who are retiring. Some of them are going far too soon, and I hope that they will regret leaving us so early. Every one of them has contributed in a unique and essential way to the work of Parliament. Long may they enjoy their future careers. Long may we record with affection and respect the work that they have done in this Parliament.

12.52 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): I am always suspicious when the House indulges in an orgy of self-congratulation and mutual admiration. It makes me suspect that something rather unpleasant is going on, and I had only to read the words of the motion that we are being asked to approve for that to be confirmed fully.

In the good old days, I would have looked at the Order Paper, seen the words "until any hour" and been thrilled at the prospect. I am tempted to explore those words to the full, but those days, for the moment, have passed, although I hope they return soon; even I recognise that this is probably not the occasion for a full exploration of the motion, but I want to touch on one or two points.

Mr. John Bercow (Buckingham) (Con): Given that the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) properly focused on Members who are not seeking re-election, I reassure my right hon. Friend that I certainly shall be seeking re-election, both because I love parliamentary life and, quite frankly, because I am too young and cannot possibly afford to retire. I put it to my right hon. Friend that if it is true that the Government are abandoning the Identity Cards Bill, that is magnificent news. It is a thoroughly bad and obnoxious Bill; it has not been properly considered by the House of Lords, so it is extremely welcome that, despite the breast-beating of the Home Secretary, the Government are ditching that piece of nonsense.

Mr. Forth: I can give my hon. Friend a little bit of reassurance as I do not see that Bill mentioned in the motion, although it could always be subsumed in some mysterious way into the words "any other motions", to which I may return in a moment.

There is a parliamentary danger—a constitutional danger, even—in the proceedings that we face when we come to Prorogation and Dissolution. Because of our rather unusual parliamentary system, a Prime Minister can call an election at any time, so we are faced with an abrupt ending to our proceedings right in the middle of the parliamentary cycle. The danger lies in the fact that at that point consultations are undertaken between a very small number of people, on both sides of the House, who reach a cosy agreement and then, congratulating each other, present us with a fait accompli. The words of the motion reflect that all too fully.

My hon. Friend the Member for North-East Hertfordshire (Mr. Heald) has said from the Front Bench how delighted he is that we can sign up to everything and the Leader of the House has said how delighted he is that the Government are getting what they want: "We are getting what we want". But the we on this occasion is them. Nobody has consulted me about this at any stage.

Mr. Hain: May I point out to the former shadow Leader of the House, that if he had been sitting on the Front Bench he would have been absolutely delighted as well?

Mr. Forth: No, because if I had been on the Front Bench the Leader of the House would have got none of his Bills, and that would have been absolutely proper.

Mr. Heald: Why was my right hon. Friend offered a pint by the Leader of the House yesterday yet I was not?

Mr. Forth: I am not sure that I was, but we shall settle that later in the usual way. The Leader of the House is looking very embarrassed and we would not want that, would we?

There is a serious point. I do not want to dwell on it excessively, but merely to put down a marker. It is that we are being asked to legislate—to make the law of the land—in an extremely truncated and restricted way, on the basis that a small number of no doubt senior and eminent people have decided what will be and are then asking the rest of us, as Members of Parliament, to say, "Oh, all right then. You're only giving us an hour to consider an entire Bill". Even worse, we are being asked to sign up to the fact that

"any motion made by a Minister of the Crown may be proceeded with . . . until any hour, and shall not be interrupted".

That exemplifies the degree of control that the Government seek and have been given by the motion. They call the shots and the rest of us have to fall meekly into our places.

When we consider the detail of the motion, we find that the House of Commons is being asked to deal with the entire Finance Bill in four hours, and that other serious measures—on disability discrimination, international organisations or whatever—are to be agreed to in one hour for each. In all reasonableness, that cannot permit any degree of proper parliamentary scrutiny. In what we are told are exceptional and unusual circumstances—although I worry about that—the Government are saying, "Trust me. We the leadership have agreed that this will be the case and the rest of you are expected to fall into place." I have to say that looking around the Chamber it looks as though that is highly likely to happen, but we should be worried about it. It is yet another indication of the extent to which the proceedings of this House have been downgraded that we are being asked to sign up to the motion with a smile.

[Mr. Forth]

Of course, everybody's thoughts are on the upcoming election. That is perfectly natural. But it should not mean that we legislate in such a way that we eliminate all possibility of parliamentary scrutiny, with one great exception—the saving of our constitution and our parliamentary process; thank goodness for it—the House of Lords is still not controlled by the Government. Their timetable is still theirs to control. The Government still do not have a majority in the House of Lords.

As a Member of this House for some time, and someone who loves this place and is happy to spend much of my time here, it saddens me to acknowledge that in the motion we are surrendering our role in the legislative process and expecting our colleagues in the House of Lords to do the real work of scrutiny. That has been the reality for some time. It continues to be the reality and the motion reflects that; in fact, it sets it out in words simple to understand.

Mr. Bercow: My right hon. Friend is consistent on these things. Surely, the essence of the matter is ministerial self-importance. Does he agree that the problem is that Ministers are very important, very senior, very respected, very influential, very busy, with very many commitments and very full diaries, so they think that it is a bit undignified to have to find the time to come to the House to explain and justify their legislative measures?

Mr. Forth: My hon. Friend reflects all too well the current "modern" attitude of the Government and their Ministers to the parliamentary process and to the House of Commons. It comes from the top of course. The Prime Minister has never had any time for the parliamentary process and, sadly, shows that repeatedly.

Mr. Heald: I do not entirely agree with my right hon. Friend about the motion—in fact, I do not agree with him at all—but on the general point that there is far too much programming and not enough time for scrutiny, has he seen early-day motion 945, which points out that about 40 per cent. of the groups of amendments tabled on Report this Session have not been debated because of severe guillotining?

Mr. Forth: Sadly, I neither read nor sign early-day motions because I think that they are parliamentary graffiti of the worst and most useless kind, but if my hon. Friend tells me that there is something of value in that early-day motion, I am half inclined to believe him.

Although my hon. Friends keep tempting me and it feels more and more like the good old days, I will soon conclude, but before I do so, I simply want to tell colleagues that I really hope that in the next Parliament—if I have the honour of being returned to it—we will be prepared to look again at what we have done to our House as part of the legislative process, how we have diminished our role and how we have increasingly to rely, ironically, on the unelected, appointed House of Lords to do the real parliamentary work, while we are increasingly expected to act as legislative rubber stamps. The motion reflects that as well as anything that I have seen recently. I regret that, and I wish we did not have to act in that manner.

Mr. Hain: I am grateful to the shadow Leader of the House for his opening remarks.

Discussions are still continuing on the Inquiries Bill, but I understand that the major issue at stake is the Prime Minister's ability to maintain control over his Government, whom he appoints and Ministers' conduct and behaviour. Perhaps the hon. Gentleman will understand, on reflection, that if he were in my position and the Leader of the Opposition were in the Prime Minister's position, they would take exactly the same view. The good conduct of government is the issue at stake.

As I said yesterday, I pay tribute to the long parliamentary career of the Liberal Democrat shadow Leader of the House. He is a brilliant parliamentarian, as well as a good colleague, despite the party differences, and I wish him all the best in the future. He was indeed very brief, but he is not someone to spin out his points.

Given the long parliamentary experience of my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), I agree with the generous tribute that she paid to the staff. She reminded us of their crucial role. I particularly welcome her reference to the catering staff, who are sometimes called on to perform their duties at very short notice and have their hours extended at short notice. They do so with good fortitude and good cheer, and we are indebted to them.

The same is true of the Doorkeepers, to whom I pay special tribute. Indeed, my only quarrel with them is our serious arguments about rugby—they do not appreciate the value of the Welsh rugby team enough for my liking, although, with the grand slam that we accomplished, they acknowledged, to be generous, the expertise and brilliance of that performance.

I also pay tribute to work of the new Serjeant at Arms, who has settled into his job very well, as has the new security co-ordinator.

Finally, in response to the points made by the right hon. Member for Bromley and Chislehurst (Mr. Forth), I would feel bereft if he had not got up to make them, and he does so with great honour and determination. I was interested to research a previous occasion just before the last general election when one of my predecessors, my right hon. Friend the Member for Derby, South (Margaret Beckett), now the Secretary of State for Environment, Food and Rural Affairs, had an exchange with the right hon. Gentleman in which she pointed out that this wash-up period procedure goes on at the end of all Parliaments and has done so for decades. Indeed, when he was an Education Minister, his own Bill was taken through at great speed in exactly the same way. He did not seem to object to that process then, and I wonder whether he should be objecting now.

Mr. Bercow: I very much wish to echo the tributes that the Leader of the House has paid to the staff of the House. I cannot resist making an effort to elicit from him a statement in his own words that the Government are withdrawing the Identity Cards Bill. Will he please tell us that that is the case? Perhaps he will admit that he is secretly rather delighted that that obnoxious Bill is being withdrawn because, as he has a long track record as a civil libertarian, he cannot seriously believe in that nonsense.

Mr. Hain: It is not the place to discuss the merits of the Identity Cards Bill, about which I have an honest disagreement with the hon. Gentleman. I am a long-standing civil libertarian and proud of it, and remain so, but I honestly think that the Identity Cards Bill is a common-sense measure in an age when we must supply photographic proof of identity to take an internal flight in Britain. Increasingly, we must come up with the kind of identification to travel abroad that the new identity card will provide on our passports, driving licences and so on. It is a common-sense measure and, no, we have not withdrawn it; we could not get the Opposition's agreement to allow it through, as other Bills have gone through, so it will fall, but it will do so as a result of the express opposition of the Liberal Democrats and Conservatives, who did not give it the passage that it needed and should have had in the interests of security and the safety of all our citizens. I regret that very much.

Mr. Heald: Will the right hon. Gentleman give way?

Mr. Hain: I am sorry, but I will not give way.

I am sorry to disagree on that point with the hon. Member for Buckingham (Mr. Bercow) because he is an effective parliamentarian in every other respect. I admire him greatly, but I do not want to diminish the prospects for his future career by adding to that in any way.

Question put and agreed to.

WAYS AND MEANS

Ordered,

That, of the Resolutions of the 22nd day of March last, the following be read—

(a) Nos. 1 to 6, 11 to 17, 22 to 27, 30, 43, 47, 48, 50 to 53, 56 and 58;

(b) Procedure (Lorry Road-User Charge);

(c) paragraphs (a), (e) and (f) of Procedure (Future Taxation); and

(d) paragraph (b) of Finance (Money).

Bill ordered to be brought in upon the said resolutions: And that the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Secretary Prescott, Mr. Secretary Darling, Mr. Secretary Reid, Ms Secretary Hewitt, Mr. Secretary Johnson, Secretary Ruth Kelly, Mr. Paul Boateng, Dawn Primarolo, Mr. Stephen Timms and John Healey do prepare and bring it in.

FINANCE (NO. 2) BILL

Mr. Stephen Timms accordingly presented a Bill to grant certain duties, to alter other duties and to amend the law relating to the national debt and the public revenue and to make further provision in connection with finance: And the same was read the First time and ordered to be read a Second time and to be printed [Bill 104].

Finance (No. 2) Bill

[Relevant documents: oral and written evidence taken by the Treasury Committee on 21 and 22 March, HC 482-i and -ii, on the 2005 Budget.]

Order for Second Reading read.

1.7 pm

The Chief Secretary to the Treasury (Mr. Paul Boateng): I beg to move, That the Bill be now read a Second time.

This is a somewhat shortened version of the Finance Bill. Owing to the Dissolution of Parliament, it now contains some 106 clauses, compared with the original 172 presented to the House. However, my right hon. Friend the Chancellor outlined in the Budget statement what we will be doing to maintain British stability and growth in the face of a future of intense global competition and the Bill continues to reflect our determination to meet those challenges and to maintain stability, promote fairness and maximise the opportunities for our nation both now and in the future.

For a tax system to be effective, everyone must pay their fair share of taxes and receive the credits that they are entitled to and that is why the Government have already published proposals to prevent the avoidance of tax on capital gains by people using options to sell or buy assets at uncommercial prices and to close a loophole in the controlled foreign company—or CFC—rules that are designed to prevent UK multinationals from diverting profits to low-tax regimes.

We have set out legislation to close arrangements that seek to avoid or reduce income tax and national insurance contributions on remuneration by using employment-related securities. As outlined in the pre-Budget report, we have published proposals to remove annuities and other annual payments from the types of payment treated as charges on income.

The Government are also committed to closing a number of marketed avoidance schemes that involve financial products that have been disclosed under the rules introduced in the Finance Act 2004, and as announced in the Budget, to legislating to counter the exploitation by companies of differences within and between tax codes to get a UK tax advantage.

The Government believe that these measures and others that were included in the original Finance Bill presented to the House are essential for an effective, principled, targeted and fair tax system. It is therefore our full intention to introduce a second Finance Bill after the election—should it be the wish of the British people—in which the measures not included in this revised version will be brought back. We will, of course, aim to ensure that the statutory dates for these measures will continue to apply, as announced in the Budget.

Mr. Michael Jack (Fylde) (Con): The Chief Secretary has just referred to people receiving the tax credits to which they are entitled. What assurances can he give that every effort will be made to resolving the mounting tide of problems faced by people with payable tax credits and overpayments, particularly during the course of the election campaign when Members of Parliament will clearly not be in the position that they

[Mr. Michael Jack]

were to argue the case for their constituents? In my case, it is a rising tide of human misery that does not appear to be being solved.

Mr. Boateng: The right hon. Gentleman is, uncharacteristically, indulging in pre-election hyperbole and has gone over the top. He knows that my right hon. Friend the Paymaster General takes any concerns about the tax credit system and its efficient working very seriously. I assure him that the measures are in place that will continue to ensure that the Inland Revenue and those responsible for this issue respond efficiently and effectively in the way that they normally do.

Mr. John Bercow (Buckingham) (Con): Will the Chief Secretary give way?

Mr. Boateng: I am fond of the hon. Gentleman, but I want to make some headway. I will then, of course, give way. I am sure that he has something interesting to say.

In the meantime, the Bill introduces anti-avoidance measures in clauses 85 and 87 to 91 that seek to prevent avoidance when there are contrived claims of artificially high double tax relief—claims that are made against United Kingdom profits in order to minimise tax liability in the UK.

Alongside that, clauses 59 to 79 will introduce anti-avoidance legislation for film relief. The targeted aim of these measures is to remove opportunities for abusing film tax reliefs and to put matters beyond doubt for the industry in future. That should be seen against the important role that Britain's creative industries now play, comprising 8 per cent. of our national income. To reflect that, clause 58 will temporarily extend existing relief for limited budget films. It provides for the existing relief to continue to apply for films on which principal photography commences before 1 April 2006, so long as they are completed on or before 31 December 2006.

Mr. Mark Prisk (Hertford and Stortford) (Con): Will the Chief Secretary give way?

Mr. Boateng: I must first give way to the hon. Member for Aylesbury.

Mr. Bercow: Or even for Buckingham.

Given the importance of clause 21(8) on research institution spin-out companies, can the right hon. Gentleman explain why that very important provision is not subject to the affirmative procedure of the House?

Mr. Boateng: I am glad that the hon. Member for Buckingham (Mr. Bercow) raises that point. If he restrains his characteristic exuberance, he will hear me come to that provision in the fullness of time.

Mr. Prisk *rose—*

Mr. Boateng: If I can make a little headway, I will of course give to the hon. Gentleman. I am sure that he also has interesting points to make.

These measures reflect the Government's ongoing determination to ensure that our tax system is fair and competitive. Just last September, the World Bank ranked the UK first in Europe and seventh of the top 20 countries to conduct business in. In January 2004, the Organisation for Economic Co-operation and Development ranked our economic and administrative regulations as being among the lowest in the OECD. I therefore hope that Members on both sides of this House will surely recognise the need to introduce measures now that enable Britain to maintain that position within the global economy.

Faced with an accelerating pace of technological change and a rapid expansion of global competition, our economic future should not be founded upon low-skill, low-tech enterprise. It depends, instead, on establishing British leadership in skills, science and the knowledge economy, as the hon. Member for Buckingham recognises. After all, developing countries are on course to produce half the world's manufacturing exports and we need to ensure that ours is an added-value economy.

Britain now has one of the most open competition policies in the world and we are the most effective and active advocate of free trade. Today, the enterprise challenge is to enhance the flexibility needed for a successful economy and tackle the regulatory concerns that all industrial economies face while securing the standards required in a successful society.

Mr. Prisk: The Chief Secretary talks about the enterprise challenge. Is he aware of the rising tide of concern among those in the film industry that this is the third Finance Bill in three years that changes the way in which the industry is regulated? They believe that that creates serious disadvantages in locating films in this country. Why did the Government not get it right first time?

Mr. Boateng: The hon. Gentleman makes an interesting point. Indeed, we miss his contributions from the Opposition Front Bench to our debates on the economy. I hope that those who currently occupy that Bench will reflect on the contribution that he might make to a future Opposition Front-Bench team.

I know that the hon. Gentleman takes an interest in the film industry and I would have expected him to recognise the way in which we have listened to the industry and sought to work with it in identifying effectively and in a focused way the undoubted abuse of the system that was taking place and in responding to it. I hope that there is support on both sides of the House for the British film industry. I well remember when I was shadow Economic Secretary, sitting on the Opposition Benches—*[Interruption.]* I did enjoy those days. Both sides of the House then made common cause on recognising that the film industry needed the support that we are endeavouring to give it. However, we have to be vigilant against the sort of abuse that was undoubtedly taking place.

Mr. Bercow *rose—*

Mr. Prisk *rose—*

Mr. Boateng: I will make more headway before I consider giving way to Opposition Members who have points to make.

Enhancing flexibility, tackling regulation and ensuring competitiveness inform the detail of this Bill and I will now turn to those matters. Clauses 10 to 13 mean that, this year, rates of capital gains tax and corporation tax will remain frozen, maintaining the 0 per cent. starting rate of corporation tax for small companies. Clause 144 brings the time-limited stamp duty relief in disadvantaged areas to an end as the new, better targeted local enterprise growth initiative drives forward local business-led regeneration, providing local authorities with the resources and flexibility to target the long-term issues that will promote enterprise in the most deprived areas.

Clauses 20 to 22 will help counteract a tax uncertainty that has proved to be a stumbling block—here, I turn to the point made by the hon. Member for Buckingham—in forming university spin-out companies. This will provide rules that will apply to researchers who acquire shares in spin-out companies created with research institutions to develop intellectual property. The rules ignore the effect on a researcher's shares of the transfer of intellectual property into that company. They will also remove the consequent up-front tax and national insurance contribution charge.

Mr. Jack: On a point of clarification, did the Chief Secretary refer to clause 144? My copy of the Bill stops at clause 106.

Mr. Boateng: I do not recall mentioning that clause, but if I did, it was certainly in error. The clause that I referred to brings the time-limited stamp duty relief in disadvantaged areas to an end as the new better targeted local enterprise growth initiative drives forward local business-led regeneration.

Mr. Stephen Dorrell (Charnwood) (Con) *rose—*

Mr. Bercow *rose—*

Mr. Boateng: I will make more headway before I give way again.

Mr. Dorrell *rose—*

Mr. Boateng: I will give way in a moment, because I am sure that the right hon. Gentleman has something interesting to say.

The Bill also sets out key steps to ensuring that our country is prepared for the challenges of the future. For example, it is important that young people—first-time buyers—can have access to the housing market. I know that all of us are concerned about that in one way or another. Therefore, the clauses that double the zero-rate threshold for stamp duty land tax—from £60,000 to £120,000—will be particularly welcome. That means that a purchaser of a residential property who completes a purchase on or after 17 March 2005 will not pay stamp duty land tax if the purchase price is £120,000 or less.

Mr. Andrew Tyrie (Chichester) (Con): Will the Chief Secretary tell us his estimate of the overall effect on the yield of the measures on stamp duty in the Bill?

Mr. Boateng: We have had this discussion in the past. The hon. Gentleman knows that, as a result of the amendments that we have made, there is an increase in the yield. That is clear in the Red Book and we have never made any pretence otherwise, but we have focused and targeted the relief better. We have ensured that we are assisting first-time buyers. Doubling the threshold means that some 50 per cent. of first-time buyers will not pay stamp duty, and that must be welcomed by all.

Mr. Dorrell: Will the Chief Secretary confirm for absolute clarity that, contrary to the impression that the Chancellor of the Exchequer gave in his Budget speech, the benefit of raising the threshold from £60,000 to £120,000 is more than paid for by withdrawing the relief that had the purpose of encouraging non-residential development in deprived areas? That is the effect of the package of measures on stamp duty land tax that the Government have introduced.

Mr. Boateng: We have focused relief where it can do the most good. I should have thought that everyone would welcome that. I do not recognise the presentation of the Budget that the right hon. Gentleman describes. The combined effect of the Budget measures is that revenues from residential property transactions are forecast to fall by £220 million and revenues from commercial property transactions are forecast to rise by £580 million. We have always made that absolutely clear. It has always been clear in the Red Book for all to see. It was always crystal clear in the extensive debates and discussions that my right hon. Friends the Chancellor and the Paymaster General, my hon. Friends the Financial Secretary and the Economic Secretary and I held with Opposition Members in the immediate aftermath of the Budget.

I always enjoy the contributions of the right hon. Member for Charnwood (Mr. Dorrell) because he has extensive knowledge and experience of government. However, it is rich for him to now play the innocent—the shocked maiden—in such a way about the presentation of these matters. I do not think that he can expect us to take his complaints seriously.

Mr. Bercow *rose—*

Mr. Prisk *rose—*

Mr. Boateng: I am going to make more progress before once again giving way to Conservative Members.

Mr. Jack: But my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) knows about this.

Mr. Boateng: I am sure that the hon. Member for Hertford and Stortford (Mr. Prisk) does know about the matter, so it is a pity that he will not be sharing his knowledge with the House from the Front Bench, if he knows so much about it. Several of us who watch such things closely certainly have the view that he deserves to be there.

Several hon. Members *rose—*

Mr. Boateng: With the indulgence of the House, I wish to proceed before I give way again. The Finance Bill—

Mr. Bercow: Will the Chief Secretary give way?

Mr. Speaker: Order. The Chief Secretary has said that he is not giving way at the moment—perhaps he will later.

Mr. Boateng: Thank you, Mr. Speaker.

The Bill sets out the key steps necessary to ensure that our country is prepared for the challenges of the future. For example, it is important for us to use the Bill to build on the progress that we have made on home ownership, which has been not only referred to extensively by ourselves, but recognised by others. As I have said, it will exempt an additional 300,000 buyers each year and more than 50 per cent. of first-time buyers. In regional terms, it will exempt approximately 70 per cent. of buyers in the north and throughout Wales, Scotland and Northern Ireland, and more than 50 per cent. of buyers in the midlands.

Clause 98 focuses on the inheritance tax threshold for each of the next three tax years, with increases above indexation. It sets out the inheritance tax threshold at £275,000 for 2005–06, £285,000 for 2006–07 and £300,000 for 2007-08. It also ensures that 95 per cent. of estates remain tax free, which is something that we must all bear in mind.

Mr. Bercow *rose—*

Mr. Prisk *rose—*

Mr. Boateng: I shall now give way to the hon. Member for Hertford and Stortford.

Mr. Prisk: I am grateful to the Chief Secretary for finally giving way. He mentioned 95 per cent. of estates, but may I return to stamp duty? In the light of his impending house move, will he confirm that in the borough of Brent only 4 per cent. of first-time buyers will benefit from the measures, so 96 per cent. will not?

Mr. Boateng: I do not have the figures for Brent, but I fancy that they will be available to my hon. Friend the Financial Secretary by the end of the debate. I am sure that he will provide a characteristically robust response to the hon. Gentleman's point.

Mr. Bercow: Will the Chief Secretary give way?

Mr. Boateng: No, not at the moment. I intend to make a little more headway before giving way to the hon. Gentleman.

It is important that we protect and support our older citizens, which is why clause 9 is specifically designed to help to reduce pensioner poverty. It will increase age-related personal allowances for those aged over 65 in line with earnings and ensure that more than half of pensioners do not have to pay income tax. In practice, that will mean that for those aged 65 to 74, the allowance will be increased to £7,090. The allowance for those aged 75 and over will be increased to £7,220.

In the Finance Act 2004 we legislated for a radical simplification of the tax rules for pensions. From April 2006, the numerous existing regimes, each with its own set of rules, will be replaced by a single, universal regime for tax-privileged pensions savings. It is important to remember that clause 101 introduces a package of supplementary measures to refine the 2004 Act. The measures will provide additional flexibility for schemes and individuals and allow a smoother transition from the current regime to the new one.

Mr. Tyrie: *rose—*

Mr. Boateng: I shall give way first to the hon. Member for Buckingham and then, of course, to the Opposition Front-Bench spokesman.

Mr. Bercow: It is always a pleasure to listen to the Chief Secretary's mellifluous tones—this might be the last time on which we have the opportunity to do so. However, although this might be his last appearance before the House, I would still like to be reassured that he is master of his subject. Given that he glossed rather superficially and inappropriately over clauses 20 to 22, and thus broke his promise to deal with my specific inquiry, will he now tell me why clause 21(8), on research institution spin-out companies, is not subject to the affirmative procedure of the House? That is a straightforward question and I want a straightforward answer.

Mr. Prisk: Why not write to my hon. Friend?

Mr. Boateng: I do not need much temptation to go into detail, but I understood that my brief for this afternoon was to resist temptation. I find the blandishments of the hon. Member for Buckingham absolutely irresistible. What concerns me is why he would favour the affirmative resolution procedure—*[Interruption.]* Let me finish my point. What concerns me is why he prefers the affirmative resolution procedure to the procedure that we have adopted, which enables us to have this debate. It meets the concerns and the substantive points made to us by academia and those engaged in spin-outs. If he sees a particular advantage in the affirmative resolution procedure, I am sure that the House would be glad to hear what it is.

Mr. Bercow *rose—*

Mr. Boateng: I shall give way in a moment.

It seems to us that the proposed changes, on which we have exte[illegible]y canvassed the sector, have been widely welcom[illegible]e received more than 45 responses to the cons[illegible]ollowing publication of the technical note[illegible]partial regulatory impact assessment at the [illegible] report stage. UNICO, which the hon. Gen[illegible]knows is the University Companies Assoc[illegible], says that feedback to the draft legislation, which we published as long ago as February this year, has been

"Overall, very positive"

and people have found

"very little to complain about."

I fancy it did not take into account the seemingly infinite capacity of the hon. Gentleman to complain. [HON. MEMBERS: "Oh!"] Oh yes, no more Mr. Nice Guy. I was only too happy to approach the debate in a non-partisan way and to be brief, but my patience has been tested.

Mr. Bercow: I congratulate the Chief Secretary on his appointment as British high commissioner in South Africa. He will do a fantastic job in that role, and I wish him well. Frankly, though, that was a ponderous and meandering response to a straightforward question. If he had just said that he did not know the difference between negative and affirmative procedure, the House would have been greatly obliged. The affirmative procedure maximises ministerial accountability to Parliament and the negative procedure minimises it. It could hardly be clearer.

Mr. Boateng: If my memory serves me well, the hon. Gentleman and I have had this debate in relation to other clauses in the course of other Finance Bills discussed Upstairs. Those Conservative right hon. Members present who have had to do what my right hon. and hon. Friends have had to do in Committee know very well that it is to assist the ministerial conduct of business that one prefers the negative to the affirmative. In due course, 20 or 25 years hence, it is possible that the hon. Gentleman might discover why Ministers tend to prefer the negative to the affirmative.

Mr. Dorrell: Will the Chief Secretary confirm that he once appreciated the force of the argument that my hon. Friend the Member for Buckingham (Mr. Bercow) advances, not least when the right hon. Gentleman advanced exactly that argument from the Opposition Benches? Does he recall the precise Damascene moment when he was converted to the view always taken by the Treasury Bench?

Mr. Boateng: It was in May 1997. Hands up; it's a fair cop, guv. We all know the reason for that, and there is widespread acceptance on both sides of the House that that is the best way to proceed in the circumstances.

We want to build on the steps taken in successive Finance Bills, which is why clause 101 introduces a package of supplementary measures to refine the 2004 legislation. The measures will provide additional flexibility for schemes and individuals, and smooth the transition from the current regime to the new regime. Moreover, the Pensions Act 2004 legislated for the pension protection fund, which comes into being today. Clauses ensure that the PPF has the same tax privileges as the pension schemes that it protects, but to make our tax system fairer, we must also ensure that it applies equally to all. That is why these clauses are designed to introduce changes to income tax, corporation tax and capital gains tax rules relating to alternative finance arrangements that do not involve either payment or receipt of interest, including those that are designed to be Sharia compliant.

Mr. Tyrie: While the Chief Secretary is on the subject of pensioner poverty and measures to deal with pensioners, will he explain why the Government have decided to give a £200 relief for council tax to pensioners for one year only? Will he also explain why the fact that it was for one year only was dropped from the Chancellor's Budget speech?

Mr. Boateng: I do not want to engage in retrospective analysis of the Budget presentation. We made the position clear at the time. *[Interruption.]* I and all my colleagues made it clear that we were trying to respond to the concerns of pensioners. We introduced the Lyons review to enable us to arrive at a position in which the issues are seen within the context of local government finance overall and the undoubted need for reform, which we have recognised in relation to council tax.

I do not want to get drawn down that road, but if the hon. Gentleman tempts me, I will. We all know that the council tax arose out of the poll tax debacle. We all know that the origins of the poll tax lay with the Conservative party and in particular—I know this because I was in the House at the time—with the contribution to local government finance made by the Leader of the Opposition. We do not want to return to those days because we know what it would mean for local government finance and pensioners, as it would increase pensioner poverty.

Mr. Tyrie: Will the Minister give way?

Mr. Boateng: No, I am afraid not. I want to make headway because I have a responsibility to the House to get through today's business so that we give the Bill the proper scrutiny that it deserves.

When two people enter a civil partnership, they make a responsible commitment to each other. Our policy is that civil partners should be entitled to the same legal rights and responsibilities as spouses. This means that our tax system should, where possible, adapt to reflect the changes in society that brought civil partnerships into being. Last December, the Civil Partnership Act 2004 received Royal Assent. It provides a new legal framework that enables recognition of same-sex relationships through the new status of civil partnership. Same-sex couples across the UK will be able to form a civil partnership. That is reflected in the relevant clause, as it provides powers to ensure that civil partners are treated the same as married couples, both for tax purposes and to ensure that tax legislation is compatible with the Human Rights Act 1998.

Peter Bottomley (Worthing, West) (Con): Will the Minister remind the House of the reason for excluding from those tax benefits or tax reliefs couples who may have lived together for 30 or 40 years, such as siblings, a child and an elderly parent or, for that matter, a very close householder and housekeeper?

Mr. Boateng: We had a full discussion on that when the House was coming to a view on civil partnerships. I know and respect the hon. Gentleman's views on the issue, although I do not share them. I believe that the House came to the right conclusion on how to reflect societal change in the Civil Partnerships Act and the provisions of the Finance Bill.

The immense contribution made by our armed forces, who serve our country so well in peace and in war, is reflected in the clause that will ensure that lump sum awards paid to servicemen and women injured in the line of duty are tax free, whether paid to a serving member of the armed forces or to a person who has left the service. The provision amends the Income Tax (Earnings and Pensions) Act 2003 to ensure that benefits payable under the Armed Forces (Pensions and Compensation) Act 2004 are treated in the same way for

[Mr. Boateng]

tax as the equivalent benefits payable under the armed forces pension scheme. The new lump sum in-service injury awards will be exempted by the clause—a measure that I know has the support, which it warrants, of all hon. Members.

The measures and others like them help to modernise the tax system. They will enable a fairer society to emerge and reflect the new challenges arising from that changing society. Britain also faces new and evolving environmental challenges, in respect of which we have an obligation to future generations. We have therefore provided for the standard rate of landfill tax to increase as part of a principled national policy to reduce the volumes of waste sent to landfill and to encourage more environmentally friendly alternatives. Building on the changes to vehicle excise duty made in 2003 that reflect vehicle carbon emissions, the Bill provides for an increase in VED rates only for the two highest carbon dioxide bands; the four least-polluting carbon dioxide bands will remain frozen.

The Budget lays down measures that will enable our country to respond to and meet the challenges of our changing society in the global economy. The Finance Bill enacts measures to which the House has already agreed in principle. I commend it to the House.

1.42 pm

Mr. George Osborne (Tatton) (Con): We all enjoyed listening to the would-be high commissioner in what I suppose is his last appearance in the Commons. I am sorry that more of his hon. Friends did not turn up to listen to him, but we Opposition Members enjoyed his speech. In the past few weeks, the right hon. Gentleman has been showered with tributes every time that he has appeared at the Dispatch Box—he has had more farewells than Frank Sinatra, which is appropriate, given that the Cabinet he is leaving is the biggest rat pack of them all. Like any good swan-song, his speech was somewhat theatrical and overblown—true to form for the right hon. Gentleman—but during his 18 years in Parliament no one has ever accused him of being a shrinking violet. I have certainly enjoyed shadowing him in recent months. He has always been courteous and I wish him well in the future—when I suspect he will join many other Labour MPs in the swelling ranks of the economically inactive.

It is a shame that we do not have more time to examine what remains after the extensive deletions on which we insisted of a complex piece of financial legislation. Four hours is wholly inadequate to debate, scrutinise and pass 106 clauses. In 1992, when the Conservative Government called an election immediately after the Budget, the Finance Bill presented to the House was a mere 11 clauses long, those 11 being the essential and wholly uncontroversial revenue-raising clauses that are required each year. Four hours was provided to debate those 11 clauses; even so, the then shadow Chief Secretary, now Secretary of State for Environment, Food and Rural Affairs, proclaimed that it was a constitutional outrage, saying that

"Four hours for all the stages of a Finance Bill from start to finish ... is a most extraordinary precedent ... due not to accident or misfortune but to the sheer incompetence and mismanagement of the Government".

Given that he attended that debate and, judging by the *Hansard* report, got very over-excited during the proceedings, the putative high commissioner must remember the comment made by the present Chancellor's chief lieutenant, the right hon. Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), that allowing four hours for a Finance Bill was

"a fundamentally undemocratic way to proceed ... That shows a complete contempt for the democratic process."—[*Official Report*, 13 March 1992; Vol. 205, c. 1141–52.]

Thirteen years later, we have before us a Labour Finance Bill of 106 clauses, not 11, which is also to be rushed through in four hours. Times have changed and so have the cherished principles of the Labour party.

Although more debate would have been welcomed today, it is fair to say that there is not much in the Bill to which we object. It contains the clauses that set out the various tax and duty rates that are required to maintain the flow of revenue to the Exchequer. We, of course, will reduce that revenue flow by £4 billion when we present our Budget and Finance Bill in two months' time. The Bill also contains more complex provisions that, although they deserve fuller scrutiny, are broadly welcome: they have been consulted on and we felt that it would be wrong to remove them from the Bill.

Mr. Michael Fallon (Sevenoaks) (Con): The point is not whether we in the House object to any of the clauses, but that they will not be exposed to scrutiny and proper deliberation by those outside the House, who may well have views—indeed, some have sent us representations on certain clauses. The travesty of taking more than 100 clauses in four hours means that many items will pass on to the statute book without having been subjected to the proper deliberative scrutiny that they should have and would have received in a Committee.

Mr. Osborne: My hon. Friend is absolutely right. My approach to the washing-up negotiations with the Chief Secretary was to concentrate on removing those clauses on which there had been no consultation with outside bodies and ensuring that those that remained were those on which there had been at least some consultation. I readily accept that that is no substitute for adequate parliamentary scrutiny, going through the Bill in proper detail and at length in Committee—

Mr. Fallon: So why are we allowing it?

Mr. Osborne: Because the negotiations took part as part of the washing-up process covering every piece of legislation that we will discuss today and in the next couple of days. We have let certain provisions through, and I shall explain why.

We have let through the new regime for trusts for vulnerable people, which has been consulted on, which all the disability charities broadly welcome and which we support. We have agreed to the alternative finance arrangements to ensure that people whose religious beliefs forbid them from receiving or paying interest—such as those who adhere to Sharia law—are not discriminated against by the tax system. We think that is fair.

The Chief Secretary unfairly implied that my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) had been dismissed from the Front Bench;

in fact, he is an Opposition Whip but he is using his experience to speak in today's debate from the Back Benches. My hon. Friend said that the clauses on film tax relief continue the sorry tale of the Government's increasingly convoluted attempts to give tax breaks to film production without creating huge tax loopholes—a tale of how not to write tax law. As I am sure my hon. Friend the Member for Sevenoaks (Mr. Fallon) agrees, we should consider those clauses in much greater detail, but in the past two days we have received strong representations from the film industry expressing its wish that the relief be extended past July, when it is due to run out. The industry felt that the confusion and chaos caused by the changes that the Government have made in the past couple of years would be increased if the measures were not included in the Bill. Having listened to the representations made by the film industry and by MPs representing film production companies, we are prepared to allow the clauses to pass to enable the extension of the tax relief beyond July.

Mr. Jack: Can my hon. Friend give me an assurance that when he introduces his first Finance Bill and takes part in the first Conservative Budget after 5 May he will carry out a proper evaluation of the help that has been given to the film industry? Because of the difficulties encountered by the Government it is genuinely difficult to see the wood for the trees, and I would be grateful for an assurance that those reliefs have benefited the British film industry.

Mr. Osborne: My right hon. Friend is right to be sceptical. It is our view, and indeed it is the view of the industry, which has undertaken a review of these issues, that we should move from a tax relief on production to one on the distribution of British films. As I said, the film industry was particularly concerned about the uncertainty caused by the expiry of the relief in July, and made strong representations. Some of my hon. Friends have made strong representations to me on behalf of the film production companies in their constituencies—obviously the film business did a good job—and we are prepared to accept the relevant provisions.

The new schedule on the taxation of pensions includes some sensible provisions, many of which are amendments that I tabled in Committee to the previous Finance Bill. They were rejected then by the Government, but I am glad that with the passage of time and a bit of wisdom the Treasury has accepted that I made a great deal of sense. Last June was therefore not entirely wasted. The Chief Secretary mentioned the clause that ensures that homosexual civil partners are treated the same as married couples for tax purposes. Personally, I support civil partnerships for gay people, and I support the clause. That may help to increase my score of 57 per cent. on Stonewall's score chart of MPs' record on gay equality issues, about which my hon. Friend the Member for Rayleigh (Mr. Francois) is always teasing me. We very much welcome clause 19, which is a sensible provision on the payment of armed forces pensions.

Those clauses are broadly welcome, but doubtless they could have been improved by proper parliamentary scrutiny. On balance, however, we should allow them to pass into law. However, we could not allow to pass into law without any examination the dozens of clauses and hundreds of pages of complex tax legislation, which the Government said were necessary to counter tax avoidance and which appeared in the initial Finance Bill that was published just a couple of weeks ago. We agree with the Government about the need to tackle tax avoidance and we agree on principle with the many measures that they have introduced to close tax loopholes. However, the detail of such measures requires the closest possible examination, to ensure that we do not inadvertently damage the competitiveness of UK industry and further increase burdens on business. Indeed, many anti-tax avoidance measures are retrospective, as they would come into force on the day on which they were announced. There would therefore be no revenue implications if we considered them after the election in a Conservative Finance Bill or, in the unlikely event that Labour wins, a Labour one.

The initial Finance Bill that was published a couple of weeks ago included novel and questionable clauses on tax arbitrage that the CBI and many others fear could seriously reduce the appeal of Britain as a place in which to do business and attract inward investment. Given that inward investment has already fallen under the Government, we should pay heed to such warnings and subject the clauses on tax arbitrage to rigorous scrutiny. Indeed, many people in the industry who approached us, including the Institute of Chartered Accountants, thought that they would be ruled illegal. Given the problems that the Treasury has had at the European Court, I would expect it to look at those provisions more closely. It was never going to be possible to rush through the tax arbitrage clauses in a pre-election period, and it was wrong of the Government even to suggest that they were going to do so. The Chief Secretary described those clauses to me as the flagship of the Finance Bill. Unfortunately for him, like the Mary Rose, his flagship has been sunk, and we must wait to see what happens when it is raised.

Similarly, the Association of British Insurers voiced "very considerable concern" on behalf of the insurance industry about the Inland Revenue's plans to give itself powers to alter the key areas of taxation of life insurance by regulation instead of primary legislation—something in which my hon. Friend the Member for Buckingham (Mr. Bercow) takes a particular interest. I am glad to assure him and others that we have put a stop to those provisions and to schedule 13 of the old Bill, which was causing considerable alarm in financial circles. The Government's initial aim to ram through all those complex tax changes without any scrutiny or consultation rightly caused indignation and outrage in the financial services and business community. The Institute of Chartered Accountants wrote to the Paymaster General on 31 March to say that

"we are strongly of the view that if the provisions in the Finance Bill are not subject to appropriate Parliamentary scrutiny then this will be to the detriment of UK business and will undermine confidence and trust in the Parliamentary process".

We agree. Thanks to our actions, the most controversial and complex provisions will now be subject to appropriate parliamentary scrutiny before they are introduced, and trust and confidence in the parliamentary process has been sustained.

Returning to the Finance (No. 2) Bill before us today—as opposed to the provisions that we have pushed out over the past couple of days—it includes

[Mr. Osborne]

welcome moves on tax, which the Chancellor trumpeted on Budget day, including finally raising the stamp duty and inheritance tax thresholds to take account of the growth of house prices over the past decade, although the Chief Secretary is unaware that that will have little impact in his own constituency. The Chancellor did not mention in his Budget speech—and the Chief Secretary did not mention it today—that the small tax cuts about which he boasted at the Dispatch Box are more than cancelled out by the stealthy tax increases buried in the detail of the Red Book, or, in the Chief Secretary's case, given his answers today, perhaps we should call it the unread book.

Mr. Prisk: Unless I misheard the Chief Secretary, he suggested that there was a £500 million change in disadvantaged areas. Is my hon. Friend aware that the correct figure is a £340 million differential? Is he as concerned as I am that the Chief Secretary is not even aware of how much additional revenue he plans to take?

Mr. Osborne: My hon. Friend is absolutely right. I think that he is referring to table 1.2 on page 12 of the Red Book, which shows that the initial impact of ending stamp duty land tax relief in disadvantaged areas will cost £340 million. As I said, in the Chief Secretary's case, it appears to be the unread book.

As always with the Government, it is not what they say that is real story but what they do. In the Budget, what the Chancellor

"gave with one hand he took away with the other".

Those are not my words, but the words of the much respected independent Institute for Fiscal Studies. As my right hon. Friend the Member for Charnwood (Mr. Dorrell) reminded us, raising the stamp duty threshold from £60,000 to £120,000 in clause 95—a long overdue but none the less welcome measure—is more than cancelled out by clause 96, which removes stamp duty land tax relief for disadvantaged areas. The Chief Secretary has not given us a good explanation of why he is ending that much trumpeted relief for disadvantaged areas. He said that he would replace it with another scheme, but it is worth only £300 million over three years, which is considerably less than the £340 million in the first year—and I think that the figure will rise—that is taken away by the ending of that relief for disadvantaged areas.

The Chancellor said, as though it were a mere technicality, that he was

"aligning the timing of oil companies' corporation tax payments more closely with petroleum revenue tax."—[*Official Report*, 16 March 2005; Vol. 432, c. 264.]

Who would have guessed that what he really meant was a £1.1 billion windfall tax on the oil industry? The oil industry, I suspect, has learned to live with that tax, but pensioners will be dismayed to discover, as my hon. Friend the Member for Chichester (Mr. Tyrie) reminded us, that the £200 payment that the Chancellor flourished as an answer to his soaring council taxes is a one-off. Page 12 of the Red Book makes that clear, even if the Chancellor and the Chief Secretary have not done so.

Unlike every other measure in the Budget, the £200 payout to pensioners is for this election year only, whereas the hikes in council tax will go on year after year if Labour is re-elected. What a cynical pre-election manoeuvre from a Government who have lost any sense of fair play. What a contrast to the sustained year on year on year council tax discount that we are offering, which will be worth up to £500 for millions of pensioners. What a classic example from this vote now, pay later Budget.

There is a secret tax-and-spend agenda in this election. It just happens to be the Labour party's: a secret agenda to try to conceal from voters the massive tax rises that Labour needs to pay for its spending plans. Even after 66 tax increases on hard-working families, the Government have managed to create a black hole in the public finances. The Chancellor admitted as much when he was forced to concede that the current deficit is £5 billion higher than he forecast last year, and that he will borrow £168 billion over the next five years—more in each year than he forecast even 12 months ago.

It is not just our view that there is a black hole. It is the view of almost every single independent organisation and economic commentator. They are clearly thinking what we are thinking. The International Monetary Fund is thinking what we are thinking when it says that Britain's national accounts have

"deteriorated sharply over the last five years"—

in other words, from the moment that the Labour Government ceased to follow the previous Conservative Government's spending plans. The Institute for Fiscal Studies is thinking what we are thinking when it says that taxes will have to go up £11 billion a year after the election to pay for Labour's spending.

The question for Labour in the election, and for the Chief Secretary, either now or as we encounter each other in the television studios over the next couple of weeks, as we will no doubt do, unless he is already off to his posting and being measured up for his high commissioner's outfit—the ostrich feathers and all that—is not whether taxes will go up, but which taxes Labour will increase in future Finance Bills. Will it be capital gains tax on homes, or council taxes, pushing bills towards the £2,000 mark, or national insurance—Labour's tax of choice? To raise the £11 billion in taxes that the IFS says the Government need, national insurance will have to go up 3p in the pound. That is £1,000 more a year in taxes for a typical hard-working couple.

Before the last election, as my right hon. and learned Friend the Leader of the Opposition reminded us earlier today, the Prime Minister said that reasonable people should not suppose that Labour would raise national insurance, then in the first Budget after the election he put it up. What does the Chief Secretary think reasonable people should suppose before this election about Labour's plans for national insurance? I am not sure whether he will have an opportunity later in the debate to answer the question, so perhaps the Financial Secretary will do so instead.

Taxes will go up if Labour is elected. That is the simple truth at the heart of the election—a truth that, as far as Labour is concerned, dare not speak its name. What will those taxes pay for? More waste, more bureaucracy, more bureaucrats—in other words, more

of what we have seen for the past eight years. The Financial Secretary knows that all the money has been wasted, because he famously told us so. He said that

"we're going to have an election. . . when people will say 'we've paid a lot of taxes but what has really been achieved with all that money?' . . . Too often a lot of money has been spent. But very little seems to have been achieved".

What sound words from the Financial Secretary. He is right. A lot of money has been spent, but very little seems to have been achieved. After 66 tax rises and eight years of talk, average hospital waiting times are higher, cancelled operations are up, and more people die of hospital superbugs than die on Britain's roads every year. After 66 tax rises and eight years of talk, one in three 11-year-olds leaves school unable to write properly, and school truancy has risen by a third. After 66 tax rises and eight years of talk, crime has risen, violent crime has almost doubled and the detection rate has fallen.

Even on the economy, which the Chancellor of the Exchequer says he wants to put at the heart of the election campaign, after eight years of boasts and 66 tax rises, we have fallen from fourth to 11th in the world competitiveness league, our trade has gone from a surplus to a record deficit, a million manufacturing jobs have been lost, productivity growth is down by a third, as is the savings ratio, and now we discover that average take-home incomes for families have fallen for the first time in almost 15 years. Labour has taxed, wasted and failed, and hard-working families have paid the price.

So it will fall to the next Conservative Government to sort out the mess in the public finances and to deliver the lower taxes, cleaner hospitals, school discipline, controlled immigration and more police that the people of this country want to see. It will fall to the next Conservative Government to put public spending on an affordable path that avoids Labour's tax rises and delivers tax reductions for hard-working families. We will begin that task in our first Budget and our first Finance Bill in just two months' time.

2.5 pm

Dr. Vincent Cable (Twickenham) (LD): Much in the Finance Bill is uncontroversial. When the revenue clauses were put to the House a few weeks ago, I do not recall that there was more than one Division, and that was on a Scottish nationalist motion for which only four Members voted, so on the revenue provisions there has not been a great deal of controversy. As I understand it, the implication of the Bill is to tighten the economy by the grand total of 0.02 per cent. in terms of fiscal policy, so we are not talking about great changes in economic policy.

What remains for debate is the way in which the Government have treated some complex provisions. In the Budget debate we had a useful exchange about the stamp duty provisions, which brought out the fact that what sounded like an attractive idea—the idea of giving stamp duty relief on commercial property in disadvantaged areas—turned out not to have been thought through. I am disappointed that the Government have not produced a reasoned research paper of any kind to explain how we got to that point, what the consequences were, who benefited, and what will happen as a result of the local enterprise initiative, which I suspect will encounter the same problems as the previous tax relief. There has been a lack of reasoning and a lack of understanding about a rather complex policy.

We had argued for lifting the threshold for stamp duty and had calculated that it would be possible to lift it to £150,000, giving the scrapping of the disadvantaged area relief. In view of the revenue that the Government have saved through that measure, it is disappointing that they were not able to lift the threshold further. For most of us in the south of England, the provision is useless, but none the less welcome to the limited extent to which it is proceeding.

Mr. Tyrie: The spokesman for the Liberals has just created a black hole in a prospective Liberal Budget, not that there ever would be such a thing. He suggested that the money that the Government are raising on stamp duty should go back into stamp duty relief. Could he explain how he would fill that hole?

Dr. Cable: The commitment to increase the threshold for stamp duty to £150,000 will be in our manifesto. I have already said that publicly. There will be no black hole because it is fully costed. The manifesto with full costings will be published in 10 days, and will explain precisely how the cost is covered. We will not be proceeding with the Government's alternative local enterprise proposals. Our plans have all been fully costed, in contrast with the James initiative, on which I have commented frequently and about which doubts are shared by many of the hon. Gentleman's colleagues, although we will not go into the sad history of the past couple of weeks.

Mr. Fallon: Before we leave the subject of stamp duty, can we be clear what Liberal Democrat policy is? It is to further transfer stamp duty relief from the inner urban areas to the more affluent areas, especially in the south. Will the hon. Gentleman be promulgating that loudly in places such as Sheffield and Newcastle?

Dr. Cable: I was completely up front in the weeks running up to the Budget, arguing that the disadvantaged area tax relief provision for commercial property should be dispensed with, because the main beneficiaries were not small shops in Sheffield, but large commercial property developers in Canary Wharf and such areas. That is why we argued for getting rid of it and we believe that is the correct thing to do. We remain committed to lifting the stamp duty threshold for domestic properties further to £150,000 a year. That is fully costed and will be fully explained in the manifesto when we present it shortly.

On the specific Budget provisions, I agree with the hon. Member for Tatton (Mr. Osborne) that what has been taken out is appropriate and what remains is sensible and something that we can all support. On the major change, the anti-avoidance measures, we need a great deal more time for reflection. We are all committed to such measures where they are effective, but they are at the core of the Government's budgetary arithmetic, as the Chief Secretary knows. They propose to raise £3 billion over three years, so the ability to make the measures stick is central to the Budget's credibility. For the reasons that have partly been given, it is right that we be given further time for reflection.

[Dr. Cable]

On the international provisions, the so-called double no tax agreements, the point has been made, not just by people who currently benefit from these measures in multinational companies but by accountants who deal with them, that by dealing with such matters in too clumsy a way there might be some short-term gain in revenue, but some long-term loss. Equally, I understand that there is an enormous degree of complex argument around the 15 or 20 anti-avoidance measures concerned with financial derivatives, with which the Government propose to deal, and the danger of tackling those in the wrong way or in a clumsy way would simply be to raise the cost of capital for companies, not necessarily to save revenue for the Government. So a great deal of thought is required on the various measures, and I welcome the opportunity to pursue them further in that proper way.

Our main criticism of the Finance Bill was not so much for what was in it as for what was not in it, and we hope that whoever forms the Government in a few weeks' time will address these issues. The first is the transparency of the budget process. It is already very clear, because of the uncertainties surrounding the £3 billion revenue from anti-avoidance measures, that we would have to take on trust much of what the Inland Revenue says about projected revenue. There is also much room for controversy about projected growth rates, and that is one reason why we have argued strongly that there has to be a proper system of independent audits of the Budget's assumptions to give to fiscal policy the same kind of integrity that exists in monetary policy. That is not a doorstep campaigning issue, but I hope that the Government are listening to the arguments and that if they are returned they will address the problem—that we have a proper degree of independence in the appraisal of fiscal policy that a body such as the National Audit Office, properly supported by economic advice, would be able to give.

The Chief Secretary acknowledged the second omission when he said that the Government are responsive to the need for reform of local taxation. I do not know what that is coded language for and how radical the reform will be when we get it, but as he knows we are committed to scrapping the council tax altogether, and the sticking plaster solution of £200 in one year is clearly not satisfactory, although I am not sure that the Conservative's £500 is satisfactory either. I happen to live in a constituency that for the last three years has had a Conservative-controlled council that has raised council tax by £500 per household over that period, so my constituents will derive no benefit from that. In addition, there are many households where one occupant is a pensioner and one is not that would not qualify for the discount, and there are many low-income families without pensioners who would not qualify for that discount either. Therefore, that provision is itself inadequate. It may be sustained, but it is not adequate and it does not deal with many of the injustices that lie at the heart of the council tax. It does not create a system based on ability to pay. If the Chief Secretary is as good as his word and we have fundamental reform if the Government are re-elected, I hope that they will consider income-based systems of taxation, as the Liberal Democrats have suggested.

The third omission relates to pensions. The right hon. Member for Fylde (Mr. Jack) made the point earlier that over the next few weeks many people will be struggling with all the complexities of pension credit and other forms of means-tested benefit without the help that we are sometimes able to give them. That illustrates the much wider point that trying to deal with pensioner poverty in this way excludes many pensioners, it creates high rates of marginal withdrawal or marginal rates of tax for pensioners and is a fundamentally unsatisfactory system. We know that the Government are considering, through the Turner commission, a much wider-ranging reform. We hope that they eventually come out, as we have, with the concept of a citizen's pension payable to at least older pensioners without extensive means-testing and without the complexity and the high marginal rates that currently apply.

Again in a spirit of consensus, it is clear that the three parties among us that are competing at the election, whatever the sound and fury, are agreed on a series of propositions. The first concerns taxation. The simple brutal fact of the matter is, as the Institute for Fiscal Studies, which the hon. Member for Tatton called in aid several times, has pointed out, that all three parties would increase taxation after the next election, and that there would be a minimum £24 billion a year increase under the Conservatives as a result of fiscal drag throughout the next public spending review period. That is common ground.

Mr. Dorrell: I am sure that the hon. Gentleman would not want to mislead the House, still less the voters. Is it not true that the Institute for Fiscal Studies has looked at the Government's plans and concluded that there is a structural deficit, and has looked at the plans published by the Conservative Front Bench and said that the arithmetic adds up?

Dr. Cable: It has said that the arithmetic adds up in a purely mechanical sense. Perhaps it should be more widely known that the IFS has said that it has no competence to judge the credibility of the cuts that were proposed by the James report, and it specifically disclaimed any competence in evaluating those proposals. Yet the whole Conservative taxation and spending programme hinges on that. It has not been independently evaluated. Certainly when the Liberal Democrats have considered it on a purely technical level, probably at least £8 billion-worth of those cuts make no sense whatever.

Mr. Dorrell: It is obviously true that any Government who implemented changes in the spending plans would have to accept responsibility for those changes, but the hon. Gentleman was suggesting that a Conservative Government based on those plans would have to increase rates of taxation, which is simply not correct.

Dr. Cable: I did not use the phrase "rates of taxation". What I said was that taxation in aggregate, the amount raised in taxation, the share of taxation in the national economy, would rise under the Conservatives' proposals. If they were honest and open about that and acknowledged that there would be a rising burden of taxation under their proposals, under Labour's proposals and ours, at least we would start with a

sensible common base for debate. Equally, we will all have to accept, on each of our three sets of proposals, that there will have to be a high degree of fiscal discipline in respect of public spending. That is the common basis on which this debate should proceed.

I am happy to support the Bill and I wish the Chief Secretary well in his next job. He will be greatly missed in the House.

2.17 pm

Mr. Stephen Dorrell (Charnwood) (Con): I begin by declaring an interest as a director and shareholder of a manufacturing business. Like many others, I would like to echo the closing remarks of the hon. Member for Twickenham (Dr. Cable) in wishing the Chief Secretary success in his new career. We will follow his developing life with interest and we shall miss his bonhomie.

We are discussing a reasonably heavily truncated finance Bill today in the circumstances of the run-up to a general election, but as my hon. Friend the Member for Tatton (Mr. Osborne) reminded us, the degree of change that has been introduced by the Government in the originally published Bill is nowhere near the degree of change that was agreed to in the run-up to the 1992 election. I remember some of that because I became Financial Secretary immediately after the 1992 election and had to pick up a substantial amount of legislation that had been drafted ahead of the election and dropped in the finance Bill in the run-up to the 1992 general election. I congratulate my hon. Friend on securing the Government's agreement to drop some of the most complex aspects of the original legislation, but my hon. Friend the Member for Sevenoaks (Mr. Fallon) was correct to remind the House of the difference between the Finance (No. 2) Bill that we are discussing now and the Finance Bill that was put through ahead of the 1992 general election. It is regrettable, although I am sure that my hon. Friend the Member for Tatton secured the best deal possible, that the Government were not willing to delay the legislation that is included in the Bill in order to ensure that it was subject to proper parliamentary scrutiny after the general election.

The real issue with this Finance Bill is not the measures in it, but those that are not in it, but would be necessary if the Government's plans were in truth to add up. I am interested not in what is in the Finance (No.2) Bill that we are discussing today, but in what would be in the Finance (No.3) Bill that a re-elected Labour Government would have to introduce.

All our constituents know, and every Member of this House knows, that we have been here before. In 2001, ahead of that year's general election, we and our constituents were told by the Prime Minister and the Chancellor that there would be no need for tax increases if a Labour Government were re-elected. At the first occasion after that election the Chancellor came to this place and proposed in the 2002 Budget an £8 billion tax increase—an increase in the national insurance contributions paid by both employers and employees. The argument advanced at the time was that all of that was necessary because the money was all going into national health service expenditure. That always was a dishonest argument—it was just as dishonest today, when the Prime Minister used it at the Dispatch Box during Prime Minister's questions, as it was on the day it was first used in the 2002 Budget.

We all know that the total tax yield that comes out of the tax system goes into the Consolidated Fund and that it is then for the Government to decide priorities on the use of that money. All the Chancellor was seeking to do by labelling that £8 billion tax increase in 2002 as money for the NHS was to sweeten the pill of the extra burden that the Labour Government were imposing on voters.

Mr. Prisk: I am hesitant to interrupt my right hon. Friend's excellent flow, but I want to remind him of what happened after the 1997 election. We were not advised that our pensions were going to be raided, but a £5 billion annual raid was executed then. Does he agree that there is a record of not one election, but two, in which this Government have taxed without warning?

Mr. Dorrell: My hon. Friend is entirely right; there was an unheralded tax increase after the 1997 election and another after the 2001 election. Of course, we all now know the effect that was achieved, and I want to focus on the tax increase following the 2001 election, because the Institute for Fiscal Studies published last week an analysis of the effect of that increase on disposable incomes.

It is helpful to us in the run-up to this general election for voters to be reminded of the effect of the tax increase that the Government introduced immediately after the previous general election in order to make the books balance in the early years of this Parliament. Last week, the Institute for Fiscal Studies published a report on the movement of disposable incomes during recent years. It reported that, for the first time since the early 1990s, real disposable incomes fell in 2003–04 compared with 2002–03. Why did they fall? They fell because of the £8 billion tax increase that the Chancellor introduced after the previous general election, having promised beforehand that an increase would not be necessary.

It is not just a matter of the total taxation that the Government have imposed, which has had the effect of cutting real disposable incomes in the last year for which figures are available, which is 2003–04. It is also important to examine the distributional effect of the tax policies that have been pursued by this Government, not just in this Parliament, but throughout the period since 1997, as my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) rightly says.

The Chancellor is very fond of saying that he has not increased rates of income tax. That is a dishonest argument for two reasons. First, it draws a polite veil over the fact that he has increased the rates of national insurance contributions. Most of our constituents and, I suspect, most of us, do not notice the difference in our pay packets between increases in income tax and increases in national insurance contributions. The truth is that marginal tax rates have increased, as one sees if one considers tax and national insurance together. Beyond that, the combined effect of freezing both the personal allowance in 2002 and the higher rate bands, in addition to rising income levels, is that 7.5 million income tax payers are paying at a higher rate than they would have done if the whole system had been fully indexed to earnings in 1997.

So when the Chancellor of the Exchequer talks about tax rates not having gone up, he is wrong on two counts: first, national insurance contributions; and secondly,

[Mr. Dorrell]

the unplanned and unfair effect of holding down the allowances and bands in the tax system and not indexing them to earnings. We should do well to remember and to remind our voters of this statistic: the Labour Government since 1997 has meant that 7.5 million—very nearly one third—of all income tax payers are paying at a higher marginal rate than they would have done if the system had been fully indexed to earnings since 1997.

The Institute for Fiscal Studies and an analysis of the tax record of this Government in office have demonstrated that the effect of a Labour Government is to raise the tax burden on income tax payers. The IFS is relevant to this debate not just because of its analysis of the effect of a Labour Government on the tax burden in the past, but because, as we have already mentioned in this debate, it is offering a warning of what a re-elected Labour Government would mean again.

I said in an intervention on the hon. Member for Twickenham that the IFS had examined the Government's published plans and those of my right hon. and hon. Friends on the Conservative Front Bench, and concluded that the Government's plans include what in the jargon is called a structural deficit—that is to say, a black hole or a need to raise taxes in the next Parliament in exactly the same way as they were raised in this Parliament because the Government have not been able to control the growth of Government expenditure.

The Financial Secretary to the Treasury (Mr. Stephen Timms): I wonder whether the right hon. Gentleman saw the point made by Goldman Sachs last month, which was that there is no black hole.

Mr. Dorrell: I have seen a wide range of published material on this subject. If the Financial Secretary will allow me to make this point, it is entirely fair to say that the overwhelming majority of published opinions from the IFS and all the other independent commentariat employed in the City, and the overwhelming weight of that judgment, is that there is a structural deficit in the Government's plans. It is not difficult to see why they reached that conclusion. It is because the Government's published plans report a rising share of national income accounted for by Government expenditure and, as the hon. Member for Twickenham pointed out, a rising share of national income accounted for by tax yield, without any plausible explanation of how the money will be produced. I have seen no analysis of the figures for tax yield that supports the Government's view that they can secure the specified level of tax income out of the economy without having to change the tax rates.

Mr. George Osborne: The Financial Secretary mentioned Goldman Sachs. He did not mention the Institute for Fiscal Studies, Ernst and Young, the Organisation for Economic Co-operation and Development, the International Monetary Fund, the CBI, the British Chambers of Commerce, the Centre for Economics and Business Research, Numerica, Lehman Brothers, HSBC, Barclays Capital, Gerrard, PricewaterhouseCoopers, Deloitte and Touche or Lombard Street Research.

Mr. Dorrell: I am grateful to my hon. Friend. I regret to say that I have not committed that list to memory, but perhaps it might now be obvious to the House why I did not attempt to do so. My memory is failing me and I do not have that ability.

Almost nobody who has examined the Government's financial plans believes that the Government can deliver on tax and revenue through the next Parliament without resorting to precisely the same expedient that they used in 2002—a post-election tax increase. When the Chancellor says that he wants to put the economy at the centre of the election campaign, I say, "Hooray!" Conservative Members must argue to the electorate that the meaning of a re-elected Labour Government is entirely clear—it is clear in the figures and evidence and, if one does not want to look into a crystal ball, it is clear in the Red Book. A Labour Government means a further substantial tax increase.

Labour has delivered tax increases. In recent times, it has also delivered falling living standards, because government has grown faster than the individual's capacity to pay for it. This year, the IFS published two studies, one considering the Government's future plans and the other examining the Government's record in office, which demonstrate that when Labour raised taxes in 2001 and, as my hon. Friend the Member for Hertford and Stortford rightly pointed out, in 1997, it had the effect of cutting living standards. The IFS said that we must expect a re-elected Labour Government to do the same again. The choice for voters in this election could not be clearer, and I cannot wait to explain it to them.

2.31 pm

Mr. Michael Fallon (Sevenoaks) (Con): I shall speak briefly, simply to register a complaint. If discussing 11 clauses in 1992 was a constitutional outrage, what is discussing 106 clauses and 203 pages of legislation in four hours?

I do not doubt that my hon. Friend the shadow Chief Secretary was faced by an unenviable choice—he did not have the whip hand in those negotiations—but it is extremely unsatisfactory that more than 100 clauses, and more than 200 pages of financial legislation, will pass into law without their being properly scrutinised. If those clauses are not scrutinised in Committee, they will not be scrutinised in the other place.

As my hon. Friend the Member for Tatton (Mr. Osborne) said, some of those clauses may be welcome and others, which have been subject to consultation, may raise no serious dispute. However, the purpose of the Standing Committee on the Finance Bill is to go through those clauses in detail—the process is familiar to all of us who have served on a Standing Committee on the Finance Bill—and to consider representations that emerge after the final text has been published. Such representations do not always come from bodies that the Revenue or the Treasury have consulted directly. The Chartered Institute of Taxation, for example, has already made representations about a number of the clauses, and the Law Society has sent me,

and I am sure other hon. Members, a catalogue of suggested improvements. Such amendments will not even be considered, and we will pass ill-considered and badly judged legislation into law.

If the clauses have already been partially consulted on, there is no rush. I am sure that my hon. Friend the Member for Tatton would be happier to reconsider those clauses and include them in his own finance Bill, which I look forward to his presenting to the House in the summer months. Even in the unlikely event—a catastrophe—of this awful Government being re-elected, it would be perfectly possible for them to seek to re-enact the clauses in just two or three months' time. Even those clauses that the Government claim are necessary to tackle tax avoidance would not lose from being delayed by a matter of weeks, if not a couple of months.

Mr. Prisk: My hon. Friend and other hon. Members know that rushing through legislation is part of this Government's pattern of behaviour. Two Budgets ago, the Chief Secretary himself told us that the Government intended to spend two years correcting stamp duty land tax legislation. Does my hon. Friend share my concern that the Government legislate first and think second?

Mr. Fallon: Having served on the Front Bench in a Standing Committee on the Finance Bill, I believe that the Government legislate far too rapidly on tax. I would like to return to some of the schemes and reliefs to measure their effects—perhaps that is a role that the Treasury Committee should perform—which is a role that no one seems to perform. We simply have the Government's word for it that a particular tax relief is either not working as originally alleged or is being seriously abused and must be stopped at midnight. We need a more considered way to audit tax changes—I am not discussing the re-write process or anything like that—two, three or five years after their implementation, so that all hon. Members can measure their effects.

Given today's situation, however, we must take the wording of the clauses on trust. We are setting a bad precedent by passing so much legislation on to the statute book without proper scrutiny. If it was a constitutional outrage in 1992 to consider 11 clauses in four hours, the outrage is far greater today. In the end, hon. Members and other bodies outside this House will regret what we are doing this afternoon.

2.36 pm

Mr. Michael Jack (Fylde) (Con): I suppose that I can count myself as a Finance Bill veteran. I start by reminding the House of my declaration of business interests, which is properly recorded in the Register of Members' Interests.

In today's debate, my hon. Friend the Member for Tatton (Mr. Osborne), to whom I listened with interest, quickly sped past the question of life assurance taxation. I had hoped that I might hear from him that an incoming Conservative Government would examine that area. I, for one, am disappointed that this truncated Finance Bill contains no measures to re-examine how the internal rates of return and taxation are calculated on life assurance products and to try to improve the rates of return for such financial devices. Those rates of return are particularly important to, for example, pensioners and those on endowment mortgages, who have seen substantial drops in the performance of those products, which are part of their long-term financial security.

One of the many missing themes from this Finance Bill is a lack of attention to detail on long-term savings. One of the interesting features of the current financial press are articles pointing out the slow uptake of ISAs at the end of the financial year, one reason for which is that the Chancellor has slowly but surely stripped out many of the initial starting benefits of ISAs.

If the Chief Secretary decides to go to South Africa, I wish him well. He may decide to go South Africa anyway when he is in opposition, because he will have plenty of time on his hands.

ISAs and other financial products have not closed the savings gap in this country, and savings have fallen substantially under this Chancellor. Although it is entirely correct to examine tax and revenue issues, which I shall discuss in a few moments, savings are important in terms of capital accumulation in this country. Under this Government, savings have fallen, and this Finance Bill contains no measures whatsoever to address that important point.

I want to examine a number of measures in the order in which they appear in the Bill. One of the first measures to which we are invited to agree is the

"Consolidation of current rates of hydrocarbon oil duties".

The Chancellor has had to postpone his revaluation of those rates in the light of turbulent conditions in the oil market. But there is a more important conclusion that comes from the question of oil pricing and upon which the Government should be reflecting. The Prime Minister has made it clear that matters connected with climate change are one of his top priorities, and they lie at the heart of the G8 priorities. As a result of the markets, there has been a substantial increase in the cost of hydrocarbon fuel, but no proportionate decline in the use of motor-powered vehicles. The market price increases, notwithstanding the revalorisation that the Chancellor still has up his sleeve, represent an important challenge to the Government's environment agenda, because they will have to look for other measures to try to reduce the output of greenhouse and other associated gases from motor vehicles if their targets for climate change are to be met. When I asked a question at the last Treasury questions, the Economic Secretary responded by talking about improvements in air quality, which I accept have occurred, but did not wish openly to acknowledge the fact that greenhouse gas emissions from the transport sector have been rising substantially. Government measures have been inadequate in dealing with those issues.

In the same context, I draw the House's attention to the table that goes with clause 7, which deals with the Government's proposals on vehicle excise duty. Ministers have trumpeted the success of the proposals to lower the level of vehicle excise duty for cars with low CO_2 emissions. Picking up on the point made by my hon. Friend the Member for Sevenoaks (Mr. Fallon), the Government have provided no analysis whatsoever of the real-world sales effect of those proposals in terms of the differentials in vehicle excise duty. I am surprised

[Mr. Michael Jack]

that a Government who have rightly put climate change at the top of their agenda have been so unimaginative and lacking in boldness in terms of looking again at whether their proposed structure for vehicle excise duty rates is the right one to achieve a greater and quicker uptake of vehicles with low CO_2 emissions. Why, for example, is not there a nil rate band for hydrogen-powered cars? Prototypes of those have been tried in the United States; where is the encouragement to bring them into the United Kingdom? Where is the substantial discount for petrol and diesel equivalents for mixed electric and hydrocarbon-powered vehicles? The Bill lacks boldness. If the Government do not address that, they will continue to underperform against their own targets in relation to the Kyoto priorities. I say that as the Chair of the Select Committee on Environment, Food and Rural Affairs, which recently produced a report on the Government's performance in that respect. There is some suggestion that even meeting the Kyoto targets could be in doubt.

Let me move on to air transport. The Bill contains nothing to deal with emissions from aircraft. There is one thing that the Government could have done in relation to aircraft, motor vehicles and any other sources of emissions. As the Chief Secretary and the Financial Secretary are aware, the Government have at their disposal the use of capital allowances, and if they had wanted to accelerate still further the pace of the introduction of more environmentally-friendly systems, they could have introduced an enhanced rate of capital write-down. As you will know, Mr. Deputy Speaker, from your experience of Stansted in your constituency, there is a need to introduce the most modern aircraft as quickly as possible. They pollute less with noise and are more efficient in terms of fuel, yet the Government are silent on providing any mechanism to enhance the write-down rate for aircraft to encourage the uptake of more modern air vehicles. The same principle could be applied right across industry to try to add some carrots to the sticks on which the Government's environmental policy relies.

The Bill moves on to invite us to confirm the rates of income tax. Following the interesting observations of my right hon. Friend the Member for Charnwood (Mr. Dorrell), I want to pose a question to Ministers: can they give an unequivocal guarantee that the 10 per cent. starting rate for tax that is confirmed in the Bill would, if Labour were re-elected, remain for the duration of the next Parliament? I would be interested to know whether that structural configuration of the tax rates remains part of Treasury thinking.

My right hon. Friend the Member for Charnwood rightly drew the House's attention to the work undertaken by the Institute for Fiscal Studies. He could have focused on another factor that affected the institute's findings—the rise in council tax. That is the ultimate stealth tax, which the Government do not overtly increase except by starving local authorities of the necessary resources to meet the mounting costs of the responsibilities that the Government keep putting on them.

When the right hon. Member for Blackburn (Mr. Straw) was a Treasury Front Bencher in opposition, he and subsequent Opposition spokesmen used to ask the Government of the day this awkward question: what is the impact on incomes by decile of all tax changes, both direct and indirect? That was sometimes an embarrassing question to have to answer when we were in government because the news was not always good. It is interesting that when that difficult-to-answer question was first posed to the incoming Labour Government, they refused to answer it, saying that the assumptions did not make for a meaningful answer. The latest findings by the IFS have brought that particular pigeon home to roost, because they provide us with the answer that

"average . . . household incomes after tax and benefit payments fell by 0.2 per cent. in real terms between 2002/03 and 2003/04".

That was, it says,

"the first decline in any single year since the early 1990s."

What a record for the Government to take into the general election. They are able to boast that since the 1990s—the period when they were always criticising the Conservative Government for their economic performance—they have managed to create the first fall in average household incomes.

Mr. Prisk: My right hon. Friend, who is, as always, giving an excellent exposition, mentioned the stealthy nature of the council tax increases. He may not have had the opportunity to consider page 250 of the Red Book, where the third column shows that the council tax revenue that the Government are already planning to draw out from the hard-working families of this country will be 11 per cent. more next year than this year—£20.9 billion. Does he share my concern that they are already planning how to take even more money from people?

Mr. Jack: I am grateful to my hon. Friend for pointing that out. A 75 per cent. increase in council tax over the lifetime of this Government is testament to their addiction to taxing in this particular way.

The IFS continues with its analysis and makes this telling point:

"The income of the household in the middle of the income distribution—the median—rose by just under £2 a week in 2003/04 to £336 a week. This 0.5 per cent. increase was much smaller than those seen in previous years under this government."

So they are now not only clobbering the average, but hitting the middle. The IFS goes on to say:

"The drop in average take-home income . . . in part reflects measures announced in Budget 2002, Mr Brown's biggest tax-raising budget to date."

It then goes on list the points that my right hon. Friend the Member for Charnwood made.

Mr. Timms: I just want to make sure that the House did not miss an important point that the right hon. Gentleman slipped past. Even according to the IFS survey, median take-home pay has increased.

Mr. Jack: Indeed. We can trade statistical minutiae to make our debating points, but the Financial Secretary might also care to interrupt me to explain about Christmas trading on the high street and the subsequent warnings that many retailers have given, showing the squeeze on retail spending. Why is that happening? It is because people have not got the money to spend.

The situation can be expressed in very simple terms. The pinch has come and people now understand what a tax-and-spend Labour Government mean to the pocket. It is painful and they do not like it, and at the ballot box they will have the opportunity to express an irrevocable opinion on this Government.

This Government have spent much of their time trying to encourage initiative, but the IFS has observed that the measures in this Finance Bill and preceding Finance Bills have contributed to a

"drop in income from self-employment."

So much for Labour's attempts to boost the entrepreneurial economy.

Mr. Prisk: I hesitate to interrupt my right hon. Friend for a second time, but as someone who used to be self-employed, I have grown despairing of this Government's attitude. Did my right hon. Friend notice that when the Chancellor of the Duchy of Lancaster—rather than of the Exchequer—was interviewed about this very point, he tried to suggest that the self-employed were somehow irrelevant to the figures and could be swept to one side? Is that not wrong?

Mr. Jack: Not only is it wrong; it also shows blind ignorance of the national insurance class 2 and class 4 payments that self-employed people make. I am surprised that a former Chief Secretary to the Treasury should make such a glaring error, which perhaps underscores a lack of real understanding of what is going on in the economy. That should make people seriously question the credibility of Labour policies as they affect businesses in this country.

Table C5 of the Red Book should be required reading for anybody who wants to see the unexpurgated version of Labour's tax proposals. In the current financial year, current receipts account for 39.3 per cent. of gross domestic product. This Government project that that figure will have risen to 40.6 per cent. by the time that the next Parliament comes to an end, so by their own admission the tax burden is rising. The point is illustrated in visual form in chart C3 of the Red Book, which, interestingly, shows that tax as a percentage of GDP fell in 1994–95. But like a ski-jump in reverse, it has risen and continued to rise under this Government.

I have remarked on many occasions about my disappointment with the Government's level of fiscal encouragement for biofuels. I draw Ministers' attention to a parliamentary answer to me from the Department for Environment, Food and Rural Affairs, which confirmed the dearth of a UK biofuels industry. So far as I can see, the only plant currently manufacturing biodiesel—it uses animal fats as a feedstock, rather than oilseed rape—opened this February in Motherwell. The rest of the plants are under construction and have projected modest production levels. The exception is a UK bioethanol plant, for which a planning decision is pending.

If the Government can give a 40p duty discount for liquefied petroleum gas, they should look again at the duty derogation on biofuels and make a real effort to get the industry moving. If they really want to meet their inclusion targets under the European directive and help us to meet our greenhouse gas emission targets, they must, by definition, have UK-manufactured biofuels. The lack of such biofuels is a notable omission.

Clause 86 deals with double taxation relief. The Chartered Institute of Taxation is concerned about this clause, and I hope that the Financial Secretary is on "receive" mode as I point out to him the following observation on the construct of the clause, which the CIOT made in the briefing helpfully sent to Members before the debate started:

"What this potentially means is that legislation could have a far wider impact than is suggested by the guidance"—

the notes on clauses to the original Finance Bill—

"imposing significant restrictions on the foreign tax credit relief available to most UK companies owning foreign subsidiaries and investments."

I hope that Ministers will deal with that point in the wind-ups, because it is clear that the CIOT feels that in effect, this clause could adversely impact on every company in this country with overseas interests.

I conclude with a brief comment on a tax that I wish had gone up by more, and with some observations on inheritance tax. The increase in landfill tax for which clause 99 provides is not sufficient rapidly to progress the Government's agenda of meeting their European recycling criteria. Although the three-year indexation proposal for inheritance tax is welcome, because of the increase in house prices it will not be welcomed by the many thousands of estates owners. These are people of modest income whose lifestyle is also modest, yet they will be sucked into paying inheritance tax. It amazes me that a socialist Government can allow a tax that people of means can avoid paying some or all of by buying the professional advice that they need, but which those of modest means, or none, end up paying. Is it not about time that the Treasury re-examined the entire structure of inheritance tax? This industry of avoidance is complex and expensive. It benefits only those who can afford the advice, and it does not help those who are innocently caught up in the house price spiral.

For all the Treasury's pontificating about the number of estates that escape inheritance tax, the number paying it has increased. In 1998–99, 6,295 estates in the £300,000 bracket paid inheritance tax, but according to the figures for 2001–02, which were updated in July 2004, the number doing so had risen to 9,661. The tide is running and the wave is getting bigger. It is time for this Government to address some of the iniquities caused by inheritance tax.

We shall have the opportunity during this general election to debate all these matters, but there is no doubt that people are learning exactly what a tax-and-spend Government are all about.

2.58 pm

Mr. Quentin Davies (Grantham and Stamford) (Con): I remind the House of my interest as declared in the register.

There are a number of things that need to be said about this Finance Bill, but the overwhelmingly most immediate and important needs to be said strongly and several times, and I therefore make no apology for following on from the excellent speech on this subject by my hon. Friend the Member for Sevenoaks (Mr. Fallon). The point is that we simply should not be legislating in this fashion in this House—indeed, it is a complete disgrace—and least of all should we be doing

[Mr. Quentin Davies]

so in respect of a Finance Bill, which goes to the heart of the relationship between the legislature and the people whom we represent. We are talking about the process through which we take away their money and property. Of course, it was around the issues of how that could be achieved fairly that Parliament emerged from the constitutional conflicts of the 17th century.

We are now being asked to take a view on a Bill of 106 clauses, yet they have been available for scrutiny for only a few hours. They have been abstracted from another Bill that was printed last week. A few hours is far too short a time to examine the difference between the earlier Bill and the Bill that is now before us. How can we take a view of the merits of the Bill on that basis? Serious scrutiny cannot take place and the tragedy is that no one expects Parliament to do a serious job. That is the extremely sad position that we have reached in this country.

All that is part of the erosion of Parliament's role—not just in the matter of Finance Bills, but more generally—as a result of the bad habits that the Executive have picked up steadily over the years. I admit that there were traces of it during the period of the previous Conservative Administration, but it has become infinitely worse over the last eight years. Parliament just provides a rubber stamp—it has become part of the ceremonial and decorative part of the constitution. Decisions are taken in No. 10 or Whitehall and it is assumed that Parliament will do what it is told within whatever time scale the Executive are gracious enough to grant. Whether it is convenient for the Executive branch to allow us four hours, two and a half hours or two and a half minutes does not really matter. Our role in legislation is no longer taken seriously—*[Interruption.]* I am not exaggerating at all. That is precisely the situation in which we find ourselves this afternoon.

It has been a convention for generations that, if a general election is called and a Finance Bill is pending after a Budget, Parliament allows the Executive branch some emergency powers required to keep the revenue of the state flowing during that period. That is the convention and, as recently as 1992, when the position arose under a Conservative Administration, the Conservative Government lived up to that principle and brought before Parliament only the minimal Bill necessary to ensure that the Government could go on functioning during the subsequent month or so before a proper Finance Bill could be introduced in the next Parliament. That principle has now been discarded and thrown in the waste paper basket.

The Government have introduced a Bill containing many complex and technical provisions and some new ones. As my hon. Friend the Member for Sevenoaks said, in a way, it does not really matter whether those provisions have been consulted on with the relevant professional bodies. I am glad, of course, that the Government consult in a formalised way but, unfortunately, they tend to consult only on matters that they feel it is convenient for them to consult on. The consultation system is good, but it is in no way a substitute for proper parliamentary scrutiny.

In that light, what we are doing here this afternoon is not that serious. I would not like to describe a parliamentary procedure as a farce, but we are moving down that road. We have not had the time to do the necessary homework and, on this occasion, we have not been physically able to consult all those affected by the Finance Bill or all those who have views on it. That is simply unacceptable.

I am sure that it will soon change, but at the moment, Conservative Members are a small minority in the House. The Government have an overriding majority and believe that they can get away with anything. That is an unhealthy position from which the democratic process in this country has suffered for too long. I would like to appeal to the democratic consciences of Labour Members. I know that many of them do have consciences about these matters and the fact that they are in a position of enormous power with such a great majority should make them very reticent about abusing that power. That, however, is what they have been doing in many contexts and they are certainly doing it this afternoon.

Labour Members should reflect on how far the process will go. What would happen if there were another Labour Government or, God forbid, a Labour Government for another eight years? Where would we find ourselves eight years further down the line when we know that we have already moved from a position where a Government tentatively introduce a minimalist Finance Bill to ensure the continued flow of Government expenditure to one in which the Government feel that they can get away with bringing 106 clauses before the House with four hours to debate them? If we extrapolate from that process, where will we find ourselves eight years later? We might be debating an entire Finance Bill in 10 minutes with no warning at all. In other words, our parliamentary procedures would have become a complete travesty. That is why I invite Government Members to reflect on these matters much more seriously than they have so far.

That is far and away the most important point that I want to make about the Bill, but I have attempted to examine this new Bill as conscientiously as I can in such a limited amount of time and I have noticed some problematic aspects. I have noted the tendency—it started under Conservative Governments but has got steadily worse under the present Government—to use the negative procedure and legislate by order or statutory instrument. More and more taxes find themselves on the statute book on that basis. The Government are giving themselves a blank cheque and we all know how thoroughly inadequate statutory instrument procedure is for examining legislative proposals. We all know that hon. Members turn up for such Committees without any preparation, often not even understanding what issues are at stake. They have no opportunity to amend the orders, so why should they make the effort to understand them? There is little that they can do, which is demoralising and demotivating in itself.

I shall use one particular example to bring the matter home. Let us examine clause 102, which deals with the Pension Protection Fund. It states:

> "The Treasury may by regulations make provision for and in connection with the application of the relevant taxes in relation to—"

and it then refers to various pension protection funds. The relevant taxes are subsequently defined in subsection (3) as income tax, capital gains tax, corporation tax, inheritance tax, value added tax and

stamp duty land tax—virtually every major tax. Thus the funds will be taxed by the Government in a way that we cannot predict and whenever they want to do it. They will simply write their own tax laws, which is wholly unsatisfactory.

The Committee considering Finance Bills always faces that difficulty and it is getting progressively worse every year. What is more, the Government are not in the least ashamed to proceed in that manner. Instead of producing a minimalist, emergency Bill to deal with the electoral period, the Government have introduced this 106-clause Finance Bill.

I have to say that clause 102, which I have already cited, is a less-than-honest provision. It starts in the way that I have already described and continues with a number of subsections. Being conscientious, I felt that I should read them. When I did, I found that the subsequent subsections in no way constrict the right given to the Government to make whatever tax laws they want for these funds by regulation. They merely state that the power "includes" this or that. For example, subsection (2) states:

"The provision that may be made by regulations includes provision imposing any of the relevant taxes".

Subsection (4) states:

"The regulations may, in particular, include",

and subsection (5) states:

"The exemptions and reliefs that may be given by the regulations include".

Subsection (6) states:

"The regulations may make provision in relation to any time after 5th April".

Clearly, what might seem at first glance to be defining subsections are, in fact, tautologous and unnecessary. They say what the regulations may include, but the provisions are unnecessary because the Government's power to write whatever tax laws they want for these particular funds is already granted in subsection (1).

I draw two conclusions from that. First, the Bill contains a lot of unnecessary verbiage. Finance Bills are always much too long and complex, but there was no need to encumber this Bill with such unnecessary wording. Secondly, there is no intention to make the Bill clear or transparent so that taxpayers can know what the rules are. I can assume only that 90 per cent. of the clause to which I have referred is intended to be obfuscatory. Civil servants and parliamentary draftsman have spent hours and days producing what is completely unnecessary rubbish. The powers granted to the Government require only the first sentence of the clause.

That is another but more minor illustration of the direction that tax law is taking in this country. It is a very bad tendency.

Of course, we know that this Bill is designed to hide the nasty truth of what will happen if there is a new Labour Government. My hon. Friend the Member for Tatton (Mr. Osborne) and all the independent commentators have made it clear that the Government's fiscal policy is out of control and that there is a structural deficit. The Government will have to increase tax revenues and the only question is how they go about it.

Moreover, the Government have a record of promising before elections that they will not increase taxes and then of breaking those promises. At Prime Minister's questions, it was notable that the Prime Minister avoided responding to that accusation and tried to talk about something else. He knows that the accusation is all too true.

There is great concern in the country about the Government's secret tax-raising plans. I hope that we will be able to draw them out on these matters during the election campaign. That is very important and it is better to get an untrue declaration or statement from the Government than nothing at all.

In the interests of an honest election campaign, we should ensure that we ask the right questions. For example, the newspapers have reported considerable concern that the Government have a secret plan to extend capital gains tax to owner-occupied property. That would be a devastating blow to millions of home owners and an economically stupid mistake. It would place an enormous cost on labour mobility, which is an essential part of a successful economy. The labour force is our most important resource and it must be used efficiently. People must be able to move from one part of the country to another to take up new jobs or promotions. They will not do so if that incurs a tax penalty and the economy will suffer enormously.

Another suggestion is that the Government will increase national insurance contributions. We all know that they long ago abandoned the idea that national insurance was anything other than a tax. The Chancellor has increased contributions, contradicting undertakings given before the last election, but without making a corresponding change in benefits. The Government have abandoned the idea that the national insurance fund has any authentic status. They like to work by stealth and dislike being straightforward. They have never said openly that national insurance is a tax and that the fund is merely a fiction, a bogus concept that does not really exist, but it would have been more honest of them to do so.

The Government will try to bamboozle people by raising national insurance contributions and pretend that that is different from increasing income tax. In fact, the only difference is that higher national insurance contributions have no corresponding reliefs. Raising national insurance contributions would be an enormous mistake. The Government think that they got away with it last time and there is no doubt that they will be tempted down that road again if they are returned to power.

It is very important that we expose the Government's record on this matter during the election campaign. We must also make clear the great risks that the country will face if there is a Labour Government after 5 May.

I turn now to pensions. Several Opposition Members have mentioned the enormous damage that has been done to our pensions industry and I spoke on that subject in the Budget debate a few weeks ago. It may be a cliché to say that our pensions system was the envy of the world but, with the exception of the Netherlands, where the system is very similar, all our EU partners used to envy it.

Ironically, in their first few years in office, the Government used to tell our EU partners that they should set up a funded pension system like ours. Until

[Mr. Quentin Davies]

1997, the system was successful, but that is no longer true. Not one defined benefit pension scheme has been created since this Government came to power. About one third of such schemes have been closed down in that time and another third have been closed to new entrants. That devastating attack on the security of retired people and on the prospects for succeeding generations is due entirely to this Government's policy.

I do not accept that what happened was the inevitable result of rising life expectancy or of the 1998 stock market fall. There have been much more serious crashes in the past 50 years, including the devastating collapse in 1974 and 1975 and the small falls in the early 1980s and early 1990s. Moreover, the increase in life expectancy has been steady—*[Interruption.]*

I see that the Chief Secretary is leaving the Chamber. I thought for a moment that he was going to defend himself against my complaints, but like the Prime Minister earlier he has no defence. I suppose he is leaving out of shame at the exposure of the record of the Government that he has represented. Whether he goes to South Africa or not, he will have a more comfortable time than has been his experience in trying to defend the Government's fiscal record.

The damage done to our pensions system has caused people to worry that the Government will come back for a second bite, like a shark that bites off a person's leg having previously bitten off his arm.

Mr. Tyrie: My hon. Friend sounds as though he has experienced that.

Mr. Davies: My hon. Friend makes an intervention from a sedentary position that was worth making standing up. I should be happy to give way to him.

Mr. Tyrie *indicated dissent.*

Mr. Davies: Not unnaturally, there is great concern that, if we are unlucky enough to have another Labour Government, the Treasury might be planning to tax the so far tax-free lump sum. Another worry is that there is a plan to reduce the level of tax relief for pension contributions up to the new global limit, moving away from an individual's marginal rate of tax to the standard rate of 22 per cent.

Either of those moves would be devastating to the incentive to save and to contribute to a pension scheme and would automatically and immediately result in a further reduction in our already extremely low savings ratio. That would be in conflict with what the Government say about their apparent attachment to improving the savings ratio and increasing the provision people make for their retirement. I fear that the Government will find themselves in a contradictory situation with fiscal policy collapsing. They have been overspending and the only ways to avoid increasing taxes if they return to power would be to revise the spending plans that they are selling to the electorate substantially downwards or to abandon the golden rule, and they would then not be committed to the principle that enshrines considerable fiscal stability and prudence. The Chancellor talks as though the growth of the economy will bail him out, but his projection is that economic growth will be permanently above the trend rate or that the average rate of economic growth over time will be greater than the maximum rate of growth. That does not make sense.

The Government will have to do something desperate unless they agree to adopt our suggestions for some sensible policy changes in the new deal and in asylum and immigration. The next Conservative Government will make some policy changes and save money on administration. The Labour Government's record is appalling. They cannot go a day without setting up a new quango or more bureaucracy. Every time they introduce a new initiative, we hear about a new quango—the latest one will cost £26 million or so to set up. That must stop.

There are greater prospects for administrative savings than were identified in the Gershon review and many were identified in the James report. We have a well-thought-through and reasonable programme for policy changes and administrative savings that will lead to our being able to have £12 billion more available in the second financial year of the next Government than this Government would have on their projections. That will enable us to cut spending by £8 billion and reduce taxes by £4 billion, which will be a modest but significant step in the right direction. It will be the turnaround that this country badly needs.

3.24 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): I thought that Finance Bills might be behind me but the calibre of the speeches today has moved me to make a short contribution. I suspect that this will be the valedictory contribution from the Chief Secretary to the Treasury and I would be upset if I were unable to make at least a short contribution. Before I discuss the details of the Bill before us and of the Bill that should have been before us I want to add my personal congratulations to him, although his appointment is dependent on other matters. He has made unique, sometimes theatrical and often charming contributions to our debates in Committee and in the Chamber. I wish him well.

My right hon. and hon. Friends rightly highlighted one of the most important points of our deliberations—the quality of the scrutiny that the House can undertake. I am still a relatively new Member, having been elected four years ago, and I still believe that it is important to allow for debate and preparation of our thoughts. We have been given just four hours to consider 106 clauses, 11 schedules and, as my hon. Friend the Member for Sevenoaks (Mr. Fallon) rightly highlighted, 203 pages of primary legislation. That is unacceptable. Time for debate is crucial to allow us not, as Ministers may suggest, needlessly to drag the matter out but to probe the what-if questions. That is the point of parliamentary debate. The essence of parliamentary discussion is to identify what Ministers and their advisers may not have anticipated and to use that process to ensure that at the end of our deliberations the legislation is better than when it came before us. That is important.

A second aspect of the quality of scrutiny is preparation time. I hoped to have the opportunity last night to consider the Bill in detail and to compare it with the main Bill, but that was not open to me. I inquired at

the Vote Office but the Bill was not available. The Prime Minister's decision to go to the country a year before he needs to has made it necessary to have this debate today. Hon. Members will be restricted in their ability to contribute to the debate in a thoughtful and considered way so one of our functions—to listen to outside experts and to draw on that expertise to better inform the legislation—has been removed.

In the few hours available to them some of my right hon. and hon. Friends have been able to inquire into the concerns of experts in the tax, accountancy and legal professions, but the chances of amending the Bill or debating the benefits of amendments have been negated because we do not have that opportunity. I have contributed to the consideration of two Finance Bills during the past two years and that outside expertise enabled sensible and often non-partisan discussions to improve the legislation. I am disappointed with the Government and that will reflect on them as the legislation is passed later today.

Having put those concerns on the record, I want to turn to more specific matters. I suspect that right hon. and hon. Members will be not entirely surprised that I want to talk about stamp duty land tax. There is undoubtedly something to welcome in the change in the threshold from £60,000 to £120,000 and it would be remiss of me not to recognise that as a positive step forward. It was interesting that the Chief Secretary was unable to identify or confirm the number of households in his constituency that would benefit, although he said that the Financial Secretary would do that for him. In my constituency, which is not a million miles away from the leafy suburbs of Brent, the reality is that less than 3 per cent. of first-time buyers could benefit from the change. That means that the hopes of 97 per cent. for some positive change from the Government have been dashed.

When one considers the total revenue that the Government plan to receive in the coming year, one discovers the reality of the situation. It is not, as one might have gathered from listening to the Chancellor, a benevolent reduction in the tax burden: quite the contrary. If one looks at the Red Book—the Government's own figures—it shows that they anticipate a 9 per cent. increase in the total stamp duty land tax revenue. It would rise from £8.9 billion to £9.7 billion. That 9 per cent. rise is a significant increase in the tax burden.

Experts in the house-buying market do not anticipate that house prices will rise by more than 4 or 5 per cent. in the coming year, so where does that 9 per cent. additional total revenue come from? It may be argued that it will come from the changes in disadvantaged area relief, although those are relatively small figures. What worries me, and it relates to an excellent point made by my hon. Friend the Member for Sevenoaks, is that we have no genuinely independent audit on which we can base our assessment as to whether the total burden of individual taxes is correctly estimated. We see a figure in the Red Book and we have to assume that it is correct. It may be correct, but the problem is that we have no means by which to judge that. I hope that the Financial Secretary will address that concern.

Although the Chancellor has taken a minuscule step forward in increasing the threshold to £120,000, he has missed a great opportunity and I shall explain why that is so. The tax is regressive and unfair. It is not, as in income tax, based on the margins of income; rather, it has what is known as a slab effect. Thus, under the Government's proposals, if one bought a home for £119,999, there would be no stamp duty land tax to pay—not a penny. However, pay a pound more for that house and the tax will be £1,200. That is because the tax rate applies to the whole price, not just the margin. The effect is repeated at the £250,000 threshold. At £249,999, the tax is 1 per cent., but at £250,000 the tax bill trebles, rising from £2,490 to a massive £7,500—a trebling of the tax bill for a £1 price change.

What is wrong with that? First, it is unfair. Secondly, and I hope that the Financial Secretary will address this point as I understand that it is his direct ministerial responsibility, it distorts the house price market. If someone knows that at £250,000 there will be a trebling of their tax bill, it cannot be beyond the wit of the civil service to realise that they will attempt to avoid the price of the house or flat rising to £250,000. I would not necessarily condone or agree with individuals who took such decisions, but they will occur.

The Government's answer was to put in a whole raft of bureaucratic and complex administrative procedures to try to clamp down on the problem, whereas they should have had the temerity and courage to reform the tax and remove the anomaly at source, thereby removing the need for any form of avoidance activity. On numerous occasions, the Opposition have pressed that point on the Government but, sadly, they have been deaf to reason.

The problem is repeated not just at £250,000, but also at £500,000. The Government's tax policies are encouraging tax avoidance. In previous debates with Treasury Ministers, I have tried to understand with them exactly why the paperwork was growing. After all, under the old stamp duty, which had been in existence for 300 years, we could manage with just one piece of paper. Only a one-page form was required, yet under the apparent modernisation of stamp duty what do we have? Twelve pages of forms to fill in, with 43 pages of notes that try to explain them. What nonsense. Why are the Government so firmly set against reforming the tax and so determined to go down that bureaucratic route? It seems anomalous and I am afraid that most first-time buyers will decide that the Government are not interested in the problem and do not care. The Government simply want their 9 per cent. revenue increase and that is all that matters to them.

I want to consider briefly the commercial aspects of stamp duty land tax and the removal of the relief for disadvantaged areas. I recall that we were told when debating the issue with Treasury Ministers that this crucial relief would bring hope and joy to the many urban deprived areas and that it was something that the Chancellor felt passionately about—so he got rid of it, and he did so because he needed somehow to find the money to pay for the tiny increase from £60,000 to £120,000. Of course, he discovered that there was £340 million tucked down the back of the sofa, and he thought that he could use that without anyone noticing. Sadly, for him, they noticed.

I shall correct the figures that the Chief Secretary identified. He said that there was a £90 million difference between the £340 million that the disadvantaged area tax relief changes bring into the Treasury and the

[Mr. Mark Prisk]

£250 million that will go out because of the domestic change. However, another £20 million is tucked away in the Red Book in relation to dealing with tax avoidance. I hope that he will be able to clarify the total figure—I believe that it is about £105 million—by which the Chancellor is ahead.

Mr. Boateng *rose—*

Mr. Prisk: I am happy for the Chief Secretary to correct his figures.

Mr. Boateng: Let me deal with this. I well remember our debate upstairs on stamp duty land tax. It was a good debate, and there was honest disagreement among hon. Members on both sides of the Committee about the desirability of those measures. We took the view that it was important to introduce the reform. We took the view that a potential could be realised given the contribution to regeneration of the assistance provided by the measures that we proposed. As I said during my speech and as has been said in the debates on the Budget generally, we have reached the view that we can better focus the relief, and that is what we have done.

On the figures, I appreciate the care that the hon. Gentleman takes with such matters. Table C8 of the Red Book shows that stamp duty receipts are projected to increase by about £0.8 billion as result of the forecast effect of the Budget measures from 2004–05 to 2005–06. That includes receipts from residential, commercial and, indeed, share transactions. Hon. Members who were upstairs in Committee at the time—it was a couple of years ago—will remember that we also discussed share transactions.

The Treasury's best estimate is that there will be a £220 million reduction in receipts from residential property and a £580 million increase from commercial property, including the £340 million to which the hon. Gentleman refers in the Red Book that will arise from the measures that we have taken in the Budget and the Bill. Those estimates are approximate.

The hon. Gentleman will know, too—indeed, as I said in my contribution and as he correctly identifies—that those figures are also based on the full package of Budget measures and the forecast effects. I simply say that for the purposes of clarity. He is quite right to point out—in no way do I intend to resile from it—that those sums come from the full package of measures. I hope that that clarifies the situation.

Mr. Prisk: I am grateful to the Chief Secretary for that clarification. He said £220 million; I think that he meant £250 million. That is certainly what is stated in the Red Book for the stamp duty land tax. I am referring to table 1.2, and without wishing to be too pedantic—although I already have a significant reputation for it on this tax—I think that the figure for the domestic change is £250 million.

Mr. Boateng *indicated assent.*

Mr. Prisk: That is super. Given the £90 million balance between the two sums and the additional £20 million that relates to tax avoidance, the Chancellor is obviously ahead by about £110 million in revenues because of the various changes. That is an important point to get on to the record.

To return to the principle of the disadvantage tax relief on commercial sites, my instinct and personal preference would be to have fewer little tinkering reliefs. If we had clearer, simpler, lower taxes, we would all be better off. I suspect that we can have that philosophical debate on another occasion. I am not personally wedded to the longevity of that relief. However, given the way that the Chancellor tinkers with such things every year, my concern, as ever, is that companies are put off engaging in the changes in their activity that the Government seek to encourage simply because they do not believe that the reliefs will be around next year, so why should they bother to go through the paperwork and so on? That is a very important point to make in terms of the way in which taxation has been dealt with under this Government.

I always hear from Labour Members how they are not willing to lecture us, but I remember the occasion when they were happy to regale us—indeed, they lectured us—with the fact that they passionately believe in consultation before making changes. Where was the consultation on this? It was done overnight. The Minister may refer to confidentiality and the fact that the Government must not allow anyone to take advantage, but a point of fairness is involved. The large property companies have lawyers and advisers who are able to move quickly. I appreciate that the concept of a lawyer moving quickly is perhaps a strange one, but that is what lawyers have been able to do on this occasion. Given that the provision is about disadvantaged areas, my worry is that small companies—the small fry, the family businesses and the enterprises that were considering the proposal—do not have such resources immediately available to them. They are not able to adjust their arrangements accordingly. The way in which the reliefs are offered, taken away and adjusted, tinkered and meddled with is significantly to the disadvantage of small firms. In principle, it is bad taxation policy.

That leads me on to several other thoughts about smaller enterprises and how the Bill and its larger brother might affect them. The first relates to clause 13 on the charmingly termed "non-corporate distribution rate for small companies". I am told by the Bill that it will remain at 19 per cent. That phrase is far from being as innocent as it appears. It masks a history in which a tax was once promoted by the Paymaster General. Sadly, she is not with us today, but she told us that small businesses should consider the change that the Government were making to try to reduce their tax burden to 0 per cent. It was a gift horse that small businesses should not look in mouth. I forget the exact words, but the point was the same. However, two years later, when the Government discovered that the number of corporates being created was far in excess of what they anticipated and that the poor, old Chancellor was losing money faster than he expected, they needed to change it. Businesses that were previously encouraged to take up the provision—such was the Government's benevolence—were suddenly told that it was wicked and shameful behaviour. It was a form of tax avoidance on which they needed to clamp down. None the less, it was the same policy.

This constant attempt to rotate policies—to try something and, if it does not work, to adjust it—seriously damages small businesses. Sadly, and all too often, the Government do not understand the distinction between a "firm" and a "company", but they have encouraged many firms to become incorporated because that is how the firms thought that they were meant to arrange their affairs. They do that to keep their tax bills at a reasonable level, but they are then told that that is wicked and nasty. They are nasty tax avoiders who must be clamped down on.

Such behaviour by the Government makes most entrepreneurs say, "Forget it. I'll give up setting up my next business to create the next set of jobs and the next tranche of wealth and I'll go and enjoy my villa in Portugal. I wasn't planning to go there now, but I will do so because I'm fed up with the way that the Government treat things." That is one aspect of the way in which the Government deal with small businesses.

The last aspect of the Bill to which I wish to refer is an omission as much as anything else. I refer to the way in which the self-employed—not companies—are dealt with. Earlier, I mentioned the Chancellor of the Duchy of Lancaster. When trying to explain away the awkward figures on the fall in certain incomes, he said that they were irrelevant because they had been skewed by the self-employed, who were less relevant to the central question.

The Chancellor of the Duchy of Lancaster said that the incomes of the self-employed were entirely global, and I appreciate that he was self-employed for only a short time when he was able to spend more time with his family. For those of us who were self-employed for 10 or 11 years and who actually understand the principles behind the figures, the idea that the majority of the self-employed are globetrotting entrepreneurs who are on and off jets each and every hour is complete bunkum. That demonstrates both his economic ignorance and, frankly, the Government's unwillingness to understand the smallest of our entrepreneurs—the self-employed.

I am disappointed that the Paymaster General is not in the Chamber because the classic example of that attitude is, of course, the infamous IR35. When the measure was introduced, we were told that it would deal with wicked practice and tax avoidance that should not take place. We were told that £400 million would come back to the UK Government that was rightly theirs. Here we are, two or three years later in 2005. When we make inquiries of the Inland Revenue to find out how many cases have been brought, we are told that the number is 200 or more. We then inquire how many of the cases have succeeded and how much of that £400 million revenue has actually come pouring through the doors of the Treasury. I am told that roughly two of the 200 cases have been successful, so 198 have failed.

The frustrating aspect of the situation is that all the other self-employed souls who had to try to change their arrangements to comply with the legislation have suffered cost and a waste of their time only to find that the measure does not work. It has not brought in the revenue that we were told that it would and it has created a bureaucratic nightmare for the law-abiding majority who have tried to comply with it. The situation shows that, as is so often the case with the Government, they are all talk and no action.

I have worries about this Bill and the Bill that we should have considered, but I have hopes for the Bill that I know we will consider under a Conservative Government in just a few weeks. The Bill is ill considered and has been poorly drafted in a rush with little care, consideration or consultation, but that is typical of the Government. It is frankly incomplete.

Mr. Mark Francois (Rayleigh) (Con): Before my hon. Friend concludes what has been a good speech, may I take him back briefly to stamp duty land tax, on which he is not a pedant, but most certainly an expert? Did he notice the article that appeared in *The Independent* on the morning immediately after the Budget, which mocked the Chancellor for effectively presenting the measure to reduce the relief for disadvantaged areas as a productivity measure? The article said that even this Chancellor of the Exchequer could not argue that that tax increase was actually a productivity measure. Does my hon. Friend have any sympathy with that sentiment?

Mr. Prisk: I have come to learn that the Chancellor and indeed the Prime Minister can argue anything that they wish. They can certainly have a conviction, but it might be a different conviction today from what it was yesterday. I agree with my hon. Friend that the article is another sign that people are beginning to see through the smoke and mirrors of the current Chancellor. When he gets to the awkward figures, he has a lovely way of rushing through them. When he gets to the tricky parts, one notices that there is a subtext in the clause that one must read an hour later with a wet towel around one's head in a dark room. I am afraid that I must describe his presentation, especially when he speaks in front of his party, as the incomprehensible lecturing the innumerate, and that is all too often the nature of his Budgets.

The Bill has been poorly drafted and ill considered, although not for want of our trying. It was very generous of the Government to leave the open green acres in front of us where their 400-odd Members could have been sitting—sadly they must have something else to do, although I cannot imagine what. We have tried our best to draw out some of the details of the Bill, so we look forward to the full and frank explanation that I know the Financial Secretary will wish to give us.

3.49 pm

Mr. Andrew Tyrie (Chichester) (Con): I refer the House to my entry in the Register of Members' Interests.

Last time there was an attempt to rush through a Finance Bill in one day, which was in 1992—I have had more time to look at that than I have at the Bill itself because it has been produced at such short notice—proceedings were interrupted by a fire.

Mr. Boateng: I remember it well.

Mr. Tyrie: I vaguely remember that a Labour Member—it might even have been the Chief Secretary—accused the Conservatives of having started the fire. There has been no such disaster in the House yet, but there has been a huge power cut just south of the river. Disasters seem to accompany attempts to rush through Finance Bills, but so far, so good. We have not had any trouble yet.

[Mr. Tyrie]

I associate myself with the good wishes that have been expressed for the Chief Secretary's proposed career move to South Africa. I hope all goes well, if it goes at all. I note that not a single Labour Back Bencher has felt the need or the urge to say anything about the Bill. I find that pretty extraordinary.

Mr. Prisk: Perhaps I can help my hon. Friend by offering a possible explanation. It has been suggested to me that either Labour Back Benchers do not like the Budget or they are desperate to hold on to their seats. Which does he think is true?

Mr. Tyrie: Those are two interesting options, and we can all make up our own minds.

Despite the fact that no Labour Back Bencher has been present, we have not been short of interesting contributions by Opposition Members. We had an interesting speech by my right hon. Friend the Member for Charnwood (Mr. Dorrell), who mentioned the Institute for Fiscal Studies study. He made the relevant point that for the first time since the early 1990s, real disposable incomes have fallen. That is because of the increases in taxation pushed through by the Chancellor since 2001, despite promises not to do so.

My right hon. Friend also correctly alluded to the distributional effects of freezing personal allowances, also mentioned by the IFS. As a result, 7.5 million more taxpayers are paying tax at a higher marginal rate than they would have done had allowances been indexed. That is a crucial point. Of course, the tax burden is going up and up, and it will carry on doing so. Labour used to try to conceal that in the Red Book. Now, the graph just shows the upward trend, which can be found on page 255.

My hon. Friend the Member for Sevenoaks (Mr. Fallon) made an important point about how Finance Bills are inadequately scrutinised. I completely agree. He is a member of the Treasury Committee. This is not the appropriate time to expand on this, but the Select Committee should play a much larger role in the scrutiny of Finance Bills. We should come to this place and debate what needs to be done on the basis of detailed scrutiny produced by the Committee before we go through the Bill clause by clause. We have moved in the opposite direction today, and there has been virtually no time to prepare for adequate scrutiny.

My right hon. Friend the Member for Fylde (Mr. Jack) also made some very important points, in a typically engaging and lucid speech. He mentioned ISAs and the extent to which the Government have eroded the attractiveness of the incentive to save throughout the tax system. Of course, that is only one of the causes of the fall in the savings ratio. There are a number of others. Financial scandals have not helped, especially Equitable Life. The Government have done their best to sweep that under the carpet and to avoid paying compensation for it.

Another cause of the fall in the savings ratio is the fall in the stock market, but that is not separate from the fiscal concerns, because of course one of the causes of the stock market falls was the Government's £5 billion raid on pension funds. When £5 billion is taken from pension funds, what is the effect on share prices? Answer: all things being equal, share prices fall. Therefore the origin of the market fall, often described as a separate cause of the fall in the ratio, lies partly with the Chancellor of the Exchequer.

My right hon. Friend also commented on the fact that the Government have not produced an estimate of the effects on carbon emissions of changing the structure of VED rates. He also talked about biofuels, on which he is an expert—indeed, he is the leading expert on that subject in the House of Commons, a result of his time as a Treasury Minister and a Select Committee Chairman.

My right hon. Friend described the effect on taxpayers of successive Budgets in a pertinent phrase, "the pinch has come on the mass of taxpayers". He is quite right. That pinch has taken some time to come on, for reasons that he and others have explored. The savings ratio has roughly halved, although that is a net figure. The other side of that ratio is the increase in borrowing—people increased their borrowing to maintain their spending, which delayed the onset of the pinch. Now, they are finally beginning to think about how to pay back that borrowing, so the pinch really is coming on. The two points that my right hon. Friend made at the beginning and the end of his speech are therefore closely connected. He also made some excellent points about inheritance tax. I shall not repeat them, but they were important and powerful points.

My hon. Friend the Member for Grantham and Stamford (Mr. Davies) made a characteristically erudite and forceful speech in which he drew attention to the shoddy nature of some of the Finance Bills that we have been expected to consider. When I picked up the Bill this morning, it was described to me by the man who passed it to me from the Table Office, not as the Finance Bill or even as the revised Finance Bill, but as the draft Finance Bill. I replied that as I had to try to speak to it this afternoon, I wanted the final version. It is pretty disgraceful that we have to scrutinise legislation in such a fashion. My hon. Friend made several other trenchant points, not least about the damage done to the pensions industry in recent years and the reasons why final salary schemes have got into difficulties. One of the main reasons is, of course, Government policy.

My hon. Friend the Member for Hertford and Stortford (Mr. Prisk) correctly pointed out that we saw the revised Bill only this morning. He also alluded to the importance of listening to experts before we attempt to scrutinise a Bill in detail. A key part of the Finance Bill process is that we are able to draw on the considered views of others. Presumably, they too have been passed this bundle of papers on a Treasury tag and been told that it is a draft Bill. They are now expected to get their points across in the brief period available to us before the debate ends—indeed, they have been trying to do so.

Next, my hon. Friend talked about stamp duty, and when he talks about stamp duty, I listen. He knows a great deal about the subject. He correctly pointed out that the Government only want their money—the extra revenue—and are not really interested in making stamp duty work better or more effectively. As he said, every time the Government reform stamp duty, the paperwork burden seems to increase. That will almost certainly be the result of the latest proposed changes.

The House and the country have grown accustomed to the way in which these things happen. The Chancellor announces a Budget, then a Finance Bill is introduced, which we discuss in the Chamber. We start with bluff and bluster. There is a firework display from the Chancellor on Budget day that no one can understand, but everyone thinks it sounds okay. We are thrown dozens of statistics in a wholly indigestible form, then we are expected to try to work out what is going on from a Red Book—I have the two most recent Red Books with me today—that increasingly owes more to party propaganda than to an explanation of economic developments in the country. Despite the Chancellor's best efforts to cover his tracks, in most years, although the Budget receives a good reception for a few days, it soon becomes a one-week wonder. The paint starts to peel off as people have an opportunity to study the detailed press releases. As soon as the Finance Bill is published and they have a chance to look at it carefully, they realise that a bit more paint deserves to come off.

This year's Budget was not a one-week wonder, and not even a one-day wonder. It can best be described as a one-hour wonder, because it took only minutes to flip through the Red Book and discover, for example, that the £200 allowance for the over-65s to compensate them for a huge increase in council tax over the past eight years will be implemented for one year only. When the Chief Secretary was challenged on that very point in an interview on, I believe, Budget day, he said, "Well, all our measures are only for one year." *[Interruption.]* I do not have the transcript with me, but if he would like to deny that that was the purport of his remarks, I am happy to give him the opportunity to do so. He does not seem to want to do so. He effectively said, "Don't trust us to implement any of the later years stuff in the Red Book. It's all for one year only. Don't worry, it's not just the £200 that you can rely on us to implement for one year but everything." Perhaps he did not say so—he is welcome to deny it at the Dispatch Box.

When that £200 was announced in the Budget speech, I was watching members of the Government carefully. The Secretary of State for Work and Pensions formed his fingers into the shape of a gun, which he pointed at the Conservatives, as if to fire a bullet. It made a good image for television for an hour or so—as I said, the Budget was a one-hour wonder—but by the evening the more alert broadcasters had removed it from their clips, because they realised that the £200 was available for one year only. A good number of pensioners in my constituency have already written to me, and like pensioners across the country, they have twigged that the £200 is for one year only. In the coming campaign, I shall make sure that every pensioner knows about that Labour measure. I will tell them that Labour has offered them £200, but that if the party is re-elected, they will lose it next year. It is a spectacular own goal from Labour. To put it another way, the Work and Pensions Secretary would have done much better to point that pistol at his own head.

Nothing better illustrates what has been wrong with Labour over most of the past decade than that measure, which is designed to create a specific impression, and is public relations spin over substance. We have heard the same story on stamp relief—relief for disadvantaged areas will be ended while at the same time in the Budget speech there was a pretence that some extra relief will be given. There has also been a hidden raid on oil companies, and a good deal more.

In a few weeks' time, we will present a Budget that can be trusted. We will publish a Red Book that can be understood, and we will ensure that the Office for National Statistics, made fully independent by an incoming Conservative Government, publishes figures on which we can all rely for the first time in almost a decade. We will use forecasts that have been put together independently of the Government, under the supervision of the Comptroller and Auditor General of the National Audit Office. I have argued for over a decade that we should move in that direction, and I am pleased that in a few weeks we shall have the opportunity to do so.

It is high time that we ended the disgraceful gerrymandering of the statistics that has taken place. The fiddling on the private finance initiative, the attempt to reclassify working family tax credits and much else in the accounts was a scandal, and we ought to bring it to an end. When the tax revenues were pouring in, it did not matter so much, because the Government felt sure that they were well within their fiscal rules. Now the shoe is beginning to pinch. Now it looks as though every little bit is vital to enable the Government to meet their fiscal rules. That is where the Government will come under pressure in the next few weeks.

At the heart of the Finance Bill is the issue of trust. Why should the electorate trust the Chancellor and the Prime Minister when they tell us that there will be no further tax rises after the election, should they win it? There are two overwhelming reasons why the electorate will not trust them. The first is that we have been there before. We have heard it all before. Before the 1997 election the Prime Minister said that he had no plans to raise taxes at all. What happened immediately afterwards? Tax rises for everybody. Then there was the 2001 pledge. The Prime Minister said words to the effect that it would be reasonable to conclude that national insurance contributions would not go up. What happened after the election? They went up. That is the first reason why the public will not trust what the Government are saying about the economy.

The second reason has already been discussed extensively. The Financial Secretary did his best to handle the situation by plucking Goldman Sachs out of the hat, up against about 20 commentators, including the International Monetary Fund, which is extremely cautious about the statements that it produces. I know how the IMF operates, and I know that it checks its statements with the country's Finance Ministry before putting them out, and invites the Finance Ministry to challenge the detailed methodology that lies behind its calculations. Even the IMF concluded that there is a black hole in the accounts, which will have to be filled somehow. The Government's history shows that if they get the chance, they will fill it through higher taxation.

The Government have consistently overestimated corporate tax revenues. The Institute for Fiscal Studies asked the right question the morning after the Budget when it said:

"The key question confronting whoever is Chancellor after the election remains the same . . . is it plausible to expect the current budget balance to improve by 2.2 per cent. of national income . . .

[Mr. Tyrie]

by 2009–10? . . . is it prudent to expect revenues to go up by £27 billion over the same 5-year period without fresh tax raising announcements?"

That was the correct and crucial question. As I pointed out in the Budget debate, the IFS answered its own question. It said:

"We think that to achieve these forecasts requires the Chancellor to raise taxes . . . by £11 billion a year."

The Opposition are not in the forecasting business, and we do not intend to get into it, but we are listening to outside forecasters. They tell us there is a structural deficit—a black hole in the accounts. The choice for the electorate is clear. If people vote Labour, the black hole will be filled by higher taxes, but there is much more at stake than merely a tax rise.

The Bill, even though I have not had a chance to read it properly—I do not think that any Opposition Member has, because we have had it for only a few hours—illustrates the bigger problem. Successive Finance Bills have ended up reducing wealth creation—complicated, difficult to understand, loading enforcement costs on a range of wealth creators in the country. I cannot do better than to end with the words of the Prime Minister's former chief economic adviser on exactly that point. *[Interruption.]* Someone shouts "Who?" across the Floor of the House, as if by doing so they can somehow expunge this fellow from history—a sort of latter-day painting-out of Trotsky from the photograph of those who did all the hard and dirty work in Nos. 10 and 11 these past days. I am referring to the former chief economic adviser to the Prime Minister, who said:

"Britain's economic arteries are slowly being furred up by a higher and more complicated tax system, excessive regulation and . . . endless micro-management."

I could not have put it better myself.

4.11 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): We have had an interesting debate and I am pleased to be able to respond to a number of the points that have been made.

The key to this year's Budget is the remarkable stability that we have seen in the British economy since 1997. In the 18 years from 1979 to 1997, the UK had the least stable economy in the G7, with the single exception of Canada. Since 1997, the UK has had the most stable economy in the G7, bar none. That has been a remarkable transformation, benefiting every aspect of Britain's economy and of our society.

National debt is down. Since 1997, no G7 country has had lower debts and deficits than we have had. Inflation since 1997 has been half on average what it was before. Interest rates and mortgage rates have been halved. Disposable income has grown faster than it did under the previous Government. Unemployment is the lowest that it has been for a generation and there are 2 million more people in work. Every week, another 125,000 men and women find new jobs, and an additional 50,000 new vacancies are advertised.

We have had 50 consecutive quarters of growth in the economy for the first time since quarterly records began.

Mr. Tyrie: How many of those were under a Conservative Government?

Mr. Timms: There was a period of growth under the previous Government. What is remarkable, however, and what was never achieved under any Conservative Government, was the securing of 50 consecutive quarters of growth. It is the transformation from the short booms and then the busts that characterised the previous Government to this long period of stability and steady growth that has been so remarkable and so important and valuable to our economy and society.

The economy grew by over 3 per cent. last year for the second year running, hitting, incidentally, precisely the forecast that my right hon. Friend the Chancellor had made and for which he was attacked by Opposition Members for being far too optimistic. We have had some discussion today about forecasts and projections. My right hon. Friend was entirely vindicated over that issue and will be over the other matters that we have discussed as well.

Mr. Dorrell: The hon. Gentleman draws attention to the Chancellor's record in forecasting growth in the economy, and he is right to say that the Chancellor's record in forecasting the growth of GDP is not bad. Would he like to address his attention to the Chancellor's record in forecasting the public sector deficit, which is under his direct control, and would he remind the House that in every year of the last five, the Chancellor has projected that that will turn down, and none of those five forecasts has been correct?

Mr. Timms: I am grateful to the right hon. Gentleman for rightly paying tribute to my right hon. Friend for the accuracy of his forecasts on growth. We have not heard much about that today from Opposition Members and one understands why, but it is important and right to put that on the record.

As to the other issues that the right hon. Gentleman raises, as he knows, my right hon. Friend the Chancellor set out in 1997 the fiscal rules, including the golden rule and the sustainable investment rule, and we have kept to them. We have set out the figures in the Red Book showing that we will keep to those rules on the basis of cautious assumptions. That is the basis on which the economy has been managed and on which this new stability has so successfully been built. It is the basis on which we need to continue to go forward and maintain this new, transformed record of stability and growth in the economy.

Mr. Dorrell: The Financial Secretary has shifted the terms of the argument. He was inviting the House to applaud the Chancellor's forecasting record. When one looks at the Chancellor's record in forecasting the public sector deficit, one sees that he has got it catastrophically wrong, with the result that we are landed with more debt and more interest costs going forward than he planned or promised in his last Budget before the previous general election.

Mr. Timms: The national debt is down and we have the lowest debt in the whole G7. There has been an

extraordinary record of success under this Government and Chancellor. It is essential for the future that we lock in that record of stability that has been so important and valuable. The new confidence that has come from that stability has been of immense importance. We have 300,000 more business in the UK than in 1997, and every week there are 4,000 more. There has been a 50 per cent. increase in net household wealth and 1.5 million more people own their homes. Those are just some of the gains from the transformation that has occurred in the British economy since 1997. We and the country know that our first priority must be to hold on to that prize of stability, and not to put it at risk by policy lurches or by £35 billion-worth of reductions in public spending commitments. Stability has been a massive prize for Britain, and the Bill helps to ensure that it will be maintained and locked in for the future.

Mr. Jack: Let me take the Financial Secretary back to the point made by my right hon. Friend the Member for Charnwood (Mr. Dorrell). The Financial Secretary has not answered the central question as to what factors in the forecasting performance of the Chancellor have led to the fact that, since the 2001–02 financial year, the deficit has grown by about two and a half times in real terms compared with the original forecast figures. At a time when the economy has been growing at such a rate, we should be accumulating balances, not increasing deficits. He talks about the structural soundness of the economy, so will he explain why the economy is not doing what it should do?

Mr. Timms: The right hon. Gentleman is focusing on the difference between two very large numbers. The fact is that we have the lowest debt in the whole G7 and a remarkably successful record. The IMF has been referred to, and it has repeated that point recently. We must now ensure that we maintain that record of stability, which has been so valuable to us.

The Bill builds on Britain's new-found economic stability. It helps to prepare us for the challenges of the future, supports innovation and investment in new technologies and helps to ensure that the tax system is fair and that everybody pays their share. It safeguards the environment, recognising our responsibility for long-term stewardship of the earth's resources. I am pleased that that topic was raised.

Mr. George Osborne: The Financial Secretary quoted the IMF with approval. Does he therefore accept its judgment that the national accounts have "deteriorated sharply" in the past five years?

Mr. Timms: The key to the success that we have seen in managing the economy over the eight years since 1997 is stability and the fact that we have published and kept to the fiscal rules, the golden rule and sustainable investment rule. We have published the figures in the Red Book showing how we will do that in the future, in this cycle and the next, on the basis of cautious assumptions. Our record is enviable—it is 1 million times better than that of the previous Government, and the hon. Gentleman should pay tribute to it.

Mr. Tyrie *rose—*

Mr. Timms: I will not give way for a little while, because I must make some progress. I have been extremely generous to Conservative Members.

The Bill provides much-needed help to children, pensioners and home buyers. The increase in the child element of the child tax credit means that the effective income tax rate for a family with two children earning £25,000 a year will be just 6 per cent. At £30,000 it will be 10 per cent., so it is a family tax cut that targets the hardworking low and middle-income families who will benefit from it most.

The Bill includes important changes to remove the tax impediments to Sharia-compliant Islamic finance products. Last year's Bill fixed a problem with the way in which stamp duty affected Sharia-compliant mortgages. This year, the Bill extends the benefits of that change and alters the rules for income tax, corporation tax and capital gains tax to remove impediments to Sharia-compliant saving and loan products. It is important that everyone in our society has access to financial services that meet their needs, so that everyone can be included and benefit fully from the strength of our economy.

The measures in the Bill to simplify pensions taxation will provide more flexibility and choice as people plan for retirement. They will help employers and pension providers, and they have received very wide support from pensions providers, employers, and individual pension savers. The assurance that people will receive a meaningful proportion of their pension saving in the event of their employer becoming insolvent provides an important boost to confidence in pension saving.

I want to respond to a number of points raised in the debate. The hon. Member for Tatton (Mr. Osborne) helpfully explained to the House why the Opposition accepted the clauses in the Bill. He also mentioned representations on behalf of companies in the film industry. He spent a good deal of his time objecting to things that are not in the Bill, however, and I look forward to debating those matters with him after the election.

The hon. Member for Twickenham (Dr. Cable) made several points with which I agree, but I did not agree with a number of his other points. He discussed his party's plans for local income tax. Under Liberal Democrat plans, a couple on average earnings with a combined income of £41,000 would see their income tax increase by £1,170, which, on average, would make them more than £260 worse off compared with council tax. Once people realise that if two people are working in a household, that household will have pay its local income tax twice, the apparent attractions of that proposal rapidly disappear.

The hon. Member for Twickenham mentioned the pension credit. The Financial Services Authority has stated that pension credit means that

"for most people, most of the time, it will pay to have saved."

The pension credit has been extremely effective in addressing pensioner poverty, which was a big problem in 1997.

Mr. Tyrie: The Financial Secretary has just said that there will be some benefit in saving for most people, most of the time. What about the rest of the people?

Mr. Timms: It is certainly worth while for the great majority of people to save for their retirements. At the time of the 1997 election, large numbers of people had

[Mr. Timms]

an income of £69 a week. From this month, all of those people are entitled to an income of at least £109 a week, which is a massive change for the better. We have focused on addressing pensioner poverty in an extremely effective way through the pension credit.

On the specific point raised by the hon. Member for Chichester (Mr. Tyrie), the pension credit gives credit for savings. It removes the problem of large numbers of people being on 100 per cent. withdrawal rates, which was a result of how income support arrangements worked under the previous Government, and many more than 1 million people were affected by those 100 per cent. withdrawal rates.

I should like to spend time responding to many of the points that have been made, but I must be a little briefer than I would have been because of the interventions that I have taken. I need to comment particularly on the comments of the right hon. Member for Charnwood (Mr. Dorrell), who talked about the way in which tax thresholds have changed. Listening to him, an innocent observer would have believed that under his stewardship—as he told us, he was Financial Secretary after 1992— thresholds went up in line with earnings. Helpfully, I have been able to dig out what actually happened to the higher rate threshold in the period that he discussed. It is true that in 1991–92—the period leading up to the 1992 election—the threshold was over-indexed; one cannot deny that that occurred. However, in 1992–93, when the right hon. Gentleman was Financial Secretary, the threshold was not only not increased in line with earnings, but not increased at all—and, blow me down, it was exactly the same the following year and the year after that. It was frozen for three years in a row.

Mr. Dorrell: I compared the record over the period of this Government from 1997 to 2005, during which time 7.5 million people have seen their marginal rate of tax increase. For the period from 1979 to 1997, will the Financial Secretary confirm that the Conservative Government cut marginal rates of tax for all income tax payers during those 18 years?

Mr. Timms: The right hon. Gentleman is shifting the goalposts somewhat. He chided me about uprating thresholds, which we have done consistently; under his stewardship, those thresholds were frozen. Incidentally, the hon. Member for Chichester accused us of freezing the threshold, but we have not—we have consistently uprated it in line with inflation. Under the stewardship of the right hon. Member for Charnwood, the thresholds were completely unchanged for three years in a row; in this Budget, we increased them.

Mr. Tyrie: Will the Minister give way?

Mr. Timms: No, I will not.

I want to come on to the other issue that the right hon. Member for Charnwood raised. Of course, it is true that nowadays people are earning more. More than twice the number of people are earning more than £30,000, more than £50,000 and more than £100,000 than in 1997. It is absolutely right that as people's real income rises so does the average tax that they pay. That is the basis of a fair, progressive income tax system, and that is the system that we have ensured that we have in place.

The right hon. Member for Fylde (Mr. Jack) made an interesting speech. I can tell him that we certainly are going to achieve our Kyoto targets. On vehicle emissions, we have a good record compared with other European Union members. For example, box 7.3 in the Red Book provides information about how the changes to company car tax have affected CO_2 emissions; that work will need to continue.

The right hon. Gentleman talked about biofuels, which is a subject of great interest to him. We have been very supportive of the growth in biofuels sales—that is why we introduced the 20p per litre level for biodiesel in 1992. I think that he will be aware, although he did not mention it, of the work that is going on in relation to a renewable transport fuels obligation. Good progress has been made on the feasibility study, and we are continuing discussions with industry on a possible enhanced capital allowance for the cleanest processing plants. That directly addresses the point that he made.

We have had an interesting debate, throughout which one point of consistent unanimity was the warm praise and generous tributes accorded to my right hon. Friend the Chief Secretary. It is clear from what everyone has said that the whole House wishes my right hon. Friend well in the future. To those tributes to him that have already been expressed, I add my own.

The Bill before the House builds on the stability that has been achieved in the past eight years, takes that stability forward and addresses the priorities of fairness and sustainable growth. I commend it to the House and I commend the values that underpin it to the people.

Question put and agreed to.

Bill accordingly read a Second time.

Motion made, and Question put forthwith, pursuant to Standing Order No. 63 (Committal of Bills),

That the Bill be committed to a Committee of the whole House.—*[Mr. Heppell.]*

Question agreed to.

Bill immediately considered in Committee.

[SYLVIA HEAL *in the Chair*]

Clause 1

RATES OF TOBACCO PRODUCTS DUTY

Question proposed, That the clause stand part of the Bill.

4.30 pm

Mr. Francois: I will make a few brief remarks on the clause, but before doing so I also want to refer to the Chief Secretary to the Treasury. I paid tribute to him when I wound up for the Opposition on the evening of Monday 21 March during the Budget debate, and the House will be pleased to hear that I do not propose to reprise all of that now. But I should point out briefly that the shadow Paymaster General, my hon. Friend the Member for Chichester (Mr. Tyrie), reminded the House a few minutes ago that a major power cut has

taken place in south London today. To paraphrase Lord Grey, the lights are going out all over Britain for this Labour Government, so the Chief Secretary—

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. The clause under discussion is actually "Rates of tobacco products duty".

Mr. Francois: Thank you, Mrs. Heal. I was simply going to say that I wish the Chief Secretary to the Treasury all success in the future, and he has clearly picked the right time to get out.

We are now in Committee and in the curious position of having to deal with 106 clauses, in what is still a 1 inch thick Bill, in barely half an hour. Given our constrained circumstances, I will make just a few quick points on each of the clauses that we Conservatives wish to highlight.

On clause 1, I want to press Ministers on what actions they are taking to combat tobacco smuggling. That issue has been raised with me on a number of occasions, particularly by small retailers, who are seriously suffering from the effects of such smuggling. I am thinking of organisations such as "Retailers Against Smuggling", which have made several representations on that point. I also have a letter from the chief executive of the Tobacco Manufacturers' Association, who wrote very promptly—as recently as yesterday—about the matter. He said:

"I write to you with some urgency, as I understand that certain sections of the Finance Bill including the clause on increased tobacco tax, are soon to be debated in the House. We were disappointed that the Chancellor proposed increases in taxation, particularly the rises on hand rolling tobacco, where 73 per cent. consumed in the UK last year were non duty paid i.e. they avoided UK taxes.

The Treasury sub-committee warned in their recent report that the smuggling of hand rolling tobacco was 'out of control'. Furthermore we estimate that 28 per cent. of cigarettes consumed avoided UK duty . . . The Treasury sub-committee also reported that one in four shopkeepers were considering closing down as a result of the impact tobacco smuggling was having on their business . . . In the limited opportunity left to you because of the restricted time I would urge you to question Her Majesty's Government's thinking on this subject, and speak up for the small retailers whose livelihood is severely threatened as a result of these Budgetary proposals."

On that basis, I would like to ask the Financial Secretary—*[Interruption.]* Oh, I see that the Economic Secretary, who has direct responsibility for these matters, is now in his place—*[Interruption.]* He was in his place only for part of the debate, but has just re-entered the Chamber. Perhaps he will listen to my three questions and either he or the Financial Secretary will reply to them.

First, what further actions does the Treasury propose to combat tobacco smuggling in general? Secondly and more specifically, what measures are proposed to combat the smuggling of hand-rolled tobacco, which has become a particular problem? Clearly, small retailers are suffering disproportionately from the smuggling of that form of tobacco and Conservative Members want to know exactly what the Government propose to combat it. Thirdly, how will the Government ensure that controls remain in place, given the impending merger of Her Majesty's Customs and Excise and the Inland Revenue? I ask that question because, with any merger, it is sometimes the case that important measures can fall between two stools during the period of transition. That cannot be allowed to happen. I hope that the appropriate Minister will answer those three specific questions in a specific manner.

Mr. John Burnett (Torridge and West Devon) (LD): I was hoping to speak when we reached stamp duty land tax, but perhaps I have an opportunity to say a few words now. We have in the House, though unfortunately not for much longer, the world's greatest living expert on stamp duty land tax—the Chief Secretary to the Treasury. He took the brief at the last minute and, as usual, he acquitted himself with great style and verve. He is unfailingly courteous and I view his leaving the House as a very sad loss, indeed. I want to pay tribute to him for his courteousness, his expertise and his pleasant convivial demeanour. He has added greatly to the proceedings of this place.

I should like to say a few words about tobacco products duty. I may be somewhat jumping the gun because clauses 2 and 3 refer to alcoholic liquor duties. The Economic Secretary and I have discussed at length the problems of London City Bond and Mr. Justice Butterfield's report on the hundreds of millions of pounds lost through liquor duty fraud. I am anxious to hear that Ministers have got a grip on this situation; we cannot allow such fraud to continue.

The First Deputy Chairman: We shall reach clauses 2 and 3 after we have finished debating clause 1, so the hon. Member will have an opportunity to comment further then.

Mr. Burnett: I am grateful: I believe that the smuggling involved cigarettes as well as liquor, but I could be wrong and stand to be corrected. I shall give Ministers ample advance warning—about a minute—that I hope to hear what they have done in respect of the Butterfield report and its recommendations. We cannot allow any recurrence of this sort of fraud when hundreds of millions of pounds are lost to the Revenue. When that happens, who picks up the Bill? It is our fellow citizens and taxpayers of this country.

Mr. Fallon: I rise briefly to follow up the point made by my hon. Friend the Member for Rayleigh (Mr. Francois) about the report of the Treasury Sub-Committee on excise duty fraud. Given how little time remains for the Government to reply, it would be helpful if a Minister clarified whether we will receive a full Government response to our recommendations, which are very relevant to the three questions that my hon. Friend proposed. Before the House dissolves on Monday, perhaps we could have such a reassurance.

Mr. Timms: The inflation increase in clause 1 maintains the high real price of cigarettes. The aim is to encourage people to smoke less or to quit, and to discourage children and young people from taking up the habit. The organisation Action on Smoking and Health has welcomed the proposal.

The hon. Member for Rayleigh (Mr. Francois) is right to raise the issue of smuggling. The Government have acknowledged that that is a pressing and important problem, and we have taken effective action over an

[Mr. Timms]

extended period to address it. As a result, tobacco smuggling is being contained. In the past four years, Customs and Excise has succeeded in halting the previous rapid growth in cigarette smuggling, and in reducing the market share for illicit cigarettes to the current level of 15 per cent. That is still too high, but it is significantly lower than previously.

The total number of cigarettes smuggled into the UK each year has been reduced by more than 5 billion sticks, a fall of more than a third. In the same period, when cross-channel passenger smuggling was cut by more than three quarters, there has been a rise of 33 per cent. in legal cross-border shopping for alcohol and tobacco. That clearly shows that an effective balance has been struck between maintaining the rights and opportunities of shoppers and cracking down on smuggling.

The hon. Member for Rayleigh mentioned hand-rolling tobacco specifically. As he will know, the Budget statement acknowledged explicitly that the pattern of smuggling for such tobacco is different, and made it clear that the Government are responding accordingly. I can reassure him that the very effective focus on tackling smuggling will be maintained through the forthcoming merger of the Customs and Excise and the Inland Revenue. I agree that it is important that that focus is not lost, and assure him that it will not be.

Mr. Francois: I heard what the Minister said, and do not wish to detain the House for long, given the present circumstances. He acknowledged the specific problem in relation to hand-rolling tobacco—on behalf of the industry, I thank him for that—but made no specific suggestions for further Government action to combat it, which will disappoint retailers around the country. With an election pending, it is only fair to warn him that we intend to do what we can to warn retailers that the Government do not take their concerns seriously.

Mr. Timms: That is a very unfair response. The Government have brought about a very dramatic reduction in the smuggling of tobacco and cigarettes. The problem is being contained, and that certainly was not the case under the previous Conservative Government. That is a reflection of the vigour with which we have pursued the problem, and we will ensure that we continue to apply the same vigour in the future.

Question put and agreed to.

Clause 1 ordered to stand part of the Bill.

Mr. Burnett: On a point of order, Mrs. Heal. I have been asking all day for a copy of the regulations governing inheritance tax on pre-owned assets, which were published a week or two ago. Vote Office staff have been unable to get hold of those regulations, even though they will be debated in connection with clause 98. I should be grateful if you would do all that you can to ensure that a copy of those regulations is made available to the Committee.

The First Deputy Chairman: Ministers on the Treasury Bench will have heard what the hon. Gentleman had to say, but I am afraid that there is nothing that I personally can do. However, I think that the message will have been conveyed.

Clause 2 ordered to stand part of the Bill.

Clause 3

RATES OF DUTY ON WINE AND MADE-WINE

Question proposed, That the clause stand part of the Bill.

The First Deputy Chairman: I call Mr. Michael Fallon—I mean Mr. Michael Jack.

4.45 pm

Mr. Jack: That is the second time today that my name has not been called correctly, but perhaps it will be third time lucky.

Can the Minister satisfy my curiosity about the relative rates of duty per hectolitre on the wines described in the clause. The table in the clause starts with a reference to the percentage of alcohol by volume of the wines that are subject to the tax, so I conclude that the principal purpose of the clause is to tax the alcoholic content of the wine. However, I note that the duty rate on still wine—

"Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent"—

is £167.72 a hectolitre. I also note that within that category a wine that might be partially fermented—it would have the name frizzante, for example, if it was Italian—would be taxed at that rate and not at the much higher rate of £220.54 a hectolitre on wine that is fully sparkling.

It might be argued that that covers the majority of champagnes, for example, which are more expensive and could stand a higher rate of duty. However, the spumante-type sparkling wines and the cremant de Loire are lower-priced wines but have an alcoholic content of around 12 per cent. and seem to bear a disproportionately high rate of duty compared with the more expensive champagne-type wines and certainly more expensive than a wine with a higher alcoholic content in the first category that I mentioned. The rate of duty per hectolitre seems to be irrational if the duty rate relates to the alcohol content of the wine.

Those of us who enjoy wine and occasionally venture to sparkling wine—I am thinking of those of us who will want to celebrate the Conservative victory in the election on 5 May—would like a clear explanation of the duty rate differentials.

Mr. Timms: The Bill uprates the duty on still wine by 2.6 per cent., but there is a freeze on the duty on sparkling wine. The industry has argued for the differential between sparkling and still wine to be eliminated and by uprating the duty only on still wine we have narrowed that differential because the rate of duty on sparkling wine is unchanged. The hon. Gentleman's point is a reflection of historic development over an extended period. We believe that it is right to narrow the differential and that is why there is an increase in the duty on still wine but not that on sparkling wine.

Question put and agreed to.

Clause 3 ordered to stand part of the Bill.

Clause 4

CONSOLIDATION OF CURRENT RATES OF HYDROCARBON OIL DUTIES ETC.

Question proposed, That the clause stand part of the Bill.

Mr. Jack: I make no apology for rising again to discuss biofuels for a moment or two. I acknowledge at the outset the Financial Secretary's helpful comments when he wound up on Second Reading. Although discussions are taking place on the obligations, the emergence in the United Kingdom of a biofuels manufacturing industry still seems to be some way off, notwithstanding the observation in box 7.3 of the Red Book which states that

"Since 2002, 43 million litres of biodiesel have been sold."

I acknowledge that there is an embryo sales industry, but there is an almost non-existent manufacturing source.

I continue to be worried by the representations made to my Committee, the Select Committee on Environment, Food and Rural Affairs, that the current duty derogation rate is not of sufficient attraction to start an industry using UK-sourced oilseed rape as raw material. A parliamentary answer, to which I referred earlier, indicated that some manufacturing capacity was coming on stream, but not enough will come from UK sources to meet the target of 2.5 per cent. of biofuels included in hydrocarbon fuel sources which we must meet by 2006, and which rises to 6 per cent. in 2008. I apologise to the Committee if those figures and dates were slightly wrong; I do not have my detailed notes with me so I am speaking from memory.

It is argued that if we increased the duty beyond the derogation rate of 20p a litre, the UK would attract overseas sources of supply. Indeed, I am certain that Brazil could supply all our bioethanol needs. That seems to dodge the issue, however. At a time when UK agriculture is going through a singularly important process of change, as it adapts to the revised common agricultural policy, I should have thought that Ministers would want to encourage home-grown sources, in both the bioethanol and biodiesel industries, so that UK agriculture could be involved. The Minister will be aware that British Sugar, which is pioneering work on bioethanol in the UK, has at least submitted a planning application for a plant, but only subject to the conclusion of discussions with the Government on some form of aid. The long and the short of it is that if we do not have duty derogation rates, or possibly capital allowances, of such an order as to get that embryo industry off the ground, we shall have to import our biofuels if the Government want to achieve the European targets for the incorporation of biofuels in the hydrocarbon fuel supply.

It is illogical not to encourage that industry at the outset, because there are precedents. When the liquefied petroleum gas industry sought help, especially for investment in the necessary fuel station infrastructure, the Government provided a generous 40p per litre discount, which is gradually being unwound because the infrastructure has been established. One stage back, when we were moving from leaded to unleaded fuel, there was also a generous initial discount that was gradually unwound. I have not yet received a cogent explanation from the Treasury as to why, if we want to get our manufacturing industry off the ground, we are not being more generous in the first stages, so that economies of scale in biofuels production will eventually take over and enable the price to come down.

In debate on a previous Finance Bill, I pointed out to the Treasury that they could have all that for nothing, simply through an obligation of inclusion. They could say that there will be 2.5 per cent. biofuel, with the balance of 97.5 per cent. being hydrocarbons, and that the price will be such and such. That would exactly mirror and match what happens under the renewable fuels obligation in electricity generation. So far, Treasury Ministers have shied away from that, although I think that the Energy Act 2004 contains such a provision to solve the biofuels conundrum.

Ministers' colleagues in DEFRA show great enthusiasm and have even produced a beautiful, coloured booklet to tell us about the benefits of biofuels and the 5,000 jobs that will be created in rural Britain, yet sadly the Treasury is still camping on the ground that 20p is sufficient. However, the facts, as confirmed to me in a parliamentary answer from DEFRA, tell a different story. Will Treasury Ministers tell us when we shall actually get our UK biofuels industry?

Mr. Timms: The right hon. Member for Fylde (Mr. Jack) will have heard me refer earlier to the continued discussions with industry about the possibility of providing an enhanced capital allowance for the cleanest processing plants, which would directly address the issue that he raises. However, he would agree that the key prerequisite is to have an attractive market for suppliers to address. So, as we confirmed in the pre-Budget report, we are carrying out a feasibility study on the renewable transport fuels obligation, and good progress has been made in that study. That is the reason why we introduced the 20p a litre incentive for biodiesel in 2002, and the same differential for bioethanol from 1 January this year.

The right hon. Gentleman was a little dismissive, but early indications of the impact of the support for bioethanol show encouraging signs. We expect sales to increase from zero to 60 million litres a year by the end of this year, so a substantial market is starting to emerge. In addition—again, to address another of the specific points that he raised—those duty rates are guaranteed until 2008, under our commitment in the alternative fuels framework to provide industry with certainty and a three-year rolling guarantee for rates. So we are putting in place the building blocks for what I, too, hope will be a successful and sustainable industry in the future.

Mr. Jack: First, will the Financial Secretary confirm for the record where the 60 million litres of bioethanol will come from? Secondly, will he clarify whether he envisages a regime of twin-track fiscal help that combines the duty derogation with the capital allowances to which he refers? Will the two operate simultaneously?

Mr. Timms: Of course, the right hon. Gentleman is right to suggest that this is extremely early days for the industry and to make the point about the paucity of

[Mr. Timms]

plants in the UK currently. Yes, I can confirm that we are simultaneously undertaking work on both the duty issues and the possibility of providing an enhanced capital allowance arrangement as well.

Mr. Francois: To comply with a self-denying ordinance that I announced a few minutes ago, I shall keep my remarks on the clause extremely brief, but I was attracted by the argument made by my right hon. Friend the Member for Fylde (Mr. Jack). He referred to the fact that the duty differential for liquid petroleum gas has allowed LPG to spread relatively widely over the past few years. Slightly fewer than 1 million LPG vehicles or dual-use, petrol or diesel-LPG vehicles are now in use in the United Kingdom. The duty differential has been important in persuading oil companies, for example, to invest in the technology necessary to make that fuel available at petrol stations around the UK. So an example is already extant of how such things can work, and my right hon. Friend is right to raise it.

The farmers in my constituency would be willing to invest in that type of product if and when they believed that it was truly economically viable. The feedback that I have had from them in informal meetings with my local branches of the National Farmers Union is that we are not quite there yet and that the tipping point has not been reached, although I take note of the 60 million litre figure that the Financial Secretary recounted to the Committee.

Part of the problem is that something of a lively debate has been going on behind the scenes between DEFRA on one hand and the Treasury on the other, and to some extent, DEFRA has been looking for movement in this realm and, to some extent, the Treasury has been resistant. So I should like briefly to press the Financial Secretary, on behalf of my right hon. Friend and UK farmers, on whether he has anything else to offer in the few minutes of the debate that remain that may be of comfort to them and positively affect the investment decisions that they must make in the next year or so.

Question put and agreed to.

Clause 4 ordered to stand part of the Bill.

Clauses 5 to 9 ordered to stand part of the Bill.

Clause 10

CORPORATION TAX

Question proposed, That the clause stand part of the Bill.

Mr. Tyrie: This and the following clauses set the rates of corporation tax. In many ways, they are unexceptional. However, a number of issues are worth probing. The mainstream corporation tax rate of 30 per cent. has remained at that level for a long time. When it was brought down to that level, it was proudly boasted for a spell that it was the lowest in Europe. The small further fall took place after the main and very important reforms that were taken in the mid and late 1980s, which transformed the tax and the corporate environment in the United Kingdom. Incidentally, those reforms were vigorously opposed by Labour Members.

5 pm

The current rate of 30 per cent. certainly is not the lowest in Europe. Ireland has a rate of 12.5 per cent., Germany is announcing plans to bring its rate below 30 per cent. and a good number of accession countries have extremely attractive rates that are well below 30 per cent. I am a little concerned that the Government do not appreciate that the UK's rate is beginning to look a bit high. In a few weeks, we will be on the other side of the Committee and will be able to sort that out and start pointing a way towards further reform of the tax. We have already outlined one or two suggestions. I am particularly concerned that the Government do not appear to have a clear view about where they want to take corporation tax. I would be grateful if they said something about that and the competitive environment.

Another concern is that corporation tax is only one of a number of tax burdens on business that companies are expected to pay. Its yield constitutes only about a quarter of the total yield that comes from businesses, and that excludes pay-as-you-earn, national insurance contributions, salaries and VAT.

Can the Financial Secretary say a little about the recent European Court of Justice decisions that are coming through? What is his estimate of the likely losses to the UK's yield from those decisions? It is an important issue that we will have to address when we are on the other side of the Committee, but I shall be interested to hear whether the Government have made an effort to think it through.

Mr. Timms: I shall be brief given the time constraints that we are under. Our corporation tax rate—at 30 per cent.—is lower than in any other major European country. The hon. Gentleman implicitly stated, and I shall make it explicit, that this Government reduced the rate to 30 per cent. from the higher rate that it had been under the previous Government. In addition, in the Budget of 2002, we cut the starting rate of corporation tax from 10 per cent. to zero, and the lower rate for small companies from 20 per cent. to 19 per cent. I have no doubt at all that that is one of the reasons that the World Bank in September last year ranked the UK first in Europe and seventh of the top 20 countries to conduct business in and why the Organisation for Economic Co-operation and Development last year put the UK's economic and administrative regulations among the lowest in the OECD.

It is important that we continue to maintain a competitive and attractive tax environment in the UK for businesses. The fact that we have such an attractive environment is the reason that we continue to be the most attractive destination in Europe for inward investment. We are determined that that should continue.

Question put and agreed to.

Clause 10 ordered to stand part of the Bill.

Clauses 11 and 12 ordered to stand part of the Bill.

Clause 13

NON-CORPORATE DISTRIBUTION RATE FOR FINANCIAL YEAR 2005

Question proposed, That the clause stand part of the Bill.

Mr. Dorrell: I would like to speak briefly to clause 13 because it makes well a point that several of my hon. Friends raised on Second Reading. The Bill is being rushed through without the opportunity to consider fully the practical effect that it will have. Of course, clause 13 is in the Bill only because there was an ill-considered proposal to introduce new arrangements to encourage incorporation by businesses that were previously incorporated in an earlier Finance Bill. The Chancellor himself introduced an unnecessary complexity into the tax system, so we are now being asked, at the run, to agree to the clause, which I think has the practical effect of dealing with one of the consequences of the Chancellor's earlier rushed and ill-advised legislation.

The clause is a good example of a measure that would have been better dealt with after mature reflection in the summer following the general election when it would have been available to hon. Members—

It being four hours after the commencement of proceedings on the Ways and Means motion, THE FIRST DEPUTY CHAIRMAN *put the Questions necessary to dispose of the business to be concluded at that hour, pursuant to Order [this day].*

Question put and agreed to.

Clause 13 ordered to stand part of the Bill.

Clauses 14 to 106 ordered to stand part of the Bill.

Schedules 1 to 11 agreed to.

Bill reported, without amendment; read the Third time, and passed.

APPROPRIATION BILL

Ordered,

That leave be given to bring in a Bill to appropriate the supply authorised in this Session of Parliament for the service of the year ending with 31st March 2006.—*[Jim Fitzpatrick.]*

Bill ordered to be brought in by the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Paul Boateng, Dawn Primarolo, Mr. Stephen Timms and John Healey.

APPROPRIATION

Mr. Stephen Timms accordingly presented a Bill to appropriate the supply authorised in this Session of Parliament for the service of the year ending with 31 March 2006: And the same was read the First time; and ordered to be printed [Bill 103].

Order for Second Reading read.

Question, That the Bill be now read a Second time, *put forthwith, pursuant to Standing Order No. 56 (Consolidated Fund Bills), and agreed to.*

Bill accordingly read a Second time.

Question, That the Bill be now read the Third time, *put forthwith, and agreed to.*

Bill accordingly read the Third time, and passed.

Orders of the Day

Inquiries Bill *[Lords]*

As amended in the Standing Committee, considered.

Order for Third Reading read.—[Queen's Consent, on behalf of the Crown, signified.]

5.9 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I beg to move, That the Bill be now read the Third time.

One of the fundamental principles in our democracy is accountability to the public. They rightly expect that, when something goes wrong, it will be investigated and put right. We have a long tradition of establishing formal independent and open inquiries into matters that have caused public concern. We have seen how valuable inquiries are at getting to the truth and learning lessons to prevent the same thing from going wrong again. In that sense, they serve to restore public confidence by doing just that. We have also seen the significant impact that they have had on our public services.

The Stephen Lawrence inquiry brought about profound and important changes that continue to this day in the police force and other public bodies. The Victoria Climbié inquiry into a young girl's tragic death in my constituency is another example of an inquiry that was instrumental in bringing about reform to public services and, in this case, children's services.

The Bill has a simple purpose: to enable the people who conduct inquiries to do their job and to get to the truth in the most open way possible more effectively. It contains new measures to ensure that the three vital principles of independence, transparency and accountability of those inquiries are achieved. It is essential that any inquiry is independent and is seen to be so.

The Bill strengthens the independence of an inquiry by creating a new statutory requirement to ensure that inquiry panels are impartial. It also gives the inquiry chairman full legal powers to seek whatever evidence he needs within the inquiry's terms of reference. It does not, as some have suggested, give Ministers free rein to control inquiries in a way that suits their interests. It clearly sets out the respective roles of Ministers and those conducting the inquiry. It clearly spells out in statute what has been regarded as good practice in many inquiries.

The Bill will lead to greater accountability to the public, bringing new requirements to publish and contain costs. The chairman must have regard to costs as well as fairness when planning and conducting proceedings. The procedural rules to be made under the Bill will also aid decision making and strengthen the chairman's hand in controlling costs.

Many hon. Members made valuable contributions to the Bill's scrutiny and we had the opportunity to examine key aspects in debates on probing amendments. My hon. Friend the Member for Cannock Chase (Tony Wright) and his colleagues on the Public Administration Committee merit particular credit for their work. The Committee produced a thorough report on many aspects of the inquiry system and helped to inform debates. It will no doubt be a valuable source of best

[Mr. David Lammy]

practice. I also express my thanks to my hon. Friend the Member for Cambridge (Mrs. Campbell), who contributed her useful experience from the Select Committee to the work of the Standing Committee.

Of great concern to the Select Committee and to other hon. Members is the proper role of Parliament in inquiries. The hon. Member for North-East Hertfordshire (Mr. Heald) raised the matter earlier. The Committee made a number of recommendations that led to much interesting debate.

The Government accept that there is an important role for Parliament in all types of inquiry. We have introduced the requirement for Ministers to make statements to Parliament about the establishment of every inquiry under it so that Parliament can scrutinise those decisions. The Bill builds Parliament into the process for every inquiry conducted under the legislation and provides a framework for an appropriate amount of parliamentary involvement in each case. Under most of the legislation that the Bill will replace, there is no provision for any parliamentary involvement.

We were interested in the Select Committee's ideas about a wider role for Parliament in inquiries outside the Bill. As we said in our response to the Committee's report:

"There is no reason why the good work done by members through the present Select Committee system cannot be translated into a commission equipped to conduct a public inquiry."

We also said:

"The Government can see some merit in a formal channel for considering representations made via Members of either House of Parliament concerning whether an inquiry should be set up on a particular issue."

That is clearly for Parliament to consider, but the Government would be supportive of any work that Parliament wanted to do on developing parliamentary mechanisms of inquiry. From this point, we head out into a general election, but I have no doubt that my hon. Friend the Member for Cannock Chase will play a part in that work after the election.

Tony Wright (Cannock Chase) (Lab): May I put on the record my appreciation of the way in which my hon. Friend has handled this matter? He has acknowledged the specific question about Parliament's role in relation to a certain category of inquiry that is not caught by the Bill and I am grateful for his comments. I hope that, when we return after the election, he and the Government will be prepared to give the matter further thought, so that the House can reach a view on how it wants to carry it forward.

Mr. Lammy: I am grateful to my hon. Friend.

The Bill is important and I am pleased that we have been able to see it through. This is an historic moment for families, for people who use our public services and for people who are experiencing problems. The shining of public light on such problems that the Bill enables is fundamental to our democratic arrangements and we have brought the system into the 21st century. On that basis, I commend the Bill to the House.

5.17 pm

Mr. Jonathan Djanogly (Huntingdon) (Con): We agree that new legislation is required to initiate and regulate public inquiries. There is a pressing need to consolidate the many statutory and non-statutory bases for public inquiries and we need universal procedures that can be applied with certainty to such inquiries. Those procedures must allow sufficient powers to call witnesses and evidence while maintaining safeguards and minimising red tape and costs. It is important that we retain the appropriate level of independence, openness and parliamentary involvement to ensure public confidence in any conclusions drawn by a public inquiry.

The Government introduced the Bill in the other place at the end of last year. Although it dealt with some of the deficiencies of the present hotch-potch of rules, the Bill was fundamentally flawed. First, it removed all parliamentary involvement and thus democratic legitimacy from the public inquiry process. Secondly, it over-extended Ministers' powers to interfere in an inquiry at the expense of the inquiry's chairman, which would compromise an inquiry's independence, effectiveness and credibility. Thirdly, the Bill failed to address our concerns, due not least to the Saville inquiry, regarding the proper control of costs. In its original form, the Bill was wholly unacceptable to the Conservative Opposition.

I acknowledge that, since then, we have made great progress in amending the Bill to meet those concerns. First, through a compromise position reached in another place, we have ensured that Parliament has some involvement in public inquiries. Under the Bill as it is now, a Minister must inform Parliament of his intention to set up an inquiry, the extent of its terms of reference, who will chair it and how many will serve on the inquiry panel. Further clauses provide that a Minister must lay before Parliament any decision, supported by reasons, to suspend an inquiry or to bring it to an end before it has fulfilled its terms of reference. Those provisions will ensure parliamentary scrutiny and, I hope, debate. They will also facilitate public scrutiny of Ministers' central decisions relating to an inquiry.

Secondly, following the strong and eloquent argument of Lords Kingsland and Howe of Aberavon in the other place, we have boosted the chairman's involvement in key decisions relating to an inquiry. The chairman must now be consulted before a Minister decides who serves on the inquiry panel and when their appointment may be terminated; the extent of the inquiry's terms of reference and any modifications to them; whether it is appropriate to appoint assessors; when an inquiry is suspended; and when an inquiry may be terminated before the publication of its report. The added involvement of the chairman will help to promote the independence and effectiveness of inquiries. I hope that the chairman will not be political but have intimate knowledge of the progress and detail of the inquiry which, in turn, will help to improve public confidence in its conclusions.

It should be said, however, that those changes do not go as far as we had hoped in reining back the Government's extensive powers. In Committee, we proposed several further amendments to ensure the greater involvement of Parliament and chairmen in the inquiry process. Unfortunately, the Government rejected all our

amendments, despite wide-ranging support from numerous human rights groups and parliamentary Committees. I certainly mirror the Minister's congratulations to the Public Administration Committee, which has done much work on the Bill, but its recommendations have been largely ignored by the Government.

In addition to obstructing our positive amendments in Committee, the Government pushed through two unfortunate amendments of their own, which removed the compromise positions reached after much debate in the other place that allowed parliamentary involvement in inquiries into ministerial conduct and gave a veto to the Lord Chief Justice on the appointment of a judge to an inquiry panel. The amendments undo the efforts of our noble Friends and are of particular concern to the Conservatives. Like the original version of the Bill, the current post-Commons Committee version does not allow for any special procedure to be used to investigate ministerial misconduct. It will now be a Minister who sets up such an inquiry, determines its scope, the members of the panel and public access. A Minister will also decide whether it is to be terminated and whether a report will be published. It does not require a great leap of faith to realise that a Minister may have little or no interest in launching an investigation into conduct by himself or the Government. If the inquiry discovers an embarrassing or incriminating fact, he may be tempted either to restrict its scope or public access, or to interfere with the timing, form or publication of the report.

It is Parliament's role to hold the Executive to account and we maintain that Parliament should be involved in any inquiry into the Executive's actions. We proposed appropriate amendments in both Houses that would have ensured such involvement. The other place made some headway in cutting the democratic deficit by providing the option of laying a resolution before Parliament, but that progress was reversed by the Government in Committee. The Opposition have noted that the hon. Members for Cannock Chase (Tony Wright) and for Cambridge (Mrs. Campbell) proposed a new amendment to address the issue, although I hear that it has since been withdrawn. It is worth considering it, however, as it would require a resolution by both Houses where public concern focuses on the conduct of Ministers or Government Departments and where other forms of inquiry are not appropriate. The drafting of the amendment is not clear, but I interpret

"the conduct of Ministers or Government Departments"

to mean ministerial misconduct. Where Government Departments are under investigation, one or more Ministers would have to take responsibility. The amendment went some way towards introducing the necessary parliamentary involvement in inquiries into ministerial misconduct. However, in the eyes of the Conservative Opposition, it would not have gone far enough. A parliamentary resolution should be required for every public inquiry into ministerial misconduct, not just in those cases where other forms of inquiry would not be appropriate.

The provision is not only limited, but uncertain, which further restricts its usefulness. Who would decide whether other forms of inquiry were appropriate? Furthermore, there is no specific mechanism through which to debate the matter in Parliament. It may be the Minister who decides whether another type of inquiry is appropriate, which removes the benefit of taking the matter out of the Minister's hands. Also, there are no set criteria by which to judge whether another type of inquiry would be appropriate. That removes both certainty and consistency. The amendment was by no means perfect and did not adequately cure the deficiencies of the Bill in relation to inquiries into ministerial misconduct, but we recognise that it would have been an improvement on the Bill as it stands.

The second matter that causes great disappointment to the Conservative Opposition is the limited involvement of the Lord Chief Justice when a judge is asked by a Minister to serve on an inquiry panel. The current version of the Bill requires only that the Minister consult the appropriate judge, usually the Lord Chief Justice. That was the case in the original draft Bill but, following the compelling arguments of the Lord Chief Justice and other noble Lords, the other place divided against the Government to ensure that the Lord Chief Justice consents to a judge's involvement in an inquiry. Unfortunately, the Government used their majority in the House to reverse the good work done in the other place.

It is important that the Lord Chief Justice can veto the use of a judge on an inquiry panel. If not, the Bill will remain inconsistent with the concordat agreed between the Lord Chief Justice and the Lord Chancellor that only days ago became embodied in the Constitutional Reform Act 2005. Only the Lord Chief Justice retains the necessary independence and knowledge of the courts' resources to judge whether it would be appropriate to use a particular judge for an inquiry. Finally, the current situation could leave a judge in a difficult situation where a Minister and the Lord Chief Justice disagreed about his appointment. Could he refuse the Minister? It is unfortunate that the Government did not accept the Lords amendment.

In conclusion, the Conservative Opposition support the legislation to regulate public inquiries. We are encouraged by the many positive amendments that were secured in the other place but remain disappointed that so many amendments were rejected by the Government, particularly on the two key issues relating to parliamentary involvement in inquiries into ministerial misconduct and the Lord Chief Justice's involvement in the appointment of judges to inquiry panels. I ask the Minister to consider those issues carefully and note that, as they arise from amendments introduced in another place, the Bill must now return to the other place for further consideration. We shall observe with interest what progress may be achieved by their lordships.

5.28 pm

Tony Wright (Cannock Chase) (Lab): I shall be brief. I welcome the Bill, which in some ways took us by surprise. Those of us who were investigating the matter of inquiries were surprised when the Government decided to legislate during the same period. It is good that they should, for two reasons.

One is that the Bill focuses attention on the importance of inquiries. We take them for granted, but inquiries play a hugely important role in our public life. Usually in the context of something bad having happened that needs to be investigated, they enable us to take a step backwards, to subject a part of our public

[Tony Wright]

life to microscopic investigation and, hopefully, to learn lessons for the future from whatever has happened. It is a crucial part of our tradition of public life and public administration, and it is right that we should therefore focus on it in the way that the Bill forces us to do. We owe a huge debt to those who undertake inquiries and we have an obligation to learn from them. That is the first reason.

The second reason is that the effect of having this Bill is that many more inquiries will now be conducted on a statutory basis. At the moment, they are conducted on a variety of bases, many of them on an ad hoc basis. The effect of the Bill, contrary to some of the suggestions that have been made, is that it will bring far more inquiries within the orbit of statute, and so equip them with the powers contained in the Bill. Therefore, it is to be welcomed as a strengthening of the inquiry tradition as a whole.

Having said that, I want to put on record why some anxieties remain, to which I hope that we can return on another occasion. My hon. Friend the Member for Cambridge (Mrs. Campbell) and I tabled an amendment to explore some of those. As I have acknowledged already, the fact that the Government have been able to say something positive on the parliamentary issue has enabled us to withdraw that, but the matter still sits there and two issues connect.

One issue concerns the role of judges in inquiries and the role of the Lord Chief Justice in assenting to a judge serving on an inquiry. Having heard the evidence of the Lord Chief Justice on that point, it is clear that the judges take seriously what we invited them to take seriously, which is a move further down the road towards a separation of powers in this country. In the context of inquiries, they say that, if that is to be case, we must not think in the future, as has been the case in the past, that we can simply summon up a judge to conduct an inquiry in politically contentious areas, because that raises particular problems for the judiciary. That is well known in other systems. Over the years, it has become massively fudged in our system, but the judges now want to take that more seriously. We should be alert to that. It is not the case that judges are universally the best people to undertake inquiries. Some of the best recent inquiries have been undertaken by people other than judges.

A particular issue has arisen there that connects directly with the second outstanding issue. There is a category of inquiries that only Parliament should properly undertake. There is always difficulty in finding the words to describe those inquiries, but we know which they are and we heard evidence on the matter from many recent inquirers who said that there is a whole category of inquiry that it would not be proper for people such as them to undertake, because they are politically contentious inquiries that turn on the conduct of Ministers and on what happened in Departments. These are matters that Parliament must consider.

If we are honest with ourselves we will accept that Parliament is good at many, many things, but it is not well equipped to undertake forensic fact-finding inquiries. That is not what it does. It used to be so equipped in another age, but it is not any longer and we have had some recent examples of the difficulties that it gets into if it tries to undertake such inquiries. We have a choice here. Either we simply say that Parliament cannot undertake such inquiries any more and we must contract them out to somebody else, or not do them at all or we can say that there is a category of inquiries that only Parliament can properly undertake, so we must find a mechanism within Parliament for undertaking them. Some of us have been exploring what such a mechanism might be. That is the clear choice. The reason I was happy to withdraw my amendment was because I was and am confident that the Government have at least accepted our analysis, even if on this occasion they have not accepted our conclusion. However, it is an important issue and I hope that we can return to it early in the next Parliament, because if we do not, Parliament's standing will be diminished further. We either have to abandon formally this territory or reclaim it. There is no other choice in the matter. I hope that, after the election, the Government will enable Parliament to reclaim this inquiry territory.

5.35 pm

Mr. Paul Tyler (North Cornwall) (LD): I am delighted to follow the hon. Member for Cannock Chase (Tony Wright) for two reasons. First, he speaks with great authority on this issue and has experience and eloquence that I cannot match. He has given much attention to the subject both in his Committee and elsewhere. Secondly, I agree with the concerns that he expressed. At this stage, it will not be possible in a matter of a few minutes to address them in the Bill, but I hope that what the Minister said about unfinished business in this respect will be held to when Parliament meets again after the general election.

I and my colleagues in both Houses welcomed the opportunity of this Bill—an opportunity that I hope we have used for constructive improvement. As the hon. Member for Huntingdon (Mr. Djanogly) said, the Bill has improved since the Government introduced it. One issue of principle is extremely important, particularly, but not exclusively, in relation to the issues raised by the hon. Member for Cannock Chase. His Select Committee, the Public Administration Committee, gave a great deal of attention to the issues that are now before us and were before us in Standing Committee. Yet, the cross-fertilisation of that detailed inquiry into inquiries was not treated with the serious attention that it deserved.

As has been mentioned, the hon. Member for Cambridge (Mrs. Campbell) sought to introduce some major principles from that previous investigation by our Select Committee, which, after all, has a Government majority. As far as I recall, its recommendations were virtually unanimous, as the hon. Member for Cannock Chase may confirm. Yet the cross-fertilisation of that Select Committee work into a Standing Committee on the Bill simply did not take place.

There are wider issues that go beyond this Bill. A great deal of the most important work in this House is now done in Select Committee. If we cannot at least guarantee a clear channel to a Standing Committee of information, instruction and guidance from Select Committee work specific to a Bill such as this, there is something wrong with one Committee or other, or with the communication between the two. I suggest that the problem lies in the Standing Committee.

There is unfinished business, and not just in relation to the role of the Lord Chief Justice. I agree with the point made by the hon. Member for Cannock Chase, but I suggest that the issue is more specifically about the parliamentary role. The Minister referred to that, but I do not find the reassurance that he gave us wholly adequate. I hope that there will be a return to the issue. Much careful thought was given in Select Committee and in the other House to how inquiries that touch on the conduct of Ministers could be effectively set up. That involved terms of reference and how the inquiries were to conduct themselves while taking note of the fact that there was a ministerial component.

I regret that we have not made more progress on that matter. I have had experience of inquiries of various sorts, both statutory and non-statutory. To fail to address the problem and to have made so little progress on that thorny issue is unfortunate, given that we have only rare occasions on which legislation can improve such matters and that there may not be another such occasion for some years. As I said before, that is unfinished business. The integrity, independence and efficacy of inquiries is at stake if we do not get this right and it is unfortunate that we have not made more progress.

I pay tribute to the work of the hon. Member for Cannock Chase and his Committee, as, indeed, the Minister did, but I think that it would have been even better if the words that we have all expressed had been reflected in action and if the Committee's recommendations had been taken to heart and put into the Bill.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

Disability Discrimination Bill *[Lords]*

Considered in Committee.

[SIR MICHAEL LORD *in the Chair*]

5.39 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): I beg to move,

That the Bill be considered in the following order, namely, clause 18, clauses 1 to 17, new clauses, new schedules, clause 19, schedules 1 and 2, clause 20 and remaining proceedings on the Bill.

The proposed order of consideration will ensure that we can deal with the reasons why the Government are amending clause 18. I know that it is a remaining area of concern, and I want hon. Members to have a chance properly to consider the detailed reasoning behind our decision to remove the "depression amendment", as it has become known, which was introduced by the other place. That explains the somewhat strange order of consideration in terms of the numbering of the clauses.

I hope that that is sufficient explanation for the Committee to agree to the order of consideration.

Mr. Paul Goodman (Wycombe) (Con): On Second Reading, I asked the Secretary of State whether we would have time to consider the Bill in Committee and on Report, and he replied that he was confident that we would. That confidence has proved to be misplaced, and the proceedings before us are truncated. The Minister is right to want to provide a full opportunity to discuss what I shall describe in shorthand as the "depression amendment" and to devote some time to the matter. Although the proceedings are truncated—we are not happy about that—the Minister has set out a sensible basis on which we can proceed.

Mr. Richard Allan (Sheffield, Hallam) (LD): My hon. Friend the Member for Chesterfield (Paul Holmes) raised similar concerns on Second Reading. Hon. Members from both sides of the Committee fully support the Bill and do not want to see it obstructed, although Liberal Democrat Members have raised concerns about its late arrival in this Parliament. If we are to make the best of a bad job today by using the time as effectively as we can, the Minister's proposal is probably the best way, so we can at least get on the record some of the remaining concerns that exist around the difficult issues.

Question put and agreed to.

Clause 18

MEANING OF "DISABILITY"

Maria Eagle: I beg to move amendment No. 1, in page 46, line 1, leave out subsection (3).

This is the "depression amendment", which is a useful shorthand description that we are all using. It reverses the amendment introduced in the other place by removing clause 18(3), which inserts new sub-paragraph (2A) into schedule 1 to the Disability Discrimination

[Maria Eagle]

Act 1995. The Government firmly believe that that amendment of the definition of disability is not the right thing to do.

I assure the Committee that we have thought long and hard about the new sub-paragraph (2A), but we have concluded that we cannot accept it. Fundamentally, it undermines the most basic principle of the DDA—that a disability must be a long-term or permanent condition. Under the new provision, a person with depression could qualify under the legislation as disabled after experiencing unrelated depressive episodes totalling little more than six months, and it constitutes a special arrangement for one form of mental impairment, which I believe to be unwise. It introduces the arrangement with arbitrary boundaries, which are both unfair and confusing to those trying to understand its operation, either because they have depression and want to see whether they meet the definition or because they have obligations under the law and want to see whether a particular person to whom they have those obligations qualifies.

To be absolutely clear, new sub-paragraph (2A) would extend the DDA to people who have recurrent but unconnected short-term episodes of depression in a way that would be confusing, complicated to administer and potentially unfair to other disabled people and other people with depression.

Mr. Goodman: The Minister would confirm, would she not, that the clause includes new, radical and sensible arrangements from the point of diagnosis for those who have HIV and cancer? She therefore finds herself in the difficult position of arguing that there should be a departure in those cases but not in this one.

5.45 pm

Maria Eagle: I am not arguing against all extensions or changes to the definition, and we have thought long and hard about whether this one can be incorporated. Our difficulty is that the fundamental requirement of the Bill is that in order to be a disability a condition or impairment must be long term. We do not believe that short episodes of up to only just over six months could possibly qualify, particularly given that this relates to just one type of mental impairment. I will come on to say something about recurrence of short-term conditions; I hope that that may be helpful.

We believe that the amendment from the other place would be confusing and burdensome because everyone with duties under the 1995 Act—and the Committee should recall that we have just extended those obligations to cover 1 million small employers—would find it difficult to determine, without making extremely detailed inquiries, exactly who is covered by the new provision. It would be complicated to administer because there would be different rules to be applied depending on whether a person has depression or some other impairment. Employers, service providers and others with duties under the Act would have to keep detailed records in order to establish whether a person has met the "six months in the last five years" rule that the amendment would insert into the definition.

The amendment would be unfair to other disabled people. The majority of disabled people do not have special provisions enabling them to meet the long-term condition of the definition, and would have to prove that their impairment has lasted, or is likely to last, for at least 12 months. Creating a separate and more advantageous rule for some people with depression, but not all such people, is not fair on those other people. Moreover, people with other forms of mental illness would not be covered by the new rule. It would be unfair on other people with depression. Someone with a six-month episode followed by a one-month episode would find themselves within the definition, whereas someone with two five-month episodes would find themselves outside it. That is what I mean by saying that the amendment would impose arbitrary boundaries. It does not really make sense and therefore would not make sensible law.

It is important to recognise—people sometimes forget this—that the 1995 Act already provides protection if an impairment has recurring effects. Where an impairment ceases to have a substantial adverse effect on a person's ability to carry out normal day-to-day activities, it is treated as continuing to have that effect if the effect is likely to recur. Conditions with substantial adverse effects that recur only sporadically or for short periods will therefore qualify for protection under the existing legislation, provided that they are part of the same underlying impairment. That will include mental illnesses such as depression.

Let me make it clear to the Committee and to those who have supported the amendment's remaining in the Bill, that our seeking to reverse it does not indicate that we take the matter of mental illness lightly. On the contrary, we have demonstrated that we are willing to listen to concerns about mental health conditions and to amend the Bill where that is appropriate and desirable. That is why we have agreed to remove the requirement that a mental illness must be clinically well recognised, thus putting mental illness on a par with other, physical, impairments in the way that they are recognised in the definition. We have promised to consider whether the statutory guidance on the definition can be improved to show more clearly how mental illnesses, including depression, are already covered by the 1995 Act.

We are committed to taking forward a wide agenda to help people with mental health impairments. Last year, the social exclusion unit published its report on mental health and social exclusion and made several very important recommendations that are now being implemented. For example, Jobcentre Plus staff are being provided with improved training on mental health issues so that they can offer a better service to clients with a mental health impairment; and the National Institute of Mental Health in England has been tasked with taking forward recommendations in the social exclusion unit report that will tackle the stigma and discrimination that people face.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does the hon. Lady not accept that, whereas it is easy to predict that some conditions are likely to recur, the problem with depression is its unpredictability? That is the mischief that the Lords were trying to tackle. Is she really satisfied that what she has said so far would tackle the problem? It does not seem to me that it would.

Maria Eagle: I do not seek to suggest in any way that the current definition is perfection personified and

should be defended against any suggested amendment for all time. However, I do not believe that we are in a position to make a sensible amendment that is fair and proper and which achieves what is wanted by those who are trying to do something useful for people with depression. Our difficultly with the subsection is that the arbitrary nature of its drafting means that it is not useable in practical law. I will shortly make a suggestion about a potential future way forward that might satisfy the hon. Gentleman.

We certainly do not have closed minds on this issue, but I do not believe that putting impractical law on to the statute book is a way of dealing with the stigma and difficulty that those with mental ill health face. We are fully committed to improving the lives of people with mental health conditions, but this measure is not right and would go too far. If proposed new sub-paragraph (2A) is allowed to remain, it will seriously undermine one of the Act's basic [illegible]ts and the integrity of the definition of disability.

In moving the amendment, I seek the Committee's agreement on ensuring that the definition meets one of the fundamental policy objectives of the 1995 Act. The Bill is not the end of the road on disability rights. We will consider whether short-term conditions should be covered, but we believe that we should cover them strategically and across the piece, rather than covering just one type of condition. The Disability Rights Commission is reviewing whether the social model of disability can be incorporated into our legislation. We believe that that is the right and proper forum in which to consider the matter further.

Mr. Goodman: I listened to the Minister with care and I note that she said that the Government do not take depression lightly, which I am sure they do not. She also said that the Bill is not the end of the road, which I am sure it is not, and that, were the Government to be re-elected—I must add that that is extremely doubtful—they would consider the social model in detail. However, it is extremely regrettable that they are seeking to remove subsection (3), and I want briefly to explain why.

As the Minister acknowledged and as the shadow Leader of the House, my hon. Friend the Member for North-East Hertfordshire (Mr. Heald), pointed out a moment ago, it is widely recognised that depression can recur. It is also widely recognised that spells of depression often last for not more than six months, which is how the six-month period was arrived at. So someone who had an episode of depression would not be covered under the 1995 Act, which, in essence, stipulates that the effect of an impairment is a long-term one that has lasted, or is likely to last, for at least 12 months. As we all acknowledge, people who have had depression are sometimes discriminated against by employers. Such people are often hesitant to disclose previous episodes of depression when making job applications. Indeed, they may be deterred from applying at all.

The Joint Committee that considered the draft Bill, on which I served, recommended that people who experienced separate periods of depression totalling six months over a two-year period should be considered as meeting the long-term requirement. The Minister's colleague in the other place—Lord Carter, I believe—tabled an amendment to that effect, which the Government rejected. My noble Friend Lord Skelmersdale later tabled an amendment to protect any person with depression who had experienced during the previous five years an episode of depression lasting six months or so. Such a person would have received cover, but the Government opposed it. The other place considered it and passed the amendment.

My colleagues and I feel that the Government have somehow boxed themselves into a corner on this matter. As the Minister acknowledged when I intervened a few moments ago, there are some modifications—very welcome modifications in respect of cancer, HIV or multiple sclerosis—to the definition of disability in the clause. It would have been sensible for the Government to leave the provision in the Bill, not seek to remove it. MIND, an organisation intricately involved in working with people with depression, described the amendment as

"a step in the right direction".

The organisation also said:

"The Government's insistence on removing the amendment makes it look like it is ignoring the problem in the vain hope that it will go away. It sullies what is, in most other respects, an excellent piece of legislation."

We agree and we believe that disabled people will be puzzled by the Government's insistence on removing this provision from the Bill. I hope that they will take note of that intention in the next few weeks and beyond. If the Government press ahead and insist on removing the excellent amendment tabled by my noble Friend Lord Skelmersdale, we will divide the Committee on the issue.

Mr. Allan: The amendment tabled in the other place also received the support of my colleagues as we felt that the circumstances of people with depression should be acknowledged more clearly in the Bill. We accept that helpful progress has been made, as the Minister said, in the context of people with mental health conditions. It has been accepted that mental illness no longer needs to be clinically recognised if it is to form the basis of mental impairment, but in a sense, that is a different point. That broadens the scope of the conditions that can be brought within the framework, but depression is clinically well recognised and we are considering whether the Bill would, without the amendment, provide sufficient protection for people who suffer from depression. The hon. Member for North-East Hertfordshire (Mr. Heald) referred to the patterns that depression may take and there remain genuine concerns about whether people with depressive illness who suffer discrimination will be sufficiently protected by disability discrimination legislation.

The Minister made helpful reference in her introduction to the fact that further guidance may be necessary. If the Government have their way and the amendment proposed by the other place is removed, we would certainly want further discussions on the matter. That could be an alternative to having binding time limits set out in the Bill. Guidance could be sent out to the relevant public bodies, employers and so forth to inform them about the pattern of depressive illness that falls within the definition of a disability against which discrimination may occur.

That could provide a helpful way forward, but as we stand at the moment, there remains the potential for people with serious depressive illness to be discriminated

[Mr. Allan]

against. They could find that when they turn to the law, they do not have sufficient protection. That is our motivation for seeking to maintain a provision directly in the Bill. If that falls, I hope that the Minister will be able to advise us of alternative routes to the same objective, perhaps through guidance. As the Minister said, different forms of mental illness have different patterns of recurrence. We do not wish to discriminate between them, but want to ensure that they are all properly covered.

Mr. Peter Pike (Burnley) (Lab): I would like to make a few brief comments. I am sorry that I missed the opening of the debate, but I was delayed and proceedings moved a little quicker than I had expected. This will probably be my last opportunity to make a short contribution to a debate in this place.

I listened carefully to what the Minister said. Her most important comment was when she said that this was not the end of the road. Clearly, the Government's record— and that of the Labour party—on the whole range of disability issues over the years has been excellent.

I have no doubt that the Government will deliver on their proposals, and that they will make further progress. A few years ago, a member of my family suffered from depression. I know that it is a very difficult problem to deal with, because it is impossible to understand what a person suffering from depression is really thinking, or how much it gets on top of them. It is very easy to tell someone that they should snap out of it, but that serves no useful purpose. In fact, it has the opposite effect.

Depression presents a real problem for medical people, as do myalgic encephalomyelitis and chronic fatigue syndrome. We are making progress on those matters, but we still have a long way to go when it comes to understanding how sufferers are affected.

I want the Bill to achieve Royal Assent, and if the amendment is forced to a Division I shall back my hon. Friend the Minister. I believe her 100 per cent. when she said that this is not the end of the road and that further progress will be made in the years ahead, after the Labour Government have been re-elected.

Question put, That the amendment be made.

The House divided: Ayes 214, Noes 98.

Division No. 154] **[6.1 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'ty NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Battle, rh John
Bayley, Hugh
Beard, Nigel
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Byers, rh Stephen
Byrne, Liam *(B'ham Hodge H)*
Cairns, David
Caplin, Ivor
Cason, Martin
Challen, Colin
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Coffey, Ms Ann
Cohen, Harry
Connarty, Michael
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Cranston, Ross
Cruddas, Jon
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Dawson, Hilton
Denham, rh John
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, rh Derek
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hepburn, Stephen
Heyes, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, rh Beverley *(Stretford & Urmston)*
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Robert *(Wantage)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Khabra, Piara S.
Kilfoyle, Peter
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, rh Thomas
McCabe, Stephen
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, rh John
McKechin, Ann
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWilliam, John
Mahmood, Khalid
Malleber, Judy
Mann, John *(Bassetlaw)*
Marshall, David *(Glasgow Shettleston)*
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Mole, Chris
Moonie, Dr. Lewis
Morley, Elliot
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Purchase, Ken
Purnell, James
Quin, rh Joyce
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Salter, Martin
Savidge, Malcolm
Sheerman, Barry

Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Soley, Clive
Speller, rh John
Stewart, Ian *(Eccles)*
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Timms, Stephen
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Wareing, Robert N.
Watson, Tom
Watts, David
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Betty *(Conwy)*
Winnick, David
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Iain *(Hartlepool)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. John Heppell and Margaret Moran

NOES

Allan, Richard
Amess, David
Arbuthnot, rh James
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Burnett, John
Burns, Simon
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Cormack, Sir Patrick
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Duncan Smith, rh Iain
Evans, Nigel
Field, Mark *(Cities of London & Westminster)*
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gillan, Mrs Cheryl
Goodman, Paul
Greenway, John
Grieve, Dominic
Hayes, John *(S Holland)*
Heald, Oliver
Hendry, Charles
Hoban, Mark *(Fareham)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Jenkin, Bernard
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Maude, rh Francis
Mawhinney, rh Sir Brian
May, rh Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Paterson, Owen
Prisk, Mark *(Hertford)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Seyeed, Jonathan
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Stanley, rh Sir John
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Thurso, John
Trend, Michael
Trimble, rh David
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. Peter Atkinson and Gregory Barker

Question accordingly agreed to.

Question proposed, That the clause, as amended, stand part of the Bill.

Mr. Allan: I do not wish to delay the Committee for long this afternoon because we have a lot of other business to deal with, but I simply want to place on record the concerns that remain among Liberal Democrat Members about another aspect of clause 18: the ability to prevent, by regulation, certain types of cancer from falling within the Bill's scope.

I understand that the issue was debated at some length on Second Reading, but our concerns remain about how such things will be achieved, and in particular about how we can respond to the concerns about the possible exclusion of people who should fall within the Bill's scope that have been expressed by a lot of significant cancer charities and other bodies interested in caring for people with cancer. We are not able to do anything about that today, and it is a source of much regret among Liberal Democrat Members that we did not have the normal long Committee stage to achieve a more significant debate about an issue that is very important to people who suffer from cancer.

6.15 pm

As I said in my opening remarks, we do not wish the Bill to fall—we want it to reach the statute book—but we would have preferred such legislation to be introduced a couple of years ago, when we might have had the time to debate such issues at greater length. I do not expect to make progress this afternoon, but I want to ensure that, as the Bill completes its stages, the outstanding concerns about how people with one type of cancer may be excluded remain on the platform for political debate. I hope that the Minister can offer at least an update on her thinking on the issue, although I realise that she would have said something about it on Second Reading and perhaps has nothing to add today, but it would be helpful if she could fill us in on where she has got to with her thinking, as she did with the previous amendment.

Question put and agreed to.

Clause 18, as amended, ordered to stand part of the Bill.

Clauses 1 to 17 and 19 ordered to stand part of the Bill.

Schedules 1 and 2 agreed to.

Clause 20

SHORT TITLE, INTERPRETATION, COMMENCEMENT AND EXTENT

Maria Eagle: I beg to move amendment No. 2, in page 47, line 23, leave out subsection (12).

This amendment will remove the privilege amendment that was made in another place. As hon. Members will be aware, the financial powers of the other place are restricted by the rights and privileges of the House and by the Parliament Acts. As the Bill originated in another place and contains financial

[Maria Eagle]

provisions, a privilege amendment was added before its introduction in the House to ensure that the House's financial privilege was not infringed. The privilege amendment provided that nothing in the Bill should impose or vary any charge on the people or public funds. The amendment is technical, but it is necessary to remove the privilege amendment, thereby reinstating the financial provisions.

Mr. Goodman: I had a number of carefully probing questions about the amendment, but the Minister has assured the Committee that it is purely technical, and I will respond in that spirit.

Amendment agreed to.

Clause 20, as amended, ordered to stand part of the Bill.

Bill reported, with amendments.

Order for Third Reading read.—[Queen's Consent, on behalf of the Crown, signified.]

6.19 pm

Maria Eagle: I beg to move, That the Bill be now read the Third time.

Elsewhere in the Palace of Westminster at this very moment, parliamentarians past and present from both Houses are celebrating the 30th anniversary of the implementation of the Chronically Sick and Disabled Persons Act 1970. It was an achievement of Lord Morris of Manchester, who was the first Minister for disabled people, and the first legislative recognition in Britain that disabled people need adjustments to have equality. The passage of this Bill, somewhat more expeditiously than we had all originally expected and perhaps than many of us would have liked, builds on that insight of Lord Morris and is a real and lasting achievement for disabled people in Britain.

The Bill strengthens, deepens and widens the coverage of our anti-discrimination legislation. It extends the law to all functions of public authorities and places a duty on them to promote equality of opportunity for disabled people. It plugs remaining gaps in our existing law by including councillors, political parties and other larger private clubs within its provisions, and it completes the proper coverage of transport by including it under part 3 and setting end dates for existing public transport vehicles to be fully accessible. New vehicles already have to be.

I would like to thank all those who have improved the Bill—in particular, the Disability Rights Commission and organisations of disabled people—by responding to consultations and giving evidence to the Joint Committee. I would like to thank parliamentarians in both Houses who have contributed extensively. Last but not least, I would like to thank very warmly my officials who have worked well and tirelessly for a number of years to get this Bill right.

The House is doing good tonight. This is a Bill of which we can all be proud. It is a stepping stone towards the Labour Members' goal of giving disabled people full opportunities in life to live, work and contribute to our society like anyone else, and to have equal respect and equality. It is also the fulfilment of a manifesto commitment. I commend the Bill to the House.

6.21 pm

Mr. Goodman: We have said before that we think it a pity that the House has not had an opportunity to have full Committee and Report stages, which would have enabled the Minister to respond, for example, to the points that were raised by the hon. Member for Sheffield, Hallam (Mr. Allan). However, it is an extremely welcome Bill that has had strong all-party support. It builds on our Disability Discrimination Act 1995, and it is part of a journey that Lord Morris was one of the first parliamentarians to set in progress. The Minister was right to refer to him.

It is a much improved Bill as a result of consideration in the other place, and the Disability Rights Commission has correctly paid tribute to my party and other political parties for helping to bring this happy conclusion about. I pay tribute to my colleagues Lord Skelmersdale and Lord Higgins for improving the Bill. If we had had full Committee and Report stages, I am sure that I would at this point have been able to thank the Minister for guiding us through those proceedings skilfully and with good humour. I do not have a chance to do that, but her role on the Bill should not go without a passing comment. She has worked very hard on it and gave strong evidence to the Joint Committee.

This is an extremely important Bill. It will make a real difference to disabled people, and it passes another milestone in the continuing journey to a society of more equal opportunities and social justice.

6.23 pm

Mr. Allan: I have arrived at the Bill late in the day because of the unavoidable absence of my hon. Friend the Member for Chesterfield (Paul Holmes) who, like many other Members, is elsewhere because of events that appear to be starting in constituencies. I place on record my thanks to him for the work that he has put into the Bill, and his thanks to the Minister, the hon. Member for Wycombe (Mr. Goodman) and everyone else who has worked on the Bill.

The Bill has rightly enjoyed strong cross-party support. It is instructive that the original Bill was introduced in 1995 under a previous Administration, and 10 years later we are amending it with a Bill from an Administration of a different party. Such issues are so important to many of our constituents, irrespective of party, that they rightly achieve cross-party consensus. They perhaps benefit more from consensus than other legislation that is introduced consensually, but does not always have the same positive effect.

We hope that the Bill will become law. As the hon. Member for Wycombe said, it will make a significant difference to many people throughout the country, especially by addressing transport and including people with conditions such as HIV, cancer and multiple sclerosis in the definition of those covered by disability discrimination legislation. We wish it every success on the statute book.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

Public Services Ombudsman (Wales) Bill *[Lords]*

Considered in Committee.

[SIR MICHAEL LORD *in the Chair*]

Clauses 1 to 45 ordered to stand part of the Bill.

Clause 46

SHORT TITLE

Amendment proposed: No. 2, in page 26, line 33, leave out subsection (2).—*[Mr. Touhig.]*

6.26 pm

Mr. Bill Wiggin (Leominster) (Con): I am surprised that there is a Government amendment to the Bill, although I suspect that it is very technical.

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig) *indicated assent.*

Mr. Wiggin: I am extremely grateful to the Minister for nodding vigorously because I had suspected that we were going to be considering only one amendment today.

Amendment agreed to.

Clause 46, as amended, ordered to stand part of the Bill.

Schedule 1

PUBLIC SERVICES OMBUDSMAN FOR WALES: APPOINTMENT ETC.

Mr. Wiggin: I beg to move amendment No. 1, in page 27, line 18, leave out 'seven years' and insert

'five years, renewable for a further five years'.

There was only one aspect of the Bill that I thought required amendment. To achieve the best for the people of Wales, we still think that the most appropriate length of term for the ombudsman is a renewable five-year term. The length of the ombudsman's term of office is of the utmost importance. A concession was made in the other place to reduce the original suggestion of a 10-year appointment to one of seven years, which was clearly preferable, although far from ideal.

A seven-year term for a single post certainly has advantages over one of 10 years, but we want to keep the post invigorated and keep incentive alive, while ensuring that proper performance is key at all times. The greatest merit would be to have a five-year term that was renewable for a further five years. Of course we do not want the term to be too short because the ombudsman must be able to build up experience and expertise and have the time to bring about real change. However, there must be accountability and such qualities must be able to be refreshed as the priorities of the job change over time.

Mr. Win Griffiths (Bridgend) (Lab): Might there not be more sense in having a seven-year appointment initially because the ombudsman in Wales will have a new role and thus might need a little extra time? However, perhaps the appointment could be made for five years, and renewed for a further five, when the office is well bedded down. Perhaps the hon. Gentleman will think about what he wants to do with his amendment on that basis.

Mr. Wiggin: The Government will have heard the hon. Gentleman's sensible suggestion. However, if we pass the Bill, I do not think that we will be able to amend it at a later date to change the length of the term. I suspect that that might become a matter for the Assembly. The important thing today is to clarify exactly why the Welsh Affairs Committee suggested a "five plus five" solution.

6.30 pm

The point about an initial seven-year period is valid and helpful. A seven-year term is still too long, but such guaranteed longevity does not provide the ombudsman with the best circumstances in which to operate in the long term. The objections that a five-year term is too short, that it would not attract top-quality candidates and that it could affect the ombudsman's decisions towards the end of his term are particularly cynical. I hope that an ombudsman who is likely to be influenced by the prospect of not having his term renewed will not be appointed to begin with.

If the post does not attract high-quality candidates, what does that say about the people who seek election to this place? Hon. Members are appointed for up to five years. Invariably, some of us are appointed for less time. I can see no reason why five years should not be the time period. Nor do I understand why the difference between a five-year term—in all likelihood to be renewed for a further five years—would make a great deal of difference to the calibre of candidates. That the term of office should be long enough to attract the "right kind of person" to the post, as suggested in the other place, raises the question: what does the "right kind of person" refer to? Surely those deterred by the fact that they may serve only a five-year term instead of seven years might not be the right kind of person in the first place.

The best candidates for the position of ombudsman should be dedicated to the job of being an ombudsman regardless of the length of tenure of office. If he or she is of the highest calibre, in practice they will serve a term of 10 years anyway, which is even better than the seven years. The arguments against that are not sufficient to explain the Government's inflexibility. It is simply a poor argument to suggest that good-quality candidates would be deterred from applying for the office if the term is only five years long.

New Zealand set the precedent for ombudsmen, establishing the first ombudsman in the English-speaking world more than 40 years ago in 1962. Its system is similar to ours and the appointments are made for five-year terms, with the possibility of reappointment. The situation is the same in other Commonwealth countries, and the ombudsman Act in Alberta, Canada states:

"a person appointed as Ombudsman holds office for 5 years . . . until the person is reappointed, or the person's successor is appointed".

Other ombudsman appointments across the UK show a similar pattern. The chief inspector of schools is appointed for five years. No parliamentary and health service ombudsman has served for longer than five

[Mr. Wiggin]

years. All appointments to the Independent Police Complaints Commission are for five years, with the possibility of a five-year extension. It does not seem that the length of term of office for such posts has deterred high calibre applicants. Indeed, I wonder why so many other ombudsman schemes would use that pattern if that were the case.

The Scottish public service ombudsman—perhaps the closest model to that proposed for Wales—is an appointment of five years with the opportunity of reappointment. It is clear that the working of the arrangement has been successful as part of the clearly beneficial establishment of a single ombudsman service for Scotland. It achieves what is effectively to be a 10-year term if all goes well, as Mr. Eric Drake, the Scottish deputy public service ombudsman, said in evidence to the Welsh Affairs Committee on 17 January.

Under our proposal, those who consider a 10-year term most appropriate would still achieve that objective, yet the ombudsman would also be accountable at the halfway stage. To achieve the original aim of a 10-year term, while also making the ombudsman accountable and the role reinvigorated, an appointment for five years, with a five-year renewable option, is clearly best. That is by far the most appropriate way to proceed in achieving a balance between an accountable and flexible term of office and the need for stability.

The Welsh Affairs Committee agreed with that, stating that a reduction in the length of the ombudsman's tenure, from 10 years to seven, would not improve the Bill, and it agreed with the renewable five-year appointment. Page 9 of the Select Committee report states:

"we recommend it reconsider appointments on a five year basis with the possibility of reappointment for a further five years."

A recently published report on the Bill by the National Assembly's Local Government and Public Services Committee similarly recommends that

"the bill be amended to make the Welsh Ombudsman's term of office five years with the ability to reappoint for a further five years."

The opinions of those who have debated the issue in the other place, in the Select Committee and in the Assembly are clear. Furthermore, it was clear in our debate on Monday that there was widespread support for a renewable five-year term. As the Chairman of the Welsh Affairs Committee, the hon. Member for Clwyd, South (Mr. Jones), said:

"I believe that the five-year plus five-year appointment plan, which is used for the Scottish ombudsman and thus has the benefit of consistency, represents a better balance between the need for stability in post and the need to reinvigorate the office periodically. It also offers opponents of a 10-year appointment a statutory moment for reflection."

The hon. Member for Brecon and Radnorshire (Mr. Williams) commented:

"I, like other hon. Members, am disappointed that the Government cannot accept that the term of appointment for the ombudsman should be five years, with the possibility of a five-year reappointment . . . Seven years is a halfway time period, but the Bill does not provide the opportunity for reappointment, so that provision has all the faults and none of the virtues."—[*Official Report*, 4 April 2005; Vol. 432, c. 1146–47.]

I think that the hon. Gentleman was absolutely right.

The Government must accept that a renewable five-year-term appointment is greatly preferable to the proposed seven-year tenure. Although it is clear that there is general consensus in favour of the Bill becoming an Act, were it amended to provide for a renewable five-year term for the ombudsman, it would be even better.

Mr. Andrew Stunell (Hazel Grove) (LD): I support the amendment and the arguments of the hon. Member for Leominster (Mr. Wiggin). I draw the Committee's attention to the fact that the evidence presented to the Welsh Affairs Committee was, on the whole, in favour of a 10-year term on the ground that that would result in a stable appointment that would be beyond the reach of political or other external influence and would be truly independent. The Committee weighed up that evidence and decided that it wanted a more flexible approach; it recommended a term of five years, which has been proposed again today in the form of the amendment.

I echo the words of my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams), which the Conservative spokesman quoted a minute or two ago. A seven-year term is neither one thing nor the other: it would provide neither the long-term stability of a 10-year appointment nor the flexibility of a five-year appointment. To pick up the point made by the hon. Member for Bridgend (Mr. Griffiths) in his intervention, when making an appointment for the first time, one might not want someone who will be in the post for a very long time, because if one has made a mistake or the individual in question finds that the nature of the job is different from the one that he or she undertook, one may well want to revisit the decision in five years rather than wait for seven years, which is a long time to carry on with a mistaken appointment.

It seems to the Liberal Democrats that the right approach would be to follow the recommendation of the Welsh Affairs Committee and adopt the five-year appointment with the possibility of renewal for a further term. The proposal in the Bill as it stands is neither one thing nor the other. I hope that the Minister will try to explain the potential benefits of having a seven-year term, bearing in mind that the evidence received was that a 10-year term would have some benefits, as would a five-year term, whereas a seven-year term offers the benefits of neither. Seven years is an arithmetically neat compromise, but it would achieve the objectives of neither of the other two proposed terms of appointment. I hope that the Minister will think again and decide, by accepting the amendment, to accept the proposals made by the Welsh Affairs Committee and by my noble Friends in the other place.

Mr. Touhig: The amendment tabled by the hon. Member for Leominster (Mr. Wiggin) would provide for a fixed-term appointment of five years that could be renewed for a further five years. I am sure that the hon. Gentleman is aware that the tenure of the ombudsman's appointment was the subject of extensive debate in the other place. As I said on Second Reading, our priority is to ensure that the ombudsman is, and is seen to be, independent of government and to protect the office from any perception that that is not the case. At the same time, the Government believe that it is important that there should be regular opportunities to inject new

blood to reinvigorate the office. That is not an easy balance to strike, as we are mindful of the need to attract candidates of the highest calibre when vacancies arise.

We are not suggesting that an ombudsman who is subject to reappointment would be swayed by the Executive in the performance of their functions, but we are firmly of the view that a renewable appointment creates the risk of a perceived lack of independence for the office. If the amendment were accepted, decisions about the renewal of the appointment would clearly be a matter on which the Secretary of State would advise the Queen after consultation with the Assembly. However, the Assembly is one of the bodies within the ombudsman's jurisdiction, which is not quite right if we are to attach, as surely we must, considerable importance to the independence of his office.

It is not only the Government who are concerned about that. We consulted widely on the question of tenure of office, and the responses that we received were mixed. Some people argued for a single fixed-term appointment, some for a renewable appointment or even an appointment up to the age of 65. However, all the responses impressed on us an overwhelming concern that the office should retain its independence and should not be seen to be influenced by the Executive. A single fixed-term appointment of seven years delivers that objective. The Government believed that their original proposal for a non-renewable fixed-term appointment of 10 years delivered our objective, but on reflection we conceded that seven years more accurately struck the balance that we sought.

It may assist colleagues if I remind them of what happened in the other place and what was said by Opposition spokespersons on Wales. The Government amendment reducing the ombudsman's term of appointment from 10 to seven years followed detailed and extensive debate. On Second Reading, the 10-year appointment was a cause of concern to their Lordships, who felt that it was too long. In Grand Committee on 25 January, Lord Roberts tabled an amendment on behalf of the Conservative Opposition to introduce a five-year term renewable for five years. Baroness Gale with, the hon. Member for Hazel Grove (Mr. Stunell) may be interested to learn, the support of the Liberal Democrat Lord Livsey and others, tabled an amendment to reduce the term of appointment to seven years. It is sometimes important that we speak with the same voice, even though we are in different Houses.

The Government agreed to table an amendment reducing the period of appointment to seven years on Report. That was welcomed by some peers, including Lord Roberts, who said:

> "I am certainly not one to quibble with a compromise. I am very happy to accept the seven-year period."—[*Official Report, House of Lords*, 25 January 2005; Vol. 668, c. GC 372.]

Quite properly, Lord Roberts returned to the issue on Report on 10 February, as he still thought that a five-year term was the best option. However, the Government amendment, which reduced the term of appointment to seven years, received support from Lord Livsey among others. After listening to the debate, Lord Roberts did not in fact move his amendment for a five-year renewable term.

During the debate, Lord Roberts acknowledged that a seven-year period was an improvement on the original 10-year period. The hon. Member for Leominster said that an ombudsman who could be influenced by the possibility of the renewal should not be appointed in the first place. I entirely agree, but I am trying to make the point that there could be a perception of influence, so it is important that we tackle that. My hon. Friend the Member for Bridgend (Mr. Griffiths) asked about varying the term of appointment at a later stage, but there is no provision in the Bill to allow that, and we would need another piece of primary legislation to do so.

Mr. Win Griffiths: If, at a later stage, the House of Commons gave the Welsh Assembly law-making powers, surely it could amend the Bill on the Floor of the Assembly at an appropriate time?

Mr. Touhig: I shall not be tempted down that road. I have no crystal ball and I would not like to speculate whether there will be any changes to the government of Wales legislation at some time in the future. What my hon. Friend says would be accurate, but I would not wish to be tempted at this stage.

6.45 pm

Much has been said in the House and in the other place about the virtue of the public service ombudsman in Scotland being a five-year appointment, with an option of a further five years. But Scotland has not yet reached the end of its first five-year term, so we do not know whether it is a better model than the one that we are proposing.

On Second Reading, the hon. Member for Leominster referred to the Welsh Affairs Committee report and its response to the Bill. The Committee recommended:

> "That the Government reconsider its decision to reduce the length of tenure of the Ombudsman in the light of our evidence",

but added:

> "Should the Government believe that a balance needed to be made between security of tenure and the opportunity to reinvigorate the office,"

the Committee recommended that the Government

> "reconsider appointments on a five year basis with the possibility of reappointment for a further five years."

I formally responded to that report earlier today, setting out the Government's position.

In view of the comments made by the hon. Members for Leominster and for Hazel Grove, I should draw attention to the fact that when taking evidence the Committee did not, to my knowledge, directly pose the question to all witnesses as to whether the appointment should be for a single fixed term or a fixed term renewable. In most instances witnesses were asked whether they thought a fixed term of 10 years was appropriate. If asked again, those same witnesses may be content with a fixed-term appointment of seven years. We simply do not know.

Finally, it is not entirely clear whether the amendment moved by the hon. Member for Leominster is intended to have the effect that, if renewed, the ombudsman's second term would flow straight after his first term.

[Mr. Touhig]

I think that is probably the intention, but if it is not, the amendment would have an unintended consequence. Paragraph 4(4) of schedule 1 provides that any person who has been appointed as an acting ombudsman is eligible for appointment as the ombudsman, unless he has already held office as the ombudsman. That was drafted on the basis that the ombudsman's appointment would be a single fixed-term appointment.

If the amendment does not have the effect that I described, it would mean that a person who had been the ombudsman for five years and who had stepped down and taken up the post of acting ombudsman could not seek a renewal of appointment as the ombudsman for another five years because of paragraph 4(4) of schedule 1.

I hope that, after that brief explanation, the hon. Gentleman feels reassured that we are trying to strike a difficult balance. I believe we have made the right decision. Time will tell. I hope that, in the light of my comments, he will feel able to withdraw his amendment.

Mr. Wiggin: I am grateful for the opportunity to respond.

I notice that the hon. Member for Ogmore (Huw Irranca-Davies) is in his place. On Monday, when I was reading *Hansard*, it appeared that I had said that I had visited his constituency, which I had not. I take the opportunity to set the record straight. I referred to "hon. Members", and the record identified him. That is where the misunderstanding arose, and this is my opportunity to put it right.

I am grateful to the Minister for his clear explanation of the thinking behind the seven-year term. Particularly important is the point that he made about perception, because of the influence of the Assembly and the influence of the ombudsman over the Assembly. I found the Minister's comments helpful.

I pay tribute to my noble Friend Lord Roberts of Conwy, who has been tremendous in his attentiveness and his assiduous appreciation and critique of the Bill. He rightly said that he would not quibble over seven years. Having knocked three years off the period of the appointment, he felt that he had done extremely well, and I am inclined to agree with him. He is a wise man. He had correctly identified the correct term and I should follow his example and not quibble. What helps me further is the point that the Minister made about drafting.

I am not a great draftsman and it is extremely difficult to pen a quick amendment that is perfect in every way. I am sure that the real experts, wherever they may be, are capable of identifying drafting errors, but the point about the ombudsman being able to be reappointed despite his term of office not running concurrently would be singularly unhelpful and undo the purpose of the five-plus-five amendment, as the Minister rightly said. Having made those points and having paid tribute my noble Friend Lord Roberts, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Schedule 1 agreed to.

Schedules 2 to 7 agreed to.

Bill reported, with an amendment.

Order for Third Reading read.

6.51 pm

Mr. Touhig: I beg to move, That the Bill be now read the Third time.

At the outset, I pay tribute to Members in the other place and in this place, colleagues in the Assembly and officials who have worked hard in a very short time to bring forward this worthwhile Bill. Our consideration of the matter at an earlier stage means that it has widespread support across the House.

The Bill will bring together the offices of the commission for local administration in Wales, the health service commissioner for Wales, the Welsh Administration ombudsman and, when established later this year, the social housing ombudsman for Wales into a unified jurisdiction led by one person, the public services ombudsman for Wales. It will establish a public services ombudsman for Wales for the first time in a unified situation, providing a modern, flexible and accessible service for members of the public who wish to complain about most public service providers operating in relation to Wales.

The Bill contains a number of new provisions. It gives the ombudsman important powers of investigation in his own right, but it also allows him to seek to resolve disputes between complainants and the relevant public bodies without the need for a formal investigation. It provides for him to issue guidance to all bodies within his jurisdiction on the requirements of good administrative practice—a matter on which we touched on Second Reading—a power that only the local government ombudsman had previously. It provides powers to permit him to work jointly with other ombudsmen, including the parliamentary commissioner and the health service commissioner for England, for the investigation of cross-border complaints.

Finally, the Bill makes express provision to ensure that, in the area of health and social care, the ombudsman can look synoptically at complaints about the consequences of decisions made by social care professionals while working alongside clinical colleagues.

This is an immensely worthwhile Bill, which will give Wales a first-class ombudsman service for the 21st century. I am very pleased that it has had widespread support in the House and in the other place, and with those few remarks I commend it to the House.

6.53 pm

Mr. Wiggin: Not for the first time this evening, I agree with the Minister. I was concerned that should my amendment have been carried, the Bill would not have made it on to the statute book. As the Minister says, this is a worthwhile Bill, and I, too, pay tribute to the Committee in the Assembly as well to my colleagues and my noble Friends in the other place.

As I stated on Second Reading on Monday, this is a helpful Bill with clear potential to improve the standard of public services for the people of Wales. I have previously raised my concerns over the need for us to be certain that Welsh taxpayers' hard-earned money is spent wisely in the implementation of the changes that the Bill outlines, and through my amendment I have also touched on areas where the Bill could have been improved. However, the Bill is helpful in achieving the

best for the people of Wales, and while it might have been more constructive had the term of office been a little shorter, it is still acceptable.

We have also seen considerable improvements as a result of the amendments tabled by my Conservative colleagues in the other place. My noble Friend Lord Roberts of Conwy achieved the inclusion of the provision ensuring that the Secretary of State must consult the Assembly before recommending a person for appointment as the ombudsman. That will assist in securing a more accountable and impartial appointment. I am also thankful that the ombudsman will have a level of political independence because of the fact that he can be removed only on grounds of ill health or misbehaviour, and that he can in the last resort seek the view of the High Court. That gives him the legal power that will remove any possibility of his decisions being ignored by the authorities involved.

In seeking to achieve the very best for the people of Wales, we are happy that the Bill will make it on to the statute book. It is a helpful Bill and I am glad that I have been able to play my very small part, along with all those whom I have mentioned.

6.55 pm

Mr. Stunell: I add the support of the Liberal Democrats, who welcome the Bill. When we review the Bill's purpose, we have to say that it is an important tidying-up provision, making it much easier for residents in Wales to understand how they might make a complaint. All of us who serve in this House know that the general public are well aware of the ombudsman service, but are often not well aware of which particular ombudsman they should approach to deal with specific complaints. It is good to see a public service ombudsman Bill before the House, and I hope that it will now complete its passage quickly.

The Bill has been improved in the debates at this end of the building and at the other end. I welcome the fact that the Welsh Assembly will have a role, through consultation, in the appointment of the ombudsman, and I note that it will have the capacity to amend the remit of the ombudsman service, with the social housing provision coming quite soon.

I regret that we have not got exactly what we wanted on length of tenure, but there is no doubt that the Bill as a whole is worth while, deserves the support of the House and will benefit the residents of Wales.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with an amendment.

Commissioners for Revenue and Customs Bill

Lords amendments considered.

Clause 13

EXERCISE OF COMMISSIONERS' FUNCTIONS BY OFFICERS

Lords amendment: No. 1.

Motion made, and Question proposed, That this House agrees with the Lords in the said amendment.—*[John Healey.]*

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to deal with Lords amendments Nos. 2 to 9.

6.57 pm

Mr. Andrew Tyrie (Chichester) (Con): I am disappointed that the Minister did not feel that he had anything to say. Some interesting concessions have been made in the other place, where some valuable work has been done by the Earl of Northesk and Baroness Noakes. I am glad that the Government decided not to ignore that, even if they ignored us when we tried to make pretty much the same points in Committee.

It is important to put the amendments into context. Although we did not oppose the Bill on Second Reading, we had a number of major concerns about it. Merging the departments involved is a major change, and we are not convinced that it was given enough consideration by the Government or that its implementation was properly thought through. We are also worried that the measure might prejudice taxpayer confidentiality. Taken together, all those things might put at risk some of the yield.

7 pm

The Lords amendments go a small way—it is only a very small way—towards assuaging some of those concerns. Lords amendment No. 1 applies to clause 13. It limits the scope for disclosure of information by a Revenue officer. The duty of confidentiality is, of course, extremely important, and it helps to protect the yield. It is why a number of us fought very hard to retain the oath of confidentiality, which the Government had intended to abolish and on which they relented at the last moment in Committee. The amendment provides that Parliament will ensure that commissioners have a measure of control over disclosure, except in very limited circumstances. We will not oppose it, although we would have liked something stronger.

Anybody forming a view on the matter must examine what Lord Goldsmith said about it in another place, where he set out the circumstances in which an officer might feel the need to give specific instructions to disclose information. If that power were to be abused, MPs would hear about it, in which case I hope that they would make a great noise and that we would return to the issue.

Mr. John Burnett (Torridge and West Devon) (LD): We have had long discussions about taxpayer confidentiality, and the provisions in the Bill contain some useful protections in that regard. We share the

[Mr. John Burnett]

desire of the hon. Member for Chichester (Mr. Tyrie) and other Conservative Members to see the oath retained.

I have asked Inland Revenue employees about the oath, which not only buttresses taxpayer confidentiality, but strengthens the position of Inland Revenue employees should someone in a superior position ever seek for them to compromise their integrity on taxpayer confidentiality. As the hon. Member for Chichester has said, it is important that we do nothing to erode taxpayer confidence, otherwise the tax yield is surely at risk.

We welcome the limits on disclosure and noted what the Attorney-General said in the House of Lords on 5 April 2005. The case of Pepper *v.* Hart is instructive, and hon. Members and tax professionals are only too well aware of the protections that the Attorney-General put on the record.

We are happy to welcome the provision, and we hope that the Bill will be a success. We also hope that the Inland Revenue culture will prevail and that Customs, which has been subject to certain criticisms, will become more receptive to taxpayers' interests, fairness and the rule of law, which should be the culture that guides Revenue and Customs once the merger comes into effect.

The Economic Secretary to the Treasury (John Healey): The hon. Members for Chichester (Mr. Tyrie) and for Torridge and West Devon (Mr. Burnett) have carefully considered aspects of the duty of confidentiality throughout the passage of the Bill.

The duty of confidentiality is a weighty matter for any Revenue department and the officers who work within it. As they know, my right hon. Friend the Paymaster General and I, as well as my right hon. Friend the Attorney-General, have emphasised and re-emphasised that throughout the passage of the Bill. I welcome the comments that both hon. Gentlemen have made on the amendments made in another place. That is in keeping with what has been a full and productive debate on the Bill at every stage in the other place and in this House.

The changes with which the Bill returns to this House from another place amend the provision for disclosure of information in the public interest. They have been made because my right hon. Friend the Attorney-General listened to the arguments in the other place and compiled a package that proved acceptable to all parties there. These amendments place the details of when public interest disclosures will be made in the Bill instead of in regulations in the first instance. They also tighten the circumstances in which commissioners could delegate instructions to make public interest disclosures.

Those changes, together with commitments on matters such as information sharing and governance and changes made by my right hon. Friend the Paymaster General to include the introduction of the declaration to acknowledge the duty of taxpayer confidentiality, make this truly a Bill that has all-party support. The establishment of the new integrated department is a valuable step forward in enhancing revenue and customs administration in this country. Over time, it will produce real benefits for taxpayers and other customers and will improve the effectiveness of the department.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Minister is talking about the projected effectiveness of the merged department, although it will be somewhat slimmer than the two existing departments. Is he confident that two or three years down the line that new, merged and—as he would say—more effective department will have done more to bridge the tax and revenue gap of around £35 billion that hon. Members on both sides of this Chamber, and indeed people across the whole finance sector, would acknowledge exists? Should not we be doing more on that front, and will the new department be in a better position to do so?

John Healey: Over the past two or three years, both the existing departments—the Inland Revenue and Customs and Excise—have indeed taken steps to close the revenue gaps that my hon. Friend mentions, and as Customs Minister I have been heavily involved in that. The new integrated department will take further steps to close the gaps that he and I wish to see closed, and in so doing protect revenue that should be coming into the public purse but currently is not.

The Bill creates an independent Revenue and Customs prosecution office. That is an important step that is strongly supported by the hon. Member for Torridge and West Devon in particular, and has been widely welcomed by the legal profession.

When the amendments were tabled by my right hon. Friend the Attorney-General in the other place, they were welcomed by Baroness Noakes and Lord Newby, who speak for the Conservatives and the Liberals. On that basis I commend them to the House.

Mr. Tyrie: I want to add only one or two comments. I welcome the Minister's opening remarks—

Mr. Deputy Speaker: Order. The hon. Gentleman is allowed to speak only once on this particular amendment: it is not his to introduce.

Lords amendment agreed to.

Mr. Deputy Speaker: With the House's agreement I will put Lords amendments Nos. 2 to 9 together. The Question is that this House agrees with the Lords in their amendments Nos. 2 to 9.

Mr. Tyrie *rose—*

Mr. Deputy Speaker: Does the hon. Gentleman want to speak?

Mr. Tyrie: Yes.

Mr. Deputy Speaker: I asked if the House wanted to take the amendments together. Does the hon. Gentleman want to speak on one of them?

Mr. Tyrie: Yes, amendment No. 2.

Mr. Deputy Speaker: The Question is that this House agrees with the Lords in their amendment No. 2.

Mr. Tyrie: Anybody who looks at these amendments will see that it is very difficult to speak to amendment No. 2 without examining amendments Nos. 3 to 9 at the same time. Frankly, they look to me as if they were originally intended to be grouped together. With your permission, Mr. Deputy Speaker, I will not rise to speak to any of the subsequent amendments—

Mr. Deputy Speaker: Order. I trust that the hon. Gentleman's comments will be brief. I should explain that we have already dealt with the entire group of amendments. When we first dealt with them, we debated them as Lords amendment No. 1 plus Lords amendments Nos. 2 to 9. So we have debated them, and having completed the debate we should now be putting them formally only. As the hon. Gentleman has started, I shall let him complete his remarks.

Mr. Tyrie: I am very grateful to you, Mr. Deputy Speaker, for allowing me to make pertinent remarks on the remaining clauses. Perhaps I can also get in some more general remarks that might reasonably be made in response to the Minister's points.

The most important element of the remaining clauses was the almost untrammelled power given to the Treasury to make regulations under the original Bill. Their lordships have rightly argued that such power should be circumscribed more tightly. The Conservatives in the Lords proposed that any change to the power of disclosure be subject to what is known as the super-affirmative resolution procedure, which was originally laid down for use in respect of the Identity Cards Bill. Under that procedure, regulations can be amended—in other words, more tightly drawn—which is what is desired in this case.

Of course, that proposal has been around for a long time—the royal commission on House of Lords reform came up with it some time ago—but the Government, having flirted with it, decided that they did not like it. They have rejected that approach in this Bill and have included something else instead, and that is what we are debating now and have to examine. They have established in a reasonably detailed way the conditions that have to be satisfied in order for disclosure to be permissible. Those who are following this debate carefully can look at proposed new subsection (8), where they will find a list of those conditions. As I said a moment ago, they cannot be considered independently of the surrounding clauses.

Having listened to the Minister and, more particularly, having read the *Hansard* account of the Lords debate on this issue, I worry about the differences and misunderstandings that could develop in the merger of these two cultures. Much of the debate in the other place was at cross purposes. Some peers focused all their arguments on trying to protect taxpayer confidentiality, while others tried to ensure that powers were retained to enable the catching of criminals at the border. It was like two cultures passing in the night: one worry was an Inland Revenue worry, and the other was primarily a Customs worry. In addition to the threat to revenue that we briefly alluded to, a major concern remains about the risk associated with merging these cultures. These amendments and our discussion of them reflect that risk. I note that Lord Goldsmith conceded some ground on this very point in the Lords. The amendments are a step forward, but only a very modest one.

A moment ago, the Minister welcomed our comments on confidentiality. That was a great change in tone compared with the beginning of the debate on this Bill, when we had to struggle to convince the Government to keep the oath. I am very pleased that there has been a change of tune in that regard.

Mr. Deputy Speaker: Order. The hon. Member seems to be making a Second Reading debate speech. There are specific Lords amendments before us and I have already given him some leeway. He should have dealt with these matters in the initial debate. He must now deal precisely with Lords amendments Nos. 1 to 9—and he must do so briefly.

7.15 pm

Mr. Tyrie: I shall end by making one more point, Mr. Deputy Speaker. I am sure that you will permit me that. In response to an intervention by the hon. Member for North-West Leicestershire (David Taylor) a few moments ago, the Minister made a number of assertions about the increased efficiency that will result from the Bill.

Peter Bottomley (Worthing, West) (Con): I take my hon. Friend's remarks seriously. The merged Departments have picked the name for their building as No. 1 Parliament street, but this House has had a No. 1 Parliament street address on the other side all the—

Mr. Deputy Speaker: Order. That intervention and any response to it would be quite out of order. I hope that the hon. Member will bring his remarks to a close.

Mr. Tyrie: I obey your ruling in every particular, Mr. Deputy Speaker. I end by referring to the intervention of the hon. Member for North-West Leicestershire, who spoke of the need to close the tax gap. The Economic Secretary responded, but the problem is that he adduced no evidence that there will be any reduction of that gap and provided no evidence whatever that savings might come from the merger. There may be costs, which is why the Conservatives have been so concerned to put down markers to register our concern about the Bill.

Question put and agreed to.

Lords amendments Nos. 2 to 9 agreed to.

Railways Bill

Mr. Deputy Speaker (Sir Michael Lord): Under the Order of the House made earlier today, any message from the Lords in respect of any Bill may be considered forthwith, without Question put. I have received a message from the Lords. The Lords agree to the Railways Bill with amendments, to which they desire the agreement of the House.

Lords amendments accordingly considered.

Clause 13

RAILWAY FUNCTIONS OF PASSENGER TRANSPORT EXECUTIVES

Lords amendment: No. 1.

7.17 pm

The Minister of State, Department for Transport (Mr. Tony McNulty): I beg to move, That this House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may discuss Lords amendment No. 2 with Government motion to disagree, Lords amendment No. 3 with Government motion to disagree, Lords amendment No. 4 with Government motion to disagree, Lords amendment No. 5 with Government motion to disagree, Lords amendment No. 6 with Government motion to disagree and Lords amendment No. 7 with Government motion to disagree.

Mr. McNulty: I am sure that the House authorities are entirely in order in putting the provisions together in this way, but it makes it sound as if there was a good deal of disagreement with the other place. I want to put on record the fact that I commend the other place for the way in which it has scrutinised and ultimately dispatched the Bill—and with a good deal of agreement.

There is but one real issue on which we disagree in this set of amendments and it is about passenger transport executives and their ability to have co-signatory status. The existence of seven Lords amendments and seven disagreements with them does not mean that there was untold disruption or disagreement with our noble Friends in the other place.

I have said before and it has been explained clearly in the other place that the Government cannot accept these amendments. As the noble Lord Davies of Oldham said earlier today, they raise a matter of principle about which the Government are clear. There is a new role for the PTEs and it is required because the current system was built for a different time and does not fit in with the new framework set out in the White Paper.

Throughout our deliberations, all sides have made it clear that the context for the debate is the rail White Paper, not all of which has necessarily been picked up in the Bill. Central to the new structure set out in that document is the role of the Secretary of State in setting the strategic direction and the amount of national funding that will be invested in the railways. The system that the PTEs are seeking to retain is totally inconsistent with that principle and more reminiscent of another time.

The Government have listened carefully to the concerns raised here and in another place about PTEs. As I have said, we have moved considerably from our original position. In the original citation in the rail White Paper concerning this aspect of PTE functions, we were minded to remove all their ability to have co-signatory status. We have moved away from that and the PTEs, with the agreement of the Secretary of State, can have a role to play.

We considered the proposal made in another place for a 60-day window for PTEs to delay before the signing of a franchise. We are unconvinced that that would deliver anything other than costly delay and an opportunity for PTEs to seek to reopen negotiations at the eleventh hour. Potentially, each month's delay in completing a franchising process could cost hundreds of thousands of pounds of taxpayers' money. Clearly, that would be inconsistent with our strategy to deliver efficiency and value for money in the rail industry.

I want to make it very clear, to this House and to the other place, that we feel that we cannot compromise on co-signing or co-specification. Basically, the amendment would allow PTEs to dictate to the Secretary of State—who is responsible for rail across the whole country—what services should be provided in their areas. The right to co-sign puts the PTEs on an equal legal footing with the Secretary of State, despite the fact that the Secretary of State provides the overwhelming majority of funding, with PTEs merely contributing at the margins. Such a system would not make sense: it would merely encourage confrontation and retain the adversarial approach that has been prevalent since co-signatory status was introduced in 1993.

I wish to reassure the House that the provisions are not about removing the important influence and input that PTEs have into the rail services in their areas. That is why the Bill, as introduced, means that the Secretary of State will be under a duty to consult with the PTEs before issuing an invitation to tender for any franchise that includes services to, from or within a PTE's area. This will be a full and detailed consultation, giving the PTEs a clear opportunity to set out the needs and ambitions of their areas.

Once the baseline specification for a franchise, including services in PTE areas, has been set, the PTEs will also have the right to amend the services in their areas—that is, buying additional services, or reducing services and retaining the savings. That will give them much greater flexibility to make choices about the balance of transport in their areas than currently prevails and allow them to make rational decisions based on financial accountability.

Equally, our proposals will not change the mechanism by which PTEs can secure certain rights, such as rights to information, or the right to insist on the train company's involvement in concessionary fares or integrated ticketing. Such rights and responsibilities will continue to be included in franchise agreements as long as the Government are confident that they are necessary and add value. That will remain the case whether or not PTEs are co-signatories.

Nor will the Government's approach reduce the PTEs' ability to maintain their constructive and beneficial relationships with the train operating

companies. Centro, the West Midlands PTE, did not co-sign the Chiltern franchise, but it has managed to build an excellent, productive relationship with that TOC. The Government's approach does not attempt to limit local decision making as has been suggested but merely places that in its proper context.

Mr. William Cash (Stone) (Con): Does the Minister accept that the amendment's provisions in respect of bus substitution services also affect clause 29, which deals with station closures?

Mr. McNulty: I accept the inference that there is a relation between the two, but I struggle to see any connection with the Lords amendment or the Government's motion to disagree. However, I understand the hon. Gentleman's point, and suggest that he raise it again at another point in the debate.

The new arrangements for PTEs will create a more efficient, more accountable and less adversarial framework for delivering rail services in key metropolitan areas. I am by common consent a man of consensus who seeks compromise when it is available. To graft on to the post-Railways Bill rail industry a power that prevailed from 1993 only in the immediate wake of privatisation does not make sense and I need to say that as clearly as possible.

We are seeking modernisation of the relationship between the powers, local decision making and so on of PTEs and the train operating companies and others. That is not a denigration of local democracy in any way, shape or form. There is confusion about that. Hon. Members should be clear that we have sought compromise but there is no scope for it because the 1993 powers for co-signatory status simply do not fit in with the post-White Paper world.

This is a matter of principle, as my noble Friend Lord Davies explained clearly in the other place earlier today, on which the Government are unwilling and, indeed, unable to move. In that context, the House should be clear that to lose the Railways Bill because of this matter would be unfortunate, not least because of the level of consensus on the Bill in this and the other place.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): The speed at which my hon. Friend was moving caught me on the other side of the building. As he is a dear little pussy cat, rather like me, and one of the problems has been misunderstanding, could he make it absolutely clear that the Government have no intention of removing the link with local government and local decision making and that they just want the best solution for everyone concerned?

Mr. McNulty: I agree absolutely with my hon. Friend and endorse every word she said. This is not in any way, shape or form about impinging on PTEs' local decision-making process or a secret agenda—that was suggested at least once in the other place—ultimately to get rid of PTEs. It is about how in the commercial realm passenger transport authorities through PTEs relate to train operating companies and local rail services in their areas. Any decisions they make about much of what they already do are more readily contained in agreements with the ability to add to franchises. None of those abilities is taken away.

Mr. Peter Luff (Mid-Worcestershire) (Con): This is one of those dangerous questions to which I do not know what the answer will be, so I hope that the Minister can help me, although that may not be helpful to my party. He may know that I am concerned about the impact that the specifications available to the West Midlands PTE can have on services in the peripheral area. The great power of the PTE sometimes means that local authorities such as Worcestershire and Herefordshire do not receive the services they would like to the conurbation because they are outgunned by the PTE. What impact, if any, would the amendment have on that?

Mr. McNulty: The short answer is none in any direct sense, but the wider position to which the hon. Gentleman referred of those parts of the west midlands region that are not part of the West Midlands PTE area would prevail. Nothing that we are doing in seeking to look at the co-signatory, co-specification status of PTEs vis-à-vis franchises would impact on that relationship which, I freely accept, may sometimes be not as satisfactory as those in Hereford, Worcester and areas peripheral to the PTE area would like. I am sorry, but the Bill does not solve that issue.

If we lose the Bill, we will lose the biggest devolution of Executive functions to Scotland since the Scotland Act 1998. We would have continued uncertainty and unnecessary expense in the rail industry for those who depend on it and uncertainty in the financial and commercial markets for investors. The substantial stakeholder involvement throughout the process, from the rail White Paper to the Railways Bill, has been marked by considerable agreement in the rail industry, not only about the direction those documents give us and the certainty it affords, but that there should be a degree of consolidation afterwards, without constant changes to relationships and structures. To have the Bill fall on that item, for it all to come a-crumbling down and start again, would be a matter of regret, not least—if I may return to my opening statement—because this place and the noble Lords have dealt with so much of the Bill in fine order.

I am sure that Members do not want that to happen, so I hope that they will join me in disagreeing with the Lords in this amendment and sending that message back, with thanks for all they have done so far but a gentle disagreement on this issue.

7.30 pm

Mr. Greg Knight (East Yorkshire) (Con): First, may I associate the official Opposition with the Minister's opening remarks? We, too, thank the other place and congratulate the Lords on the way that they dealt with the Bill. The concordat between the Front Benches ends there. I do not agree with the conclusions that the Minister reached about passenger transport executives, as I shall make clear.

Passenger transport executives were created in 1968 by the late Barbara Castle and although they are children of a Labour Government I pay tribute to their

[Mr. Greg Knight]

work up and down the country over the years. The Lords amendment to which the Minister takes exception seeks only to keep the status quo. I cannot understand why he finds it so objectionable. It seems bizarre that a Government who have been urging us all to embrace regional government and devolved powers want to take away some of the powers and influence of PTEs.

In the past PTEs may, on occasion, have delayed the decision-making process. We accept that, as did Members of all parties in the other place who supported the amendment, because it contains a 60-day limit during which the concerns must be dealt with. Such a delay is not a long period, but it would allow PTEs to have their say and reflection to take place. PTEs should continue to be co-signatories.

The Minister referred to the history and I can confirm that it was the last Conservative Government who, in 1993, gave PTEs that power, even though I think that every PTE was Labour-controlled. That goes to show that the Conservative party, when in office, is willing to be fair and to give people a platform for dissenting views, even if they are members of a different political party. It is bizarre that a Labour Government are trying to take that power away from mainly Labour PTEs.

Members on both sides of the other place spoke in favour of the amendment to which the Minister is asking us to disagree. I hope that the vast army of Labour MPs who are no doubt watching our proceedings on their office monitors as they enjoy their last week as Members of this place will join us in the Lobby to speak up for, and vote for, local democracy.

Many local people give much of their time and energy in the interests of rail services in their region. That local democracy is worth supporting. Of course, we accept that some PTEs are better than others, but overall we believe that they have been a force for good and that the Minister is not being entirely straight with the House when he uses the threat that agreeing with the Lords would put the future of the Bill at risk. The Minister has got the decision wrong. He should think again, so I urge my right hon. and hon. Friends to vote no to give him the extra thinking time that he so clearly needs.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): May I say at the outset and by way of very short preface that this is a good Bill? It contains a great many things with which I agree, not least the point that the Minister raised of devolution to Scotland. It is an important piece of devolution that will allow my colleague in the Scottish Executive to deliver good transport solutions on railways for the Scottish people. Therefore, I am with the Minister in the statement that he made that the Bill should not be lost.

I am pleased with some of the compromises. Indeed, I also associate myself with the remarks regarding the way in which the other place has worked on the Bill that have been made by the other two Front Benchers. I am pleased that the Government have seen fit to compromise, where sensible, both in the compromises that have already taken place and the one that may be promised later today. As the right hon. Member for East Yorkshire (Mr. Knight) just said, that does not mean that we should roll over and agree to the Government's view on Lords amendment No. 1. The Government have got this wrong and it would be worth their while thinking again.

I am sorry that the Government have chosen to reject Lords amendment No. 1 and its consequential amendments because the proposal made by my noble Friends and supported by Lords on both sides of the House, not least by those on the Government's Back Benches, is reasonable and seeks to address a deficit in the Bill.

I listened with great care to the Minister's comments. He is always reasonable and he dealt with us very reasonably in Committee. I understand his argument, but he has not persuaded me. I do not understand why, when we are seeking to give people the right to consider decisions locally, it was not possible to find a way in which that expression could be put into the Bill.

The arguments have been well rehearsed in the House throughout all the debates on the Bill and pretty well rehearsed in the other place during most of its stages there. The issue is simple: PTEs in England have a responsibility—I would say, a right—to deliver sound transport solutions in their areas. Rail must be a key part of those solutions and, prior to the amendment made in their lordships' House, the Bill removed from PTEs their involvement in the rail process, taking that entirely to the Secretary of State for Transport—apart from an ability to consult—thus removing rail from the responsibility of PTEs.

Lords amendment No. 1 is reasonable, because it seeks to reintroduce into the Bill some way in which PTEs can fulfil that duty and recognises the Government's right desire to ensure that decisions are made timeously and expeditiously. The Lords put into the amendment a 60-day limit, thus permitting a reasonable compromise between no involvement whatsoever and a far too lengthy system, which is precisely what the Government wish to avoid.

The Minister talked of months of delay in the process. All the processes that I have seen for franchise letting tend to take many months and I really do not think that any franchise process would take less than three to five months to undertake. To give at the beginning of that process a notice that there are 60 days in which a PTE can become involved would not necessarily disrupt that process.

The Minister also said that the proposal would not fit in with the post-White Paper world. I do not accept that. As he knows, I support the provisions of the White Paper and am happy that they should be legislated for, but I do not see why the Lords amendment could not be accommodated in some way. I therefore have to say to my right hon. and hon. Friends that we should vote in favour of the Lords amendment or, at the very least, give the Lords an opportunity to make the Government think again.

Mr. Cash: I am interested in the provision because it pertains, among other things, to the question of station services and bus substitution services, which are a direct matter of concern in my constituency. I accept that the Minister has not yet taken over the responsibilities of the Strategic Rail Authority, but we had a constructive meeting last Saturday with the SRA about Stone and Norton Bridge stations, the famous station at

Wedgwood and the one at Barlaston that are on the line that is now subject to closure. However, the SRA cannot now make any assumptions about what is in mind for those stations.

The problem is that enormous inconvenience will be caused to my constituents if the stations on that line are closed. There is a petition and strong campaign—with which, as you might imagine, Madam Deputy Speaker, I am fully associated—to keep the stations open. I am glad to say that there was a constructive atmosphere at the meeting last Saturday, but the matter needs to be sorted out.

Bus substitution services would come within the framework of clause 13. If a franchise agreement were issued, the Secretary of State would have to consult the executive about a range of matters including station services. I note that station services are defined in clause 13(9) as

"services provided in connection with any such service for the carriage of passengers by railway".

That is an issue of grave concern to my constituents. When the Secretary of State takes over the role, I will want to know for sure that there would be no question, when he consults the executive in that area, about his sticking with what the SRA has clearly indicated at that important meeting: the stations at Stone, Norton Bridge, Wedgwood and Barlaston would be kept open. It is an important matter for my constituents, not least because the service is part of the community in that area.

I looked up this afternoon the private Act that gave rise to the creation of this railway in 1846. It has been pivotal to the community for the whole period since then. In a positive and constructive sense, we would also like to look forward, as I said at the meeting, to cross-country trains—

Madam Deputy Speaker (Sylvia Heal): Order. I have been fairly generous with the hon. Gentleman, but I hope that he will now confine his remarks to the amendments.

Mr. Cash: Yes, indeed, Madam Deputy Speaker.

The amendment says that the statement to the Secretary of State should specify

"any minimum level of quality with respect to the operation of any station within the area in question which may be required by any such franchise agreement."

In that context, a minimum level of quality would include that stations are kept open. I am anxious to ensure that that happens when there is the transfer from the SRA to the Minister. Of course he will then be directly accountable to the House for the exercise of those functions.

7.45 pm

There is a power to close stations in clause 29 and subsequent clauses. If stations were closed, it clearly would not be possible for meaningful consultation to take place under clause 13 between the Secretary of State and the executive of an area, which is why I support Lords amendment No. 1. Proposed new subsection (1A) would specify that there would have to be a statement on the minimum level of quality of the operation of a station in an area that could be required under a franchise agreement.

In a nutshell, I am simply concerned that Stone station and the other stations that I mentioned remain open, that the service of the railway operators to my constituents is maintained and that positive and constructive development of the railway line to Birmingham, Manchester and the locality is continued. I do not in any way resile from the fact that I believe that we will win the general election, but none the less I look to the Minister who has present responsibility for the matter—although not, I hope, for much longer—to maintain the stations for the benefit of my constituents.

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 198, Noes 63.

Division No. 155] **[7.46 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Battle, rh John
Bayley, Hugh
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Bradley, rh Keith *(Withington)*
Bradshaw, Ben
Brennan, Kevin
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Byrne, Liam *(B'ham Hodge H)*
Cairns, David
Caton, Martin
Challen, Colin
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Coffey, Ms Ann
Cohen, Harry
Connarty, Michael
Cooper, Yvette
Cousins, Jim
Cranston, Ross
Cruddas, Jon
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Dawson, Hilton
Denham, rh John
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, rh Derek
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Heyes, David
Hodge, rh Margaret
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, rh Beverley *(Stretford & Urmston)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Robert *(Wantage)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Khabra, Piara S.
Kilfoyle, Peter
Kidyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark

Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, rh Thomas
McCabe, Stephen
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, rh John
McKechin, Ann
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWilliam, John
Mahmood, Khalid
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morley, Elliot
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
O'Brien, Bill *(Normanton)*
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Pearson, Ian
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Pond, Chris *(Gravesham)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Purchase, Ken
Quin, rh Joyce
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Soley, Clive
Spellar, rh John
Stewart, Ian *(Eccles)*
Strang, rh Dr. Gavin
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Timms, Stephen
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Turner, Neil *(Wigan)*
Vis, Dr. Rudi
Walley, Ms Joan
Wareing, Robert N.
Watts, David
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Betty *(Conwy)*
Winnick, David
Woodward, Shaun
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Tom Watson and James Purnell

NOES

Allan, Richard
Atkinson, David *(Bour'mth E)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Breed, Colin
Browning, Mrs Angela
Burnett, John
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Dorrell, rh Stephen
Field, Mark *(Cities of London & Westminster)*
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Goodman, Paul
Grieve, Dominic
Gummer, rh John
Hayes, John *(S Holland)*
Heald, Oliver
Hendry, Charles
Hoban, Mark *(Fareham)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Jenkin, Bernard
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
McLoughlin, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
O'Brien, Stephen *(Eddisbury)*
Paterson, Owen
Prisk, Mark *(Hertford)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Sanders, Adrian
Smyth, Rev. Martin *(Belfast S)*
Stanley, rh Sir John
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Taylor, Dr. Richard *(Wyre F)*
Thurso, John
Tredinnick, David
Trend, Michael
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Whittingdale, John
Wiggin, Bill
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*

Tellers for the Noes:
Gregory Barker and Bob Russell

Question accordingly agreed to.

Lords amendment disagreed to.

Lords amendments Nos. 2 to 7 disagreed to.

Clause 35

CLOSURES ELIGIBLE TO BE TREATED AS MINOR MODIFICATIONS

Lords amendment: No. 8.

8 pm

Mr. McNulty: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this it will be convenient to take Lords amendments Nos. 9 to 13, and 15 to 17.

Mr. McNulty: I do not wish to detain the House. These are either technical amendments that are fully endorsed by the other place or amendments that follow on from the recommendations of the Delegated Powers and Regulatory Reform Committee and, again, are endorsed by the other place. I commend them to the House.

Lords amendment agreed to.

Lords amendments Nos. 9 to 13 agreed to.

Schedule 4

REVIEWS BY ORR OF ACCESS CHARGES AND LICENCE CONDITIONS

Lords amendment: No. 14.

Mr. McNulty: I beg to move, That this House disagrees with the Lords in the said amendment.

Madam Deputy Speaker: With this it will be convenient to take Government amendments (a) to (e) in lieu.

Mr. McNulty: As with the first group of Lords amendments, in disagreeing with them, we are offering sufficient wording in lieu to meet not just the concerns expressed in the other place but anxieties raised in this Chamber and in Committee.

In the other place and in Committee concerns were highlighted, particularly by the right hon. Member for East Yorkshire (Mr. Knight), about adverse effects on train operators' businesses if an access charges review results in the reduced capacity of the rail network. An amendment was tabled to address those concerns. While

the operators' contracts provide for mitigation and compensation for any adverse effects arising from a change to the network's capability, there is no explicit requirement for either the Office of Rail Regulation or the Secretary of State to consider those matters during an access charges review. Both the Secretary of State and the ORR have given public undertakings that issues of mitigation and compensation for adverse effects will form part of an access charges review. However, the other place and some hon. Members do not consider those undertakings to be sufficient, and wish such matters to be enshrined in legislation.

The Lords amendment addresses that concern, and would confirm in statute a commitment already given in the written undertakings. It makes it the duty of the ORR to notify the Secretary of State when it appears that such adverse effects are likely, and to advise the Secretary of State of the mitigation and compensation that would be required, and of the costs of those measures. The amendment gives the Secretary of State the opportunity to revise his specification, or budget, or both, to mitigate those adverse effects. It also requires the ORR, in conducting an access charges review, to have regard to any adverse consequences for train operators, and in particular any need for mitigating measures, or compensation, or both. Of course, such adverse consequences may not arise from an access charges review, but the amendment ensures that if they ever do arise, both the ORR and the Secretary of State will be obliged to take full account of the consequential need for mitigation or compensation.

It is not possible to concede everything that is proposed in the Lords amendment, because it would allow legislation to interfere in matters already treated wholly and properly within contracts. Further, it commits the Secretary of State and Scottish Ministers to find additional public money to fund any shortfall in adequate compensation, leaving the determination of what is adequate with the ORR. The amendment from the other place therefore undermines two important points of principle, to which we have adhered during the passage of the Bill: the primacy of the contract, and Ministers' ability to control their own budget.

By offering the words in lieu, we recognise the concerns expressed in the amendment from the other place and raised by the right hon. Member for East Yorkshire and the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) in our proceedings, without impinging on the contractual relationship. We think that that is the right and proper approach. I am grateful to their lordships for raising these issues. The words offered in lieu do what they require of us, but in a way that preserves the primacy of the contract. I commend to the House the Government motion to disagree and our words offered in lieu.

Mr. Greg Knight: I am grateful to the Minister for the out-of-Chamber discussions that we were able to have on the matter earlier today. There is an important point at issue which, as the Minister said, we raised twice, once in Committee and once on report, because we were concerned not about the threat to the independence of the Office of Rail Regulation, but about the scope of the powers—the jurisdiction. It seemed to us that that was at risk.

We were deeply concerned that the Bill could undermine the sanctity of contracts entered into voluntarily. That was why my party in the other place tabled the Lords amendment that is before us, in an attempt to protect investors against any Secretary of State putting the network into decline, making changes to access contracts and reducing the value of contractual rights. The amendment would provide protection for existing contractual rights. It was our view that if the Government were indeed acting in good faith, they should not have any difficulty in accepting the Lords amendment. Whatever budget is set for our rail network, it must surely take account of existing legal commitments. The amendment would therefore come into effect only in certain limited circumstances.

We accept that the Minister has been responsive to the concerns that we expressed and, dare I say it without his blighting his career, has shown his reasonable side. The amendment in lieu is not perfect. It is not ideal, but it is a move in the direction that we were urging the Government to take, and it is an acknowledgement of the force of the arguments that we adduced in Committee and on Report. It would be churlish of us to reject the Minister's overtures. We do not reject his welcome hand of compromise. We accept his suggestion that the House should adopt the amendment in lieu. I give him this pledge: next month, when I am sitting on the Treasury Bench with my colleagues, we will think of at least part of his time as Minister with affection.

John Thurso: I concur with the comments of the right hon. Member for East Yorkshire (Mr. Knight). The amendment in lieu that the Minister proposed in his new reasonable guise gives sufficient assurance and should be accepted. The matter should no longer be a point of conflict between us. I concur that the primacy of the contract is at the heart of the matter. The concern shared by the right hon. Member for East Yorkshire and myself was that, as drafted, the Bill could override a previously written contract. We agreed with the principle that the Minister advanced, but had a different interpretation. The words put forward by the Minister are not all that I would have wished to see, but they are certainly acceptable, and therefore I believe that the House should agree to them.

Mrs. Dunwoody: I am slightly worried that the Minister might have been altogether too reasonable. Although I do not naturally recognise him in that guise, perhaps he will reassure me that the clause, rewritten as it is, does not underwrite all the financial obligations of the contract holders, and, as usual in the privatisation of British Rail, leave the taxpayer having to underwrite any changes that may come about. Is it not truly absurd to have the situation that has obtained hitherto where the regulator, who has had no responsibility to the taxpayer or anybody else, has been able to agree certain basic charges and changes without any regard to the cost in the long run?

Mr. McNulty: I can certainly give my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) that assurance. As I said, the Lords amendment far more readily offered an open and blank cheque in those terms, and took away from Ministers the ability to control budgets, as ultimately they should, as well as

[Mr. McNulty]

impacting on the primacy of the contract, which is why I am grateful for the agreement of both Front-Bench spokesmen. Without pursuing the point, the words that we have offered in lieu far more readily and in a neater and more efficient way address the concerns raised, with the caveat from my hon. Friend, rather than the existing words, and in that context, I commend them to the House.

Lords amendment disagreed to.

Government amendments (a) to (e) in lieu of Lords amendment No. 14 agreed to.

Lords amendments Nos. 15 to 17 agreed to.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to their amendments Nos. 1 to 7: Mr. Greg Knight, Mr. Khalid Mahmood, Gillian Merron, Mr. Tony McNulty and John Thurso; Mr. Tony McNulty to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Gillian Merron.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

8.13 pm

Sitting suspended.

On resuming—

Clean Neighbourhoods and Environment Bill

8.45 pm

Madam Deputy Speaker (Sylvia Heal): Under the Order of the House made earlier today, any message from the Lords in respect of any Bill may be considered forthwith without any Question put. I have received a message from the Lords. The Lords agree to the Clean Neighbourhoods and Environment Bill, with amendments to which they desire the agreement of the Commons.

Lords amendments considered.

Clause 3

EXPOSING VEHICLES FOR SALE ON A ROAD

Lords amendment: No. 1.

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I beg to move, That this House agrees with the Lords in the said amendment.

I shall be brief, because the amendment refers to issues that were raised by right hon. and hon. Members during the latter stages of our discussion in this House and by peers who raised a number of issues in another place.

The amendment delivers the intention that has always existed in the Bill that no one should sell vehicles on a road, but it clarifies the situation at a junction where there might be four roads, or even more at a complicated junction, and ensures that the fact that a provision refers to "a road" cannot be used to avoid the intention of the Bill.

I am grateful to Members of the other place who raised the matter and enabled my noble Friend Lord Whitty to move an amendment. With those few words, I commend the Lords amendment to the House.

Miss Anne McIntosh (Vale of York) (Con): I join the Minister in paying tribute to Members of the other place. The amendment seems to be eminently appropriate and recognises a gap in the Bill that we did not have the opportunity to discuss in Committee. We agree with the amendment, which was discussed and analysed in the other place.

Mr. Richard Allan (Sheffield, Hallam) (LD): We are keen to see the Bill on the statute book because it includes some important environmental protection measures. Its passage was a little dubious earlier, but it now seems that it will get there tonight. The Minister said that the Government are happy to accept the amendment, and we too support it. My hon. Friends also pointed out the problem, and I am sure that the residents of Seven Dials, Covent Garden and similar places with complex junctions with many roads will be pleased to know that there will be no loophole. The sort of people who sell vehicles from the road look for a loophole, and it is important that we plug it with the amendment.

Alun Michael: I celebrate the agreement on the amendment. This is an important Bill which will play an important part in creating clean neighbourhoods. I am delighted that despite the imminence of an election we can agree.

Lords amendment agreed to.

Clause 20

LITTER CLEARING NOTICES

Lords amendment: No. 2.

Motion made, and Question proposed, That this House agrees with the Lords in the said amendment.—*[Alun Michael.]*

Miss McIntosh: The official Opposition welcome the thrust of the amendment, as we debated the issue under the limited scrutiny provision available to us in Committee. We support the provision of guidance on fly-tipping, one of the key aspects of the Bill, but before we give the amendment our formal agreement I would like the Minister to respond to a few questions.

What instruction has been given to relevant Departments on the issuing of guidance relating to clause 20 and what is the time scale for that? What formal consultations will be held on that guidance? What is the time scale for full implementation of the Bill, especially the fly-tipping provisions? Recently, I was delighted to initiate an Adjournment debate on the subject, to which the Solicitor-General replied, but I was alarmed when she revealed that a new offence was to be created whereby the non-occupying landowner will be charged with the physical removal of waste or rubbish illegally tipped on their land.

The information was revealed only during limited discussion during an Adjournment debate, but if there is to be such a new offence, guidance would be appropriate, so will the Minister consider producing guidance on how non-occupying landowners are to be alerted to that provision, as it is not evident in the Bill? Furthermore, will he ensure that the guidance encourages local authorities, wherever possible, to help landowners—whether occupying or non-occupying—to remove fly-tipped waste? If he can address those points, it would be most helpful.

Alun Michael: I hope that I can satisfy the hon. Lady on all those points. Commencement is intended to be April 2006; it will be by order and will be accompanied by guidance, which will be available in good time.

Clause 50 will not apply to the victims of fly-tipping, only to culpable landowners. I am sure that the hon. Lady will agree that that distinction is appropriate. I can confirm that the guidance will alert local authorities to the concerns to which she referred. As in many situations, we need to ensure that the balance is right. Those points were covered by my noble Friend, Lord Whitty, when dealing with the amendment in the other place. He pointed out that section 59 of the Environmental Protection Act 1990 enables the enforcement agencies to require an occupier who knowingly allows his land to be used for fly-tipping to remove the fly-tipped waste.

Clause 50 will extend that power to landowners, but only where there is no occupier. In addition, the occupier, and now the landowner, will still have the defence that they did not knowingly cause or permit deposit of the waste. That change will help the enforcing authorities to bring irresponsible landowners within the remit of legislation, without penalising the victims of fly-tipping. I agree with the hon. Lady that we do not want to penalise the victims of such offending.

The amendment will help to deal with the problems that have occurred, especially in urban areas where there is no occupier and an absentee landlord allows his land to be used as an illegal waste dump. I am sure that most Members know of such cases in their constituencies. It has certainly been my experience and that of my hon. Friend the Minister for the Environment and Agri-environment.

The discussion in the other place and the amendment agreed there have enabled the Government to be slightly more precise about what was always our intention, and to address the issues raised, as the hon. Lady rightly says, during our proceedings and those that took place in the other House. I commend the amendment to the House.

Lords amendment agreed to.

Clause 101

STATUTORY NUISANCE: INSECTS

Lords amendment: No. 3.

Alun Michael: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this it will be convenient to take Lords amendment No. 4.

Alun Michael: The Lords amendments will exclude most farmland, woodlands, reedbeds, osier beds, market gardens, nursery grounds, orchards, other land on farms designed in regulations by the Secretary of State or, of course, by the National Assembly in relation to Wales, and any land included in a site of special scientific interest, plus most forms of water—rivers, lakes, ponds and so on—from the application of the statutory nuisance regime to insects that emanate from them, thus meeting the concerns that clause 101 would adversely affect biodiversity by incurring action against concentrations of naturally occurring insects on farmland.

I am sure that it is generally agreed by hon. Members on both sides of the House that we want to encourage biodiversity, and it was never the intention that the Bill should apply in those circumstances. Organisations, such as Buglife, expressed some concern that there could be an unintentional misuse of what is generally agreed to be a positive measure in the Bill. I am happy that the Lords amendments improve the Bill and deal with that concern, and I am therefore happy to commend them to the House.

Miss McIntosh: I congratulate the right hon. Gentleman on listening to the concerns of what is a very important industry to the UK. As my constituency is probably substantially more rural and agricultural than his, the fact that, without these Lords amendments, set-aside would otherwise have been introduced would not have been very well received, so I congratulate him and

[Miss McIntosh]

those in the other place for taking action. The Lords amendments will be most warmly received by the bugs industry, and indeed its beneficiaries—the producers and growers.

Mr. Allan: These Lords amendments were very much welcomed by my colleagues here and in another place. The issue was of concern to us, so the fact that the Government have accepted its substance is important. I have come late to the Bill, so I have been given briefings on what has gone on before, and they tell me that the statement that I need to make is that we are very grateful on behalf of all rare invertebrates to the Government for agreeing to amend the clause. Given the forthcoming election, we are electioneering and the next bit is the best bit of all: few people have time to think about insects, but for our six-legged friends, we are the effective Opposition. We believe that a success has been achieved on behalf of our six-legged and, I assume—to classify spiders as insects—our eight-legged friends as well. These Lords amendments are useful and helpful, and we are glad that the clause has been adjusted to take account of some very genuine concerns that were expressed.

Lords amendment agreed to.

Lords amendment No. 4 agreed to.

8.59 pm

Sitting suspended.

Drugs Bill

Lords amendments considered.

Clause 3

DRUG OFFENCE SEARCHES: ENGLAND AND WALES

Lords amendment: No. 1

9.45 pm

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss Lords amendments Nos. 2 and 3.

Caroline Flint: I should like the House to consider a group of three technical Government amendments, which remedy the fact that by error the Serious Organised Crime and Police Bill and the Drugs Bill were drafted to insert new paragraph 35B into schedule 4 of the Police Reform Act 2002. The amendments ensure that the Drugs Bill inserts new paragraph 35C after paragraph 35B inserted by the Serious Organised Crime and Police Bill and no longer inserts a second paragraph 35B.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I thank the Minister for her constructive amendments. In due course, on another occasion, we will want to return to the subject of drugs in order to press for tougher sentences for those dealing drugs to schoolchildren and to look again at the reclassification of cannabis to category B. However, we accept that the Bill takes matters a step forward, and on that basis I am happy to thank the Minister for the amendments.

Mr. Richard Allan (Sheffield, Hallam) (LD): It would not make sense to oppose amendments that seek to correct an error that unfortunately crept into the Bill. Like the Conservatives, Liberal Democrats have not sought to oppose the Bill. We believe that it helps to take the law forward in respect of drugs, although we may have some disagreements about where we should go with drugs policy thereafter. However, the amendments make perfect sense, and I hope that the Bill is able to proceed on to the statute book.

Paul Flynn (Newport, West) (Lab): This Bill was conceived in prejudice, written in ignorance and is being enacted with incompetence. Those who are supporting it will come to rue the day when this piece of legislative garbage went through the House. It is the worst Bill in my parliamentary experience since the Dangerous Dogs Act 1991. As parliamentarians, we should at least ensure that our decisions do not do harm, but this Bill will do harm. It will ensure that a legal trade that causes no problems and is conducted by many businesses will end and be replaced by an illegal trade. We are banning psilocybin—a natural product that will disappear from the market possibly to be replaced by drugs such as fly agaric, which we are not banning but which is a far more dangerous drug.

This sorry Bill is the latest in a series of Bills since 1971 supported by Governments and Oppositions. It has even been supported by the Liberal Democrats, who should know better, do not have anything to gain by it and should oppose it. Every organisation of people who are knowledgeable about the drugs world has opposed the Bill. The Government have had no support for it. They did not even go to their advisory counsel to ask him for an opinion.

The Bill will go down as one of the worst Bills enacted in Parliament in recent times. It will come back to haunt us, because it will do a great deal of harm. Part of its populist, tabloid nonsense is the attempt to restrict people who are selling drugs near schools. That is a laudable aim—of course we want drugs to be kept out of the reach of children—but the Bill has developed that as it has gone on. Starting with the idea of trying to cure a problem that does not exist, it has built up the absurdity by putting in special penalties against those who sell drugs not only near schools but in other areas where children might be—youth clubs and so on. Then it moved on to routes to schools, and then even short-cuts on those routes. Our urban areas will be cobwebbed with a series of places in which restrictions will apply throughout, when in fact only special restrictions should apply.

The Bill was considered in the other place on Monday and today, and all the very knowledgeable Lords opposed it; indeed, I know of no one who has taken an interest in these issues over the years who supports it. It will close down the "magic mushroom" business, which has carried on with very few problems and pays, so I understand, about £1 million a year in VAT. We are repeating the same old mistake in believing—

Mr. Deputy Speaker: Order. I remind the hon. Gentleman very gently that we have before us three very technical amendments and he is ranging rather wide of the mark.

Paul Flynn: You have been very generous to me, Mr. Deputy Speaker, but I should point out that the three amendments were presented to us at three minutes' notice, when the bells started to go.

My observations are general ones. We know that a deal has been done between the Government and the Opposition parties. It is deal made between people who were afraid to take an intelligent view on this issue. Again, we have a so-called tough policy. Oh, that we as a legislature could one day have an intelligent policy on drugs.

Question accordingly agreed to.

Lords amendments Nos. 2 and 3 agreed to.

PETITIONS

Supermarket Site

9.53 pm

Mr. Liam Byrne (Birmingham, Hodge Hill) (Lab): For many years now, the residents of Hodge Hill have campaigned against Tesco concreting over local playing fields while the city council takes the money to spend elsewhere in the city. So, following my recent Adjournment debate and questions to Ministers, I am now pleased to present this petition.

The petition states:

The Petition of the residents of Hodge Hill and the surrounding area

Declares their opposition to the proposed development of a Tesco supermarket on the site of the Brockhurst road playing fields.

The Petitioners therefore request that the House of Commons urge the Government to strengthen the planning laws relating to the sale of non-school playing fields to enable the development to be stopped.

The Petitioners further request that if the development cannot be stopped, the House of Commons urge the Government to ensure that 100 per cent. of the proceeds of the sale of this development be spent on upgrading facilities for young people in Hodge Hill.

And the Petitioners remain, etc.

To lie upon the Table.

Mobile Phone Mast

9.54 pm

Mr. Kerry Pollard (St. Albans) (Lab): I present a petition from my St. Albans constituents, which, I am proud to say, is, I believe, the last of this Parliament.

The petition states:

The Petition of the St. Albans residents

Declares that Vodafone has breached the mobile phone industry's code of best practice in its application to construct a phone mast in London road, St. Albans.

The Petitioners therefore request that the House of Commons urge the Government to introduce legislation ensuring that local residents are consulted, and that the needs of children living in residential areas are taken into account before masts are constructed in such areas.

The Petitioners further request that the Government introduce legislation to force mobile phone network providers to use existing masts where such masts already exist.

And the Petitioners remain, etc.

To lie upon the Table.

101 Bus Service

9.54 pm

Mr. William Cash (Stone) (Con): I am sorry to disabuse the hon. Member for St. Albans (Mr. Pollard), but this is the last petition of this Parliament. The petition is urged by more than 700 of my constituents and it represents their protest about the removal of the 101 bus service from Walton corner along the A34 to Aston island.

The petition states:

To the Honourable the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled.

The Humble Petition of the residents and bus passengers of Walton, Stone, in the Staffordshire sheweth

That the Petitioners are against the removal of the 101 Bus from Walton Corner along the A34 to Aston Island.

Wherefore your Petitioners pray that your Honourable House will urge the Government to use their influence to persuade First PMT to reconsider, and to restore the 101 bus service to local residents.

And your Petitioners, as in duty bound, will ever pray.

To lie upon the Table.

Acute Hospitals (Funding)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson.]*

9.56 pm

Andrew George (St. Ives) (LD): I am delighted to have secured what may well be the last Adjournment debate of this Parliament, particularly on such an important issue as acute hospital funding. It is a serious issue for many MPs, but I want to speak about particular concerns in my own constituency in the far west of Cornwall and the Isles of Scilly.

At the outset, I declare an interest in that my wife is a nurse working in the NHS—unfortunately, only in a nursing bank at the moment. She has worked all her working life in the NHS. A second declaration of interest is that I was a patient last week at one of the hospitals that I shall mention in the debate. I was there for day surgery just over a week ago, and I must say that an excellent service was provided.

I also want to say at the outset—the Minister will be pleased to hear me say it—that I appreciate the dedication and professionalism of NHS staff. I say that not because my wife works in the NHS, but because I genuinely appreciate those characteristics of the NHS. The Liberal Democrats campaigned at the last general election for increased taxation and investment in the NHS, so I am also pleased to welcome the additional resources that the Government have invested in the NHS in recent years. The funding is much needed and much appreciated.

The title of the debate is "Acute Hospitals (Funding)", but I recognise that such funding does not come in a separate silo from other funding going via primary care trusts into primary and general health care. The Minister will no doubt refer in his response to the extra funding going into Cornwall's three PCTs and health trusts. Certainly, substantial additional amounts of money are going into Cornwall PCTs, but my first main point is about how that money compares with funding in other parts of the country.

The Minister will know that the three Cornwall PCTs are in significant deficit and have been over the past three or four years. They are working hard to achieve a recurring balance, but the Minister will also be aware that the National Audit Office produced a report on 28 April last year that identified the fact that only three PCTs in the UK had overspends of more than £5 million in 2002–03. All three were, of course, the Cornish PCTs.

That raises the question not of management failure in Cornwall, but of whether the funding formula properly reflects the challenges presented to those who have to manage the budgets and meet national targets for NHS spending and care in an area such as Cornwall.

The task of providing health care in Cornwall and the Isles of Scilly is especially challenging, and the formula does not take full account of what I call the geographical challenges that the area faces. Some people ascribe those difficulties to peripherality, rurality or peninsularity but, unlike other parts of the country, Cornwall cannot call on emergency services to the north, west or south. The ambulance funding formula takes account of geography to a small extent, but PCT funding does not do so at all.

Another challenge to the provision of health care in the area is posed by demography. Cornwall's population tends to be much older than is the case with other areas, and the county also has more tourists than elsewhere. I understand that the Department cannot write off the debts incurred by the local PCTs, which are trying incredibly hard to achieve recurring balances in their budgets, but perhaps we should look at the appropriateness of the levels of funding made available to them.

For example, the West Cornwall PCT anticipates a deficit of only £5.9 million this year, a significant reduction from last year. Ultimately, that debt must be recovered and paid off, but the market forces factor is already critical and will become even more important in the future. That factor involves an assessment of external labour market costs, but wage levels in Cornwall have been the lowest in the country since records began. This year, the market forces factor will kick in much harder than has been the case since its introduction in 1976, and it will come as no surprise that the impact will be very significant. In fact, funding for West Cornwall PCT will be the lowest in the country as a result.

Is the Minister satisfied that it is right that the market forces factor should have such a substantial impact on available funding, given that it will leave Cornwall and the Isles of Scilly seriously short of money, in comparison with the rest of the country? That will happen even though the area faces obvious additional costs—as a result of the geographic, demographic and other challenges that I have set out—that are not reflected in the formula. Moreover, as I said, the PCTs must also tackle the requirement to balance the crippling deficits that they face. In addition, will the Minister say which Departments funding locally delivered services—such as social services, police and education, whose staff are primarily paid according to national pay scales—use the same market forces factor in their funding formula?

I come now to the impact of funding on acute services. Cornwall's main district general hospital is the Royal Cornwall at Treliske. It serves some 400,000 of the county's population of a little over half a million people, and it has just over 1,000 acute beds and 174 consultants. The two other acute hospitals in the county are St. Michael's in Hayle, and the West Cornwall hospital in Penzance, which deal primarily with elective and day care work. In the past, the Penzance facility has taken a lot of blue light and emergency admissions, although that happens less nowadays.

The lowering of the protocols mean that more blue light incidents and emergencies pass West Cornwall hospital's front door on their way to Treliske, and that the emergency services are under increasing pressure. I shall return to that matter, but before this debate I sent the Minister some information about the services available in the county. As I said earlier, it is not possible for us to seek additional services in areas to the north, west or south, and the situation in the area covered by the Royal Cornwall Hospitals Trust contrasts with what happens in Northumbria and Calderdale. Those areas have three and two DGHs, respectively, and their populations are roughly the same as Cornwall's. There should be a serious review of whether putting all the

eggs—emergency and acute services—into one basket is appropriate. That can be dangerous. On 9 March, less than a month ago, there were 30 patients on trolleys and on the days before and afterwards ambulances were queuing outside unable to offload patients into the hospital. The bed managers were trying desperately to discharge 95 patients to community hospitals only a year after 100 beds in those community hospitals were closed.

The desperate situation has been caused by a funding crisis and because most acute emergencies are brought into one hospital. It is unacceptable that beds in the primary sector have been removed when there are layers of chief executives and boards. Thirteen chief executives run services in Cornwall and it is impossible to have a strategic view when there are three primary care trusts, two delivery trusts, two social services departments—one in Cornwall and one on the Isles of Scilly—an ambulance trust, the strategic health authority and replication on the south-east and north-east borders of Cornwall. Instead of all that bureaucracy, we need a clear strategic view and a focus on the care provided in the acute sector.

The proposal for West Cornwall hospital—I have been working for it with the strategic health authority and others—is for a rebuild with perhaps a doubling of the number of beds. The strategic health authority, the acute trust and the PCT agree that that is a desirable objective and we will work together to try to achieve that new build so that the hospital can take more patients and emergencies. But how can the money be found for new build when capital building programmes require the money to be repaid from revenue and the revenue is insufficient?

I am encouraged that after my hard work and that of many others in the local community, the Labour prospective parliamentary candidate—none of us has heard of him—has issued a leaflet saying that we need a 24-hour accident and emergency unit based in Penzance. That is encouraging—I presume that he was given permission to say that by the Minister—because we have campaigned for that for a long time. I hope that the Minister will confirm that the Government support that.

I had a helpful meeting with the Minister's colleague in June last year when those proposals received broad support and recognition that they need to be taken forward. I have an easy question for the Minister. Can he assure me that if the strategic health authority, the PCT and the Royal Cornwall Hospitals NHS Trust want that his Department will provide all the assistance it can?

My third and final point concerns the impact of Government proposals for independent sector procurement. I understand that the intention for wave 2 funding under the NHS improvement plan published in June 2004 is to set a target of about 15 per cent. elective activity from private sector providers. I also understand that a number of targets will be set to lead to that overall target during the forthcoming years, but as well as elective procurement, additional announcements have been made for targets for budgets for diagnostic and pathology procurement from the private sector.

The problem is that in a place like Cornwall it is not appropriate to seek elective work from the private sector because of the challenges of our geography. Furthermore, if we have to plan for obtaining diagnostic services from the private sector, it will undermine our attempts to build up the critical resources and capacity of the small hospital in west Cornwall; for example, by installing a CT scanner. It would be helpful if the Minister will reassure me that the Government will step back from those targets, especially in places such as Cornwall. The Department seems to be indicating that previous intentions and targets may not be pursued with the vigour that was suggested last year. Will private sector procurement plans be pursued according to the targets set in the NHS improvement plan?

These issues are important to many of my constituents, who are concerned about the difficulties relating to the funding formula in Cornwall and the impact on NHS services, especially the acute sector. I am sure the Minister accepts that the area presents some significant challenges. The geography is challenging and a high number of tourists visit the area. We must ensure that we have the capacity to cope.

10.11 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I congratulate the hon. Member for St. Ives (Andrew George) on securing the debate. I know that he feels strongly about the national health service and he is right to congratulate NHS staff throughout the country and in Cornwall on their excellent work—his wife included, no doubt. I am pleased that he acknowledges the funding that is going into the NHS. I reply to many Adjournment debates and usually—certainly when Conservative Members are raising these issues—one would think that we were spending less than in 1997 rather than about double.

The latest round of revenue allocations to primary care trusts, covering 2006–07 to 2007–08, represents further investment in the NHS of no less than £135 billion: £64 billion to PCTs in 2006–07 and £70 billion in 2007–08. That is equivalent to an average increase of 9.2 per cent. for 2006–07 and 9.4 per cent. for 2007–08, and an average of 19.5 per cent. over the two years.

The hon. Gentleman said that I would give him lots of figures and he is quite right. With an election under way, I am not likely to let anybody forget that the Labour Government are responsible for a huge reinvestment in the NHS. His constituency has benefited, too. PCTs in Devon and Cornwall will receive cash increases of more than £368 million for the two-year period. The West of Cornwall PCT, in the hon. Gentleman's constituency, will receive an increase of £37.4 million or 19.9 per cent. for the two years. Those are considerable increases in funding, however we cut it.

The hon. Gentleman raised issues about the funding formula specific to his constituency. I have been a Health Minister for two years and have thoroughly enjoyed it. Electorate and Prime Minister willing, I shall be delighted to carry on for another years. In that time, I have answered an awful lot of Adjournment debates and have heard reasons from every Member of the House as to why his or her constituency is a special case and needs special additional funding. The hon. Gentleman's argument is the first that I have had real sympathy with, because my constituency, too—albeit in east Kent—has land to only one side and it had never occurred me to use

[Dr. Stephen Ladyman]

that as an excuse for trying to wheedle some more money for the health service. Now that the hon. Gentleman has done that, I shall bear it in mind, but I fear that I cannot be too helpful to him tonight.

The formula that the Government inherited was not getting health services to the areas of greatest health need, so we undertook a wide-ranging review of it before the allocation rounds. The new formula provides a better measure of health need in all areas. In calculating health needs in rural areas, it takes account of the effects of access, transport and poverty. It uses better measures of deprivation that are capable of being updated regularly.

The market forces factor of the allocations formula is not a new concept. In fact, all versions of the allocations formula for the past 20 years have included a market forces factor weighting to recognise the different costs of labour and land across the country. I hope that the hon. Gentleman would agree that it is right and proper that the different costs of land and labour are reflected in the allocations formula to ensure that funds are allocated fairly, but we did not just pluck the formula from the air. It is not an invention of Ministers or politicians. Its development has been overseen by the Advisory Committee on Resource Allocation, and it is the result of many years of analysis by academics.

We recognise that this is a complex issue, which is why we have sought the advice of experts to ensure that the model used to calculate these costs is fair. To the best of my knowledge, the hon. Gentleman has not made any objective criticism of that factor or challenged the opinions of those experts, other than to say that, because he does not like the result that the formula gives us, the formula must be wrong. It is my view that the market forces factor is the best mechanism available to reflect unavoidable differences in the cost of providing services.

For the latest round of allocations—as I say, those for 2006–07 and 2007–08—changes have been made to that factor also to support the implementation of payment by results: the number of zones has been increased from 119 to 303, and they will match the geography of PCTs. An adjustment has also been made to the weights for multi-site trusts in the land and buildings indices.

Andrew George: I am not trying to wheedle out money, but the fact is that the Minister has not answered the question about why other Departments do not use a market forces factor, or something similar, in circumstances where national pay scales apply. In fact, people on local pay scales cannot undertake operations, for example, or provide the kind of service that those in hospitals provide on their national pay scales. That is why the funding formula does not properly reflect the true costs of providing the service.

Dr. Ladyman: I note the hon. Gentleman's opinion. I cannot tell him why other Departments have not used such a factor. I suspect that Ministers from other Departments answer Adjournment debates on other evenings of the week in which they are asked why they do not implement the same formula as the Department of Health. The fact is that an expert advisory panel works out the allocation formula that we use. We believe that it takes account of such factors in as fair a way as we can come up with, but if he can provide objective reasons to that expert panel that would lead us to believe that we have got it wrong—that is why the panel exists—that would help us to refine the formula and to get it right in future years.

Andrew George *rose—*

Dr. Ladyman: Let me deal with some of the issues that relate to payment by results. In fact, I suspect that payment by results will help the hon. Gentleman a little bit, and I shall explain why.

Under the new system, instead of funding based on historical patterns, hospitals and other providers of care will be paid a fixed price for each patient treated. The prices are based on health care resource groups—groupings of treatment episodes that are similar in resource use and in clinical response—thus reflecting the complexity and cost of providing care. The incentives within the system will help to increase the number of treatments provided by rewarding providers for the work done.

The current figures provided to the Department by the Royal Cornwall hospital suggest that, once payment by results is fully rolled out, the hospital would gain about £13 million. For 2005–06, payment by results will cover only elective activity, and to create a smooth transition, a cap of 2 per cent. has been placed on organisations' gains or losses under the system for this year. The Royal Cornwall hospital consequently stands to gain about £1 million on its baseline activity, as a result of the introduction of payment by results. If the trust performs more activity, it will do even better under the new system. So the financial gains that the trust stands to make will be available to it to invest in quality-enhanced local services and facilities.

For primary care trusts, payment by results will support the development of a more effective approach to commissioning. In place of block contracts or service level agreements, primary care trusts will commission the volume and mix of activity needed by their communities. The introduction of a national tariff will remove the need for price negotiation and focus discussion on the quality of care.

As the organisations that control more than 80 per cent. of the NHS budget, primary care trusts will have an incentive to provide as much care as possible in the most appropriate settings and to avoid any inappropriate admissions to hospitals. In this way, the new system will help to support the development of care closer to home, and the emphasis will be on improving the quality of care for people with long-term conditions. I strongly believe that that will help the hon. Gentleman's constituency.

Another factor in his constituency is out-of-area treatments. Central Cornwall primary care trust has received an extra £4.2 million to cover the costs of the out-of-area treatments that it performs. Under payment by results, the system for funding treatment given to people who fall ill away from home will change and hospitals in Cornwall will be able to invoice the home primary care trusts of their visitor patients directly. This will ensure that the funding is received directly by the

hospital within reasonable time scales and, by using the national tariff, there will be no need for home commissioners to engage in discussion about costs.

That brings me to the issue of the inherited debts that the hon. Gentleman raised. As for the challenges of achieving financial balance, I am sure that he will agree that the annual expenditure of the NHS must remain within the resources allocated by Parliament. NHS organisations, including those in Cornwall, receive a fair share of resources and have a corresponding responsibility to manage them effectively without relying on financial support from the centre or from other parts of the NHS. There is a finite amount of resources available to the NHS each year. Where an individual NHS body has a deficit, the overspend has to be matched by underspends elsewhere. This debt must be repaid. We cannot just wipe the slate clean as it would send the wrong messages about responsible financial management to others who balance the books year on year.

Achieving financial balance is a key requirement for all strategic health authorities and the Department's recovery and support unit meets every SHA on a monthly basis to discuss their progress against key requirements and performance targets. For the south-west peninsula, the task of achieving financial balance is particularly challenging. Therefore, we advised the South West Peninsula SHA last year that we would allow it two years to repay the debt and return to recurrent financial balance. This means that the SHA as a whole is working to a maximum deficit control of £15 million for 2004–05, but must deliver recurrent balance by the end of next year. The latest information from the SHA shows that it is working towards delivery of this control total.

The Department, in conjunction with the SHA and the local health economy, is committed to delivering an affordable and sustainable financial position, while delivering the necessary and appropriate levels of service delivery to the local population. The PCTs in Cornwall have developed recovery plans, and the director of finance at the SHA meets monthly the local NHS organisations to discuss financial performance, the risks to delivery and the measures being taken to meet the recovery plans. I am assured that the local health community, with the support of the SHA, believes that it can achieve financial balance while delivering key targets.

The hon. Gentleman also asked about the role of the independent sector. As he said, we are committed to working with the independent sector to provide the best possible services to NHS patients. The independent sector treatment centre programme has already benefited more than 17,000 people. ISTCs have helped us to cut waiting times for NHS patients.

I assure the hon. Gentleman that there will be no target for independent sector usage. That is made clear by Sir Nigel Crisp, the chief executive of the NHS, in his recent publication "Creating a Patient Led NHS: Delivering the NHS Improvement Plan". We are committed to delivering a further national procurement valued at £500 million. The Department of Health is working with the NHS to develop proposals that provide the capacity needed to deliver 18-week waiting times, promote innovation and offer more choice to patients across the country.

The independent sector programme is enabling us to offer new and innovative services to patients in more rural communities. In the south-west peninsula, mobile treatment centres performing cataract operations have visited Plymouth, Tiverton, Hayle and Barnstaple and performed more than 1,700 operations. That means patients coming off waiting lists to have their cataract surgery quickly.

In Plymouth, we will be opening a treatment centre in May 2005 to perform the nearly 3,000 operations annually that the NHS has indicated it needs. The majority are much needed orthopaedic operations. In east Cornwall, a new treatment centre will open in October 2005 to deliver more than 4,000 operations annually, again largely ophthalmic and general surgery. Expanding access to independent sectors providers will give NHS patients greater choice, and ensure more contestability for the NHS, driving up standards for all. I hope that the hon. Gentleman will agree that, even in the circumstances that he has described, it is possible for his constituents to benefit from the independent service providers.

The hon. Gentleman also raised issues relating to the configuration of services, and I hear the points that he makes. It is important, however, to recognise that the decisions are not made in Whitehall by Ministers; they are made locally. There are different opinions about the configuration of acute services everywhere, including in Cornwall. I think that it is right and proper that decisions are made in Cornwall, because I do not know the position there. I cannot make the decision in my office in Whitehall that he and his constituents could make. That is why responsibility for commissioning decisions is devolved to the local area.

Cornwall is already served by three district general hospitals at Truro, Plymouth and Barnstaple. Approximately 120,000 people from Cornwall live in the catchment area of the hospitals in Plymouth and Barnstaple, and there are smaller acute hospitals in Penzance and Hayle, as well as an extensive network of community services throughout Cornwall. The local NHS is trying to make services as locally accessible as possible when it is clinically safe to do so. To achieve that, it has increased the number of operations undertaken and clinics run at the two smaller acute hospitals, as well as the number of clinics and minor injury units.

I am pleased to say that the hon. Gentleman engages with his local NHS. That is not true of all hon. Members who secure Adjournment debates to which I respond, because they sometimes seem to debate such matters before even raising them with their local PCT. I congratulate him on being prepared to engage in the matter, but the debate must take place in Cornwall. I am sure that there will be an opportunity for people to engage in that debate over the next few weeks.

Andrew George: Does the Minister accept that the three PCTs in Cornwall have an exceptional deficit in comparison with those in the rest of the country? Is he saying that that is a result of financial mismanagement and incompetence, or is he prepared to accept that it is worth reviewing whether the funding formula in the

[Andrew George]

past, and the proposals for the future, are adequate for the circumstances, which, as he admits, he does not properly comprehend?

Dr. Ladyman: There are all sorts of reasons why some PCTs have built up deficits, such as structural reasons. I would hesitate to suggest that incompetence is ever such a reason because if incompetence is suspected, the chief executive usually gets fired and someone who knows what they are doing is brought in. PCTs are relatively new organisations, so they are going through a learning curve. They are learning how to balance budgets and achieve the financial stability that they need. The deficits that are constantly reported in the newspapers represent a tiny proportion of PCTs' budgets. Indeed, most private companies would give their right arm to have the sort of financial management of most PCTs by ending up with a balanced budget at the end of the year.

I am certainly not accusing the hon. Gentleman's local PCTs of incompetence, but neither am I going to leap immediately to the conclusion that the formula allocation is wrong. The fact is that prior to 1997, the health service was dramatically under-funded, so a huge range of pressures subsequently had to be addressed. It is rather like the pothole in the road syndrome: one cannot start to invest in new roads until the potholes caused by a lack of maintenance for years have been fixed. That is the situation in the national health service. The new investment that we have been putting in has met the ever-building pressure in the system. Of course the situation has been difficult, but as more money goes in during the coming years, it will become easier to manage the budgets.

Andrew George: The formula is changing over the next few years, so if the difficulties persist in Cornwall, does the Minister agree that the situation could be reviewed?

Dr. Ladyman: Labour Members are reasonable men and women, so if it is clear that the formula allocation is not working for some reason, it will be reviewed. The Secretary of State has already demonstrated a great degree of flexibility through the way in which he has been prepared to examine such issues and the way in which the recent PCT allocations have been made—

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at half-past Ten o'clock.

House of Commons

Thursday 7 April 2005

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

STANDING ORDERS

Ordered,

That the Amendments to Standing Orders set out in the Schedule be made at the beginning of the new session of Parliament:—

SCHEDULE

1

Standing Order 1, line 76, at end insert—

'the term "unitary district" means a non-metropolitan district which is not included in the area of a county council;'.

After Standing Order 1

2

Insert—

New Standing Order 1A

'Deposit of documents etc at offices of government departments and public bodies

1A.—(1) Any reference in a provision of these orders to a document, or to a copy or copies of a document, being deposited in accordance with this order is a reference to the document, or to a copy or copies of the document, being deposited—

(a) at the offices of such government departments and public bodies as may be specified in the list, and

(b) if the context so admits, in such quantities as may be so specified.

(2) In paragraph (1) above—

'document' includes any bill, plan, section, book of reference, ordnance map, environmental or other statement or estimate;

'the list' means the list which, for the purposes of this order, is compiled and maintained by the Private Bill Office under the direction of the Chairman of Ways and Means.

(3) The provisions of these orders which contain such references as are mentioned in paragraph (1) above are—

(a) Standing Order 27(5),

(b) Standing Order 27A(1),

(c) Standing Order 29,

(d) Standing Order 30,

(e) Standing Order 30A(1),

(f) Standing Order 31,

(g) Standing Order 32,

(h) Standing Order 34,

(i) Standing Order 37,

(j) Standing Order 39,

(k) Standing Order 45(3), and

(l) Standing Order 47(1).'.

3

Standing Order 2A, line 5, after 'November', insert '(or if that day is a Saturday or a Sunday, the first Monday following that day)'.

4

Standing Order 4A, line 17, after 'district,' insert 'unitary district,'.

5

Standing Order 4A, line 28, after 'districts,' insert 'unitary districts,'.

6

Standing Order 4A, line 44, after 'district,' insert 'unitary district,'.

7

Standing Order 4A, line 49, after 'district,' insert 'unitary district,'.

8

Standing Order 5, line 33, leave out 'and'.

9

Standing Order 5, line 36, at end insert '; and

(f) where it is proposed by the bill to confer powers authorising any alteration or disturbance of the surface of any street or road in connection with the construction of a tramway, tram road, trolley vehicle system or an underground railway, a general description of the roads or streets which may be affected by the exercise of the power and of the circumstances in which, and the extent to which, it is envisaged that the power may be exercised.'.

10

Standing Order 10, line 13, after 'district,' insert 'unitary district,'.

11

Standing Order 10, line 24, after 'districts,' insert 'unitary districts,'.

12

Standing Order 10, line 36, after 'district,' insert 'unitary district,'.

13

Standing Order 10, line 40, after 'county', insert ', metropolitan district, unitary district or London borough'.

After Standing Order 10

Insert—

New Standing Order 10A

'Publication of notice relating to works bills

14

10A. (1) If the bill—

(a) authorises the construction of works to which Standing Order 27 (Deposit of plan, book of reference, and section, etc.) applies, or the compulsory acquisition of lands or of rights to use lands, or

(b) extends the time limited by a former Act for any of those purposes, the notice shall be displayed for two consecutive weeks ending not later than 11 December at a place of public resort in each of the counties, metropolitan districts, unitary authorities, or London boroughs or (in Wales) the counties or county boroughs or (in Scotland) the local government areas in which the works are to be, or the lands are, situated.

(2) For the purposes of paragraph (1), 'place of public resort' includes a public library and a local government office.'.

15

Standing Order 12, line 4, leave out 'confer powers authorising any alteration or disturbance of' and insert 'alter or disturb'.

16

Standing Order 12, line 8, leave out 'such street or road' and insert 'street or road the surface of which it is proposed to alter or disturb'.

17

Standing Order 12, line 10, leave out 'powers' and insert 'alteration or disturbance'.

18

Standing Order 12, line 12, leave out 'powers' and insert 'alteration or disturbance'.

19

Standing Order 12, line **21**, leave out 'the said powers are proposed to be conferred' and insert 'it is proposed to alter or disturb the surface of any street or road'.

20

Standing Order 12, line **24**, leave out 'any' and insert 'the'.

21

Standing Order 16, line **24**, leave out 'county councils, metropolitan districts or London boroughs, as the case may be' and insert 'councils of counties, metropolitan districts, unitary districts or London boroughs or (in Wales) counties or county boroughs'.

22

Standing Order 27, line **12**, after 'district,' insert 'unitary district,'.

23

Standing Order 27, line **23**, after 'district' insert ', unitary district'.

24

Standing Order 27, line **28**, after 'district,' insert 'unitary district,'.

25

Standing Order 27, line **54**, after 'district,' insert 'unitary district,'.

26

Standing Order 27, line **69**, leave out from 'and' to end of line 73 and insert 'copies of the same shall be deposited in accordance with Standing Order 1A.'.

27

Standing Order 27A, line **30**, leave out paragraph (2) and insert—

'(2) Copies shall be deposited in accordance with Standing Order 1A.'.

28

Standing Order 29, line **7**, leave out from 'deposited' to end of line 9 and insert 'in the Private Bill Office and in accordance with Standing Order 1A.'.

29

Standing Order 30, line **5**, leave out from 'deposited' to end and insert 'in accordance with Standing Order 1A.'.

30

Standing Order 30A, line **4**, leave out from 'deposit' to 'and' in line 5, and insert 'in accordance with Standing Order 1A.'.

31

Standing Order 31, line **6**, leave out from 'deposited' to 'marked' in line 8, and insert 'in accordance with Standing Order 1A.'.

32

Standing Order 32, line **8**, leave out from 'deposited' to end of line 9, and insert 'in accordance with Standing Order 1A.'.

33

Standing Order 34, line **9**, leave out from 'deposited' to end and insert 'in accordance with Standing Order 1A.'.

34

Standing Order 36, line **12**, after 'district', insert 'or unitary district,'.

35

Standing Order 37 is hereby repealed.

New Standing Order 37

'Deposit of copy of plan, etc. in certain circumstances

36

37. In the case of a bill by which it is proposed to authorise the compulsory acquisition—

(a) of any churchyard, burial ground or cemetery, or any part thereof, or

(b) of rights to use any churchyard, burial ground or cemetery, or any part thereof, or

(c) of any other land, or of rights to use any other land,

copies of so much of the deposited plan, section (if any) and book of references as relates to the land shall, on or before 20th November, be deposited in accordance with Standing Order 1A.'.

37

Standing Order 38, line **3**, after 'November', insert '(or when 27th November is a Saturday or a Sunday, on the first Monday following that day)'.

38

Standing Order 39 is hereby repealed.

New Standing Order 39

'Deposit of copies of bills

39

39. On or before 4th December, printed copies of every bill shall be deposited in accordance with Standing Order 1A.'.

40

Standing Order 45, line **19**, leave out from 'deposited' to end and insert accordance with Standing Order 1A.'.

41

Standing Order 47, line **9**, leave out from 'and' to 'on' in line 11 and insert 'in accordance with Standing Order 1A.'.

42

Standing Order 55, line **17**, leave out from 'datum' to 'shall', and insert 'of Newlyn.'.

43

Standing Order 61, line **16**, after 'district,' insert 'unitary district,'.

44

Standing Order 61, line **33**, after 'county' insert ', metropolitan district, unitary district or London borough'.

45

Standing Order 62, line **15**, after 'county' insert ', metropolitan district, unitary district or London borough'.

46

Standing Order 65, line **28**, after 'county,' insert 'metropolitan district, unitary district or London borough'.

47

Standing Order 98, line **8**, after 'district' insert ', unitary district'.

48

Standing Order 131A, line **3**, leave out from 'be' to end of line 4 and insert 'reproduced at the expense of the parties and the cost of reproduction shall be divided among the several parties in such proportions as may be specified by the Private Bill Office.'.

49

Standing Order 145, line 3, leave out second 'the' and insert 'any'.

After Standing Order 145

Insert—

New Standing Order 145A

'Minutes of evidence to be laid upon the Table

50

145A. The minutes of the evidence taken before a committee on a private bill shall be laid on the Table of the House and ordered to be published.'.

51

Standing Order 147, line **7**, leave out 'for Transport' and insert 'responsible for the time being for transport matters'.

52

Standing Order 147, line **11**, leave out 'for Transport' and insert 'responsible for the time being for transport matters'.

53

Standing Order 154, line **12**, leave out 'for Transport' and insert 'responsible for the time being for transport matters'.

54

Standing Order 154, line 27, leave out 'for Transport' and insert 'responsible for the time being for transport matters'.

55

Standing Order 174, line 3, leave out '2.45 p.m.' and insert 'a quarter of an hour after the House sits'.

56

Standing Order 174, line 28, leave out 'for 7 p.m.' and insert 'at a time three hours before the moment of interruption'.

57

Standing Order 174, line 39, leave out '7 p.m.' and insert 'a time three hours before the moment of interruption'.

New Standing Orders 188A and 188B

58

'After Standing Order 188A

Insert—

"SUSPENSION AND REVIVAL OF BILLS

Suspension of bill:

188A.—(1) Paragraph (2) applies where—

(a) this House resolves that the promoters of a bill originating in this House should have leave to suspend any further proceedings on the bill in order to proceed with it, if they think fit, in the next session of Parliament, and any conditions attached to the leave have been met; and

(b) the House of Lords concur with the resolution, or have previously passed a resolution to the like effect as the resolution of this House.

(2) The bill shall be deposited in the Private Bill Office on the fifth sitting day in the next session together with a declaration, signed by the agent, stating that the bill is the same in every respect as the bill at the last stage of the proceedings on it in this House in the current session.

(3) Paragraph (4) applies where

(a) this House resolves that the promoters of a bill originating in the House of Lords should have leave to suspend any further proceedings on the bill in order to proceed with it, if they think fit, in the next session of Parliament, and any conditions attached to the leave have been met; and

(b) the House of Lords subsequently pass a resolution to the like effect as the resolution of this House.

(4) If the bill is brought from the House of Lords in the next session, the agent for the bill shall deposit in the office of the Clerk of the Parliaments a declaration, signed by the agent, stating that the bill is the same in every respect as the bill which was brought from the House of Commons in the current session.

(5) The following provisions of this Order apply in either case.

(6) The bill shall be deemed to have passed through every stage through which it has passed in the current session, and shall be recorded in the Journal of the House as having passed those stages, and no new fees shall be charged to those stages.

(7) These Standing Orders shall apply to the bill in the next session only in regard to any stage through which the bill has not passed in the current session.

(8) If there is any petition outstanding—

(a) any such petition which has been presented (if not withdrawn) shall stand referred to any committee on the bill in the next session;

(b) any minutes of evidence taken before a committee on the bill in the current session shall stand referred to any committee on the bill in the next session;

(c) no petitioners shall be heard before any committee on the bill in the next session unless their petition has been presented within the time stipulated for the deposit of petitions in the current session or deposited pursuant to Standing Order 126(b);

(d) Standing Order 127 shall have effect as if the words 'under Standing Order 126 (Reference to committee of petitions against bill)' were omitted.

(9) In this order 'the current session' means the session in which the resolution of this House is passed and 'the next session' shall be construed accordingly."

After Order 188A

Insert—

'Revival of bills

188B.—(1) Paragraphs (2) and (3) apply where—

(a) this House resolves that the promoters of a bill which—

(i) originated in this House in an earlier session of this Parliament or in the last Parliament; and

(ii) had not received the Royal Assent,

should, notwithstanding anything in the Standing Orders or practice of this House, have leave to proceed with the bill in the current session; and

(b) the House of Lords concur with the resolution, or have previously passed a resolution to the like effect as the resolution of this House.

(2) The petition for the bill shall be deemed to have been deposited and all Standing Orders applicable to it shall be deemed to have been complied with.

(3) The bill shall be deposited in the Private Bill Office not later than the fifth day on which the House sits after the passing of the resolution, and a declaration, signed by the agent, shall be annexed to the bill stating that it is the same in every respect as the bill at the last stage of the proceedings on it in this House in the last session or the last Parliament or, as the case may be, the bill passed by this House.

(4) Paragraph (5) applies where—

(a) this House resolves that the promoters of a bill which—

(i) originated in the House of Lords in an earlier session of this Parliament or in the last Parliament; and

(ii) had not received the Royal Assent,

should, notwithstanding anything in the Standing Orders or practice of this House, have leave to proceed with the bill in the current session; and

(b) the House of Lords subsequently pass a resolution to the like effect as the resolution of this House.

(5) If the bill is brought from the House of Lords in the current session, the agent for the bill shall deposit in the Private Bill Office a declaration, signed by the agent, stating that the bill is the same in every respect as the bill which was brought from the Commons in the last session or the last Parliament.

(6) The following provisions of this Order apply in either case.

(7) The bill shall be deemed to have passed through every stage through which it has passed in the last session or last Parliament, and shall be recorded in the Journal of the House as having passed those stages, and no new fees shall be charged to those stages.

(8) If there is any petition outstanding—

(a) any such petition which has been presented (if not withdrawn) shall stand referred to any committee on the bill in the current session;

(b) any minutes of evidence taken before a committee on the bill in the last session or last Parliament shall stand referred to any committee on the bill in the current session;

(c) no petitioners shall be heard before any committee on the bill in the current session unless their petition has been presented within the time stipulated for the deposit of petitions in the last session or last Parliament or deposited pursuant to Standing Order 126(b);

(d) Standing Order 127 shall have effect as if the words "under Standing Order 126 (Reference to committee of petitions against bill)" were omitted.

(9) In this Order "current session" means the session of Parliament in which the resolution of this House is passed and "this Parliament" means the Parliament in which the resolution of this House is passed; "the last Parliament" and "the last session" shall be construed accordingly.'.".

59

Standing Order 200, line 6, leave out 'two' and insert 'five'.

60

Standing Order 204A, line 4, leave out '7 p.m.' and insert 'a time three hours before the moment of interruption'.

61

Standing Order 208A, line 4, leave out '7 p.m.' and insert 'a time three hours before the moment of interruption'.—*[The Chairman of Ways and Means.]*

Oral Answers to Questions

TRADE AND INDUSTRY

The Secretary of State was asked—

Coal Health Claims

1. **Paddy Tipping** (Sherwood) (Lab): How much was paid in coal health claims up to 31 March; how many claimants have benefited; and if she will make a statement on plans to increase the speed at which claims are processed. [224748]

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): We have paid £2.6 billion to nearly 420,000 claimants. Some £64.5 million of that was spread between 13,094 claimants in my hon. Friend's constituency. I pay tribute to his work in that regard. On 28 February, the Department began to make fast-track offers to claimants. We aim to ensure that remaining claims are dealt with as speedily as possible.

Paddy Tipping: The sum of £2.6 billion for coal health claims is very significant. Will the Minister remind us that the last Conservative Government refused the claim, and will he make it his policy to put more money into more miners' pockets more quickly?

Nigel Griffiths: Indeed. I pay tribute to all hon. Members who have striven to ensure that they get justice for sick miners and their widows and families.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I welcome the Minister's statement. In Barnsley, £166 million has been received in the community; in my constituency the figure was £39 million. I draw his attention to yesterday's report by the Select Committee on Trade and Industry which recommends that the 3,500 to 5,000 surface workers who have less than five years' service should be admitted to the scheme. Will he examine that recommendation seriously and consider either implementing a new scheme for such workers or bringing them into the current scheme?

Nigel Griffiths: I gave evidence to the Select Committee and I understand that its report was produced this week. I have not yet had a chance to study it, but I think that my hon. Friend knows that we give every sympathetic consideration to helping sick miners and their families. The surface workers issue is difficult, and he knows that I have taken a keen interest in it. I have not yet found evidence that would allow us to extend the scheme, but I will obviously read the Select Committee's deliberations with great care.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Obviously, the announcement by the Minister is fantastic news. My constituency has benefited from almost £79 million in compensation.

I wonder whether the Minister will take this opportunity to update the House about the negotiations to establish a minimum compensation level of £500 for chronic bronchitis? This week, I encountered yet another example of a former miner suffering from it in Hemingfield in my constituency who was receiving a full and final settlement of just £53.01. It is important that we examine the issue and establish the minimum fee as quickly as possible.

Nigel Griffiths: I agree with my hon. Friend. Indeed, on Monday I had a meeting with the head of the National Union of Mineworkers in Scotland to discuss how we could progress with the minimum fee. The solicitors made a proposal, and said that, as their average fee including VAT is about £2,300, they might sacrifice some of that to make up any payment offers under £500 up to that sum. We are now working on the mechanism that would allow that to be delivered.

Mr. Dennis Skinner (Bolsover) (Lab): Is the Minister aware that those who worked for other employers as well as the National Coal Board and British Coal have some difficulty? As he knows, there is a problem with multi-claims. Some private employers are refusing to pay their whack out of the total payment. Therefore, we must jump on them severely to try to get the claims settled. Such claims form the bulk of the outstanding claims. If we can get that show on the road and deal with the fast-tracking of £1,000, we will make much more progress for the next Parliament and get a lot more money.

Nigel Griffiths: We certainly will. Indeed, we have already honoured our part of that bargain. I am certainly the Minister to jump on such people.

Investment

2. **Mr. Peter Viggers** (Gosport) (Con): If she will make a statement on Government policies to promote investment in the private sector. [224749]

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): The Government have put in place a stable macro-economic environment. We also support business investment through research and development tax credits, grants, regional selective assistance and the technology programme. Business investment rose by 5.5 per cent in 2004.

Mr. Viggers: Is it not the most damning indictment of this Government that over the past eight years two public sector jobs have been created for every private sector job lost?

Ms Hewitt: The hon. Gentleman is, not surprisingly, completely ignoring the fact that since 1997 over 2 million more people are in work than when we were elected, that more people are in work than ever before in our country and that unemployment is at its lowest level for more than 30 years. All of that record of economic stability and employment would be put at risk by the policies that he supports: £35 billion of cuts in public spending and a return to the policies that gave us 15 per cent. interest rates and boom and bust.

Richard Burden (Birmingham, Northfield) (Lab): Does my right hon. Friend agree that on the subject of investment, the proposed joint venture between the Shanghai Automotive Industry Corporation and MG Rover is not only vital for the west midlands but offers long-term benefits to both companies and both countries? I express my appreciation for the work that she and all Ministers are doing to bring the matter to a successful conclusion. I thank her for the Department's statement that bridging finance could be made available within the rules. I ask her to confirm the comments of my right hon. Friend the Prime Minister yesterday that the Government will continue to do all that they can to bring the negotiations to a successful conclusion to the benefit of both companies.

Ms Hewitt: I thank my hon. Friend for his support and for his active involvement on behalf of his constituents. I can confirm what my right hon. Friend the Prime Minister said yesterday. My right hon. Friends the Prime Minister and the Chancellor, other Ministers and I are doing everything possible to bring this matter to a successful conclusion, and that remains the case.

Miss Julie Kirkbride (Bromsgrove) (Con): The Secretary of State will be aware that I share the location of the Longbridge factory with the hon. Member for Birmingham, Northfield (Richard Burden). Probably like him, I have been receiving many distress calls this week from workers at the factory. As I understand it, one of the principal stumbling blocks with the Chinese is whether or not the factory can be made solvent during the two years that it will take to get the new cars into production. To that end, can the right hon. Lady tell us what efforts her Department is making to sell off the MG sports car, one of the pinnacles of British manufacturing success, which might help to keep the plant afloat? Will she give us some of the details of the financial offering that has been made by the directors of Phoenix Venture Holdings? There are many people in the midlands who believe that they have lined their own pockets with the assets of the plant, which should now be available to keep the plant afloat.

Ms Hewitt: I completely understand the anxiety that the present situation is causing to the 6,000 outstanding Rover workers and their families, and others who are potentially affected in the west midlands. The hon. Lady asked what efforts the Government are making to sell the MG Rover sports car. It is not for us to sell any company, and I am sure that she will understand that. I hope that she will also understand that I cannot comment on the details of the commercial discussions that have been taking place between MG Rover and the Shanghai Automotive Industry Corporation. I have to point out to her that the cuts that she and her party are proposing of £500 million—

Mr. Speaker: Order. I say to the right hon. Lady that we must not make mention of the policies of the Conservative party. *[Interruption.]* I shall tell right hon. and hon. Members why not. From Monday onwards those policies can be mentioned, even by myself, if I wish, but not now.

Ms Hewitt: I understand, Mr. Speaker, that you are looking forward to your liberation.

I shall make an important point. It is only because there is a Department of Trade and Industry, a Department with a significant budget, that we can undertake the efforts to which I have referred, and provide the sort of support that we have made available to companies throughout the country—manufacturing companies that have benefited from regional selective assistance in particular. This has safeguarded thousands of jobs that would be directly threatened if any future Government were either to abolish the Department or to reduce its budget by £500 million. Jobs and manufacturing in Britain would all be jeopardised.

Mr. Hilton Dawson (Lancaster and Wyre) (Lab): I am extremely grateful to my right hon. Friend for opening Infolab at Lancaster university recently. It represents a major £10 million public investment in world-class university research which will bring and is bringing huge private sector investment in its wake, bringing many hundreds of jobs to the area and establishing Lancaster as the centre of information technology-led business for the north-west for the future. I assure her that the city of Lancaster was glorious before the Labour Government but has been made even more glorious, and does she realise—

Mr. Speaker: Order. I have given the hon. Gentleman too much licence.

Ms Hewitt: I congratulate my hon. Friend not only on the achievements of the wonderful city of Lancaster but on the enormous work that he has done on behalf of his constituents. I am sure the whole House will join me in offering him every good wish for the future. I was hugely impressed and excited by the opening of Infolab at Lancaster university. It is a striking example of exactly the kind of partnership we need between our great universities and the business community. We are facilitating that through our investment in science, our technology programme and our investment in innovation. That is how we will ensure that Britain remains one of the world leaders in high-technology manufacturing. It is essential to the future of our economy that we make those investments and create those partnerships. All of them would be put at risk if that investment were not available.

Mr. Stephen O'Brien (Eddisbury) (Con): We all want to see the 6,100 jobs at MG Rover, the skills at Longbridge and the wider supply chain saved, so will the Secretary of State take the opportunity to say on the Floor of the House, in relation to her policy of promoting investment—we are in live time, as we

speak—and without hiding behind commercial confidentiality, given that taxpayers' money is being offered, whether the Government are definitely making the £100 million bridging loan to MG Rover to draw down now, to see the company through its financial crisis to the point when the deal with the Shanghai Automotive Industry Corporation and the consent of the Chinese Government can be secured?

Ms Hewitt: As the hon. Gentleman knows, I ensured that my right hon. Friend the Minister for Industry and the Regions briefed him and the appropriate spokesperson for the Liberal Democrats on the progress that had been made at the end of last week. I propose to brief both of them again at an appropriate point as matters develop, and to make a statement, but I am not in a position to comment at this point on commercially confidential negotiations. He will understand, because we have discussed the matter before, that a bridging loan has been offered in order to provide a bridge to a commercial deal. That remains the case, but commercial discussions are taking place and at this point there is nothing more that I can say publicly. The Prime Minister made the Government's position clear yesterday, and that remains the case.

Mr. O'Brien: This, being my second question, is the last opportunity for the Secretary of State to make a statement on the Floor of the House, so notwithstanding the constraints under which she claims to be operating, will she tell us, in the context of the concern over a million jobs having been lost in UK manufacturing since Labour came to power eight years ago, what she and the Chancellor are doing to arrest the demise of our only volume car producer in the west midlands? If it did unfortunately suffer a demise, that would lead to the haemorrhaging of the wider supply chain across the west midlands, which is so important to the jobs and the skills base of one of the centres of excellence in our economy.

Ms Hewitt: My right hon. Friends the Prime Minister and the Chancellor and I have been doing everything possible to bring the Rover partnership's discussions with SAIC to a successful conclusion, and I really am not prepared to take lectures on manufacturing from the hon. Gentleman, who is a member of a party that presided over not one but two recessions, that destroyed hundreds of thousands of good manufacturing companies in the west midlands and throughout the rest of the country, that destroyed manufacturing jobs, that said the country did not need manufacturing, and that has now promised to scrap the regional selective assistance that has supported—

Mr. Speaker: Order. I call Mr. O'Neill.

Mr. Martin O'Neill (Ochil) (Lab): I congratulate my right hon. Friend the Secretary of State on the efforts that she and her colleagues are making in this matter. *[Interruption.]* It is a pretty sad day, albeit just before a general election, when the Opposition try to dress up cheap political points on such a serious matter as this, and rediscover the manufacturing industry which they wanted to abandon for so long, not least because this country still has the most successful automotive assembly industry in Europe, in which foreign businesses are more than willing to put their money, rather than just the mouthings of the Opposition. *[Interruption.]*

Ms Hewitt: My hon. Friend is absolutely right. The 6,000 workers at Rover deserve a great deal better than the laughter and the jeering that we have just heard from Opposition Members. We, including the Prime Minister and the Chancellor, have been giving Rover every possible support, and we have done our best to deal with this on a bipartisan basis. I regret very much, as my hon. Friend does, the way in which the Opposition have acted on this, but I thank him for the support that he has given, not only in the matter of Rover but for the investments that we have made in firms such as Nissan, LDV, Vauxhall in Ellesmere Port and Ford in Dagenham, all of which underline the success of our vehicle manufacturing and other advanced manufacturing in Britain. The best of British manufacturing is among the best in the world, and we are determined to keep it that way.

Malcolm Bruce (Gordon) (LD): Will the Secretary of State acknowledge that when taxpayers' money goes into investing in the private sector in the UK, the headline jobs that are created there are often replicated by jobs destroyed elsewhere? Does she not recognise that Sean Quinn's 500 jobs have been put on hold because 1,000 jobs in existing manufacturing plants are likely to be lost, and in my constituency, jobs at R. B. Farquhar of Huntly have been lost as a direct result of public money being put into a Danish competitor to steal business from it?

I appreciate the courtesy of having been included in the discussions on MG Rover, but does my right hon. Friend agree that it is predictably ironic that the directors of MG Rover have put us in this position at the start of a general election campaign, and will she ensure that if public money is to be invested in that company it will be only on the assurance that there is a long-term solution, and that the directors put everything that they have at their disposal into that guarantee, because, after all, they have led the situation to the point where we are now in crisis and up against a deadline that the Government are struggling to meet?

Ms Hewitt: The hon. Gentleman has raised the issue of Quinn Glass. In that case, as in every case in which we consider investment support, we examine whether the company is willing to invest in new products and processes, which are essential for success in manufacturing today. We carefully examine additional investment, and the record on regional selective assistance is that for every pound of public money—we have put in more than £2 billion since 1998—we get more than £9 of private sector investment. As I understand it, the Quinn Glass production facility is on hold for planning reasons, which is a matter for the planning system. We will continue to support private sector investment in this country. Thanks in part to the stable macro-economic conditions that we have created, business investment has risen for the past seven quarters. The record on investment is outstanding, and it is a vote of confidence in the British economy.

Iraq (Reconstruction Contracts)

3. **Mr. Tam Dalyell** (Linlithgow) (Lab): What support her Department provides to British companies bidding for contracts for reconstruction work in Iraq. [224751]

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): My Department provides a range of support services through UK Trade and Investment for British firms interested in reconstruction work in Iraq. That includes providing commercially relevant information and advising on tender procedures for the main reconstruction agencies. Our advice takes full account of the security situation in Iraq and the terms of the Foreign and Commonwealth Office travel advice.

Mr. Dalyell: I am told that I have received more oral parliamentary answers than anybody else in the history of Parliament, so I should thank Ministers of all parties, going back to Harold Macmillan.

At Nuremberg in 1945, some very wicked men were put on trial. Does the former secretary of the National Council for Civil Liberties think that she, as a senior member of the Cabinet, should be pressing, for trade and other reasons, for Tariq Aziz, Saddam Hussein and others at least to get a trial? I have given her the names and numbers of Emile Ludot and Mathieu Faupin, lawyers who are trying to represent a client whom they have not been allowed to see for more than a year. If Hermann Goering and Josef Goebbels could get a trial, is it not about time that the Iraqis did?

Ms Hewitt: I congratulate my hon. Friend on his record of asking parliamentary questions and on his last question in the House.

I have checked the position of Tariq Aziz and other war criminals awaiting trial in Iraq. Tariq Aziz has a named counsel of record registered with the Iraq special tribunal, and I understand that he has seen him twice already. Mr. Ludot and Mr. Faupin, the other lawyers in question, are not registered as co-counsel with the Iraq special tribunal. Furthermore, my understanding is that although they claim Mr. Aziz as their client, they have not requested the tribunal's permission to visit him. Both Tariq Aziz and Saddam Hussein have seen their lawyers.

Mr. Keith Simpson (Mid-Norfolk) (Con): Because of the security situation in Iraq, one of the biggest trade fairs had to take place in Jordan. Will the Secretary of State tell the House how many officials from her Department attended and what support they gave to British companies?

Ms Hewitt: We have been supporting British companies and helping British companies to work with Iraqi companies since the end of the conflict. Although I cannot give the hon. Gentleman detailed information about the Jordan trade fair, perhaps I can write to him this afternoon. In 2003, we set up a business facility in Baghdad. We are working with the chamber of commerce, and we have helped a number of British firms in their successful efforts to obtain contracts to help with the reconstruction process. A number of British companies and their trade associations have thanked my officials and ministerial colleagues for our support. I hope that all hon. Members welcome the creation of a democratic Iraqi Government and the fact that the reconstruction process, difficult though it is, is well under way. The British Government and British companies will continue to support the reconstruction process.

Ann Clwyd (Cynon Valley) (Lab): May I remind my right hon. Friend that we used to support the Baghdad trade fairs—at least, the Conservatives did—throughout the time when Saddam Hussein was killing the Shi'a and the Kurds?

Continuing the process of the reconstruction of Iraq, the inauguration of the new President of Iraq is taking place at this moment. He is Jalal Talabani, who for 60 years struggled against various regimes in Iraq, fought Saddam Hussein, and fled to the mountains in 1991 when helicopter gunships were being used against the Kurds and others. I think that we will all want to send congratulations to him today. He is not only a democrat but from a minority group in Iraq, which shows that minorities can become as important even in that country as they can in this country.

Ms Hewitt: My hon. Friend is absolutely right. I hope that the whole House will want to join me in sending our congratulations to President Talabani, who assumes office today. I also congratulate my hon. Friend on her stalwart efforts over a very long period to support the oppressed people of Iraq during Saddam Hussein's regime and since the end of the conflict. I very much hope that despite the divisions within this House on the conflict itself we can all now unite in supporting the people of Iraq, who showed enormous courage in defying the terrorists to come out and vote, in their work to reconstruct their own country on peaceful and democratic lines.

Mr. Nick Hawkins (Surrey Heath) (Con): As a somewhat younger retiring Member than the distinguished Father of the House, may I, on a suitably non-partisan note, echo what the Secretary of State just said? May I also to ask her to join me in commending the bravery of those who work for British companies, and indeed for companies throughout the western world, who are prepared, at great personal risk, to go to take part in the reconstruction work in Iraq?

Ms Hewitt: The hon. Gentleman makes a correct and important point. It is, if I may say so, a very good note on which to end his parliamentary career. The courage of many such people—not only the staff working directly for British and other western firms, but many of my own officials who voluntarily went out to Iraq to help in the aftermath of the conflict, and above all the Iraqi people, particularly when working with western firms and therefore likely to be a target for terrorist attack—is to be admired unreservedly on both sides of the House.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Is the Secretary of State prepared to agree that one of the key elements of a successful bidding process is a ready access to high standards, and that BSI—formerly known as the British Standards

Institution—and the International Organisation for Standardisation, or ISO, are brand leaders in this field and should give European companies a competitive edge? Is she aware, though, that the Americans have been playing a very hard-sell game with standards since the beginning of the conflict in Iraq, and have stepped up their efforts since then, in trying to impose American standards on all work across the whole country? Will she assure the House that she will stand foursquare with BSI in ensuring that we resist the Americanisation of components and construction work in Iraq?

Ms Hewitt: My hon. Friend is right and I am delighted to say that we have been doing exactly what he asks since the end of the conflict. Indeed, the American Administration made an early attempt to impose American standards for mobile telephone technology even though European standards had been in use throughout the middle east for a long time. I am delighted to say that that proposal did not get any further.

Sir Patrick Cormack (South Staffordshire) (Con): How many contracts have been awarded to British companies up to now? What is their total value? What are the Secretary of State and the Department doing to ensure that all possible contracts are drawn to the attention of British companies?

Ms Hewitt: I cannot give the hon. Gentleman the information that he requests for the simple reason that there is no obligation on British companies to tell us when they win a contract. However, as I said earlier, we have helped many companies to win contracts, including AMEC. They have expressed their appreciation for the help that we have given them. By ensuring that we remain close to the tendering process—initially with the coalition provisional authority and now the Iraqi Government—we can make the information directly available to contractors here. We have supported them through contractors' conferences, trade fairs and the work that I mentioned earlier.

India/China

4. **Hugh Bayley** (City of York) (Lab): What progress the Government are making in opening markets for UK companies to sell financial services in India and China. [224752]

The Minister for Trade and Investment (Mr. Douglas Alexander): The UK Government fully support the efforts of the European Union to negotiate commitments on opening financial services markets in World Trade Organisation countries, including India and China, as part of the Doha development agenda. The recent visits of my right hon. Friend the Secretary of State to India and of the Chancellor of the Exchequer to China have stressed the message from industry that a liberalised and transparent financial services sector brings huge benefits, including increased foreign direct investment and the transfer of skills.

Hugh Bayley: I am glad to hear my hon. Friend's comments. The insurance company Aviva is an important employer in York. It has a subsidiary in India that sells life assurance policies and that helps to safeguard jobs in the UK. However, Aviva's general insurance business cannot sell policies in India because the Government of India will not allow foreign companies to compete with Indian insurers. Will my hon. Friend ensure that our Government continue to press the Indian and Chinese Governments to allow UK companies to compete on a level playing field in their countries, where there is a growing middle class that wants insurance because of the security that it brings them?

Mr. Alexander: I am grateful to my hon. Friend for raising the subject, on which he has worked tirelessly. I understand that, in India, foreign underwriters have set an equity cap of 26 per cent. Of course, that is a matter of concern to us and it is why officials of UK Trade and Investment and our high commissioner in Delhi have already raised the matter with the Indian Government. I assure hon. Members that that work will continue to ensure that we can give the best opportunities to the British companies that my hon. Friend described.

Alistair Burt (North-East Bedfordshire) (Con): The Minister claims to support exports and opportunities for our companies abroad, but why is the Department reducing support under the support for exhibitions and seminars abroad—SESA—scheme for companies that want to attend trade fairs and open up markets abroad? Why has the Department resisted the representations that have been made to improve the conditions under that scheme and not restrict them, as the Government are doing?

Mr. Alexander: I am intrigued by the hon. Gentleman's brass neck in raising SESA funding given the Conservative party's approach to funding support for UK exports. On his substantive point, there is a genuine challenge to ensure that resources are used effectively. We believe that the best use of public money is, especially where market failure has occurred, to help those companies that are new to export. That is why we established the passport to export scheme. In the past, several companies secured public support and subsidy sequentially for some years. Labour Members believe that the best use of public money is to use it for those companies that have never previously exported, thus giving them the opportunity to export to new markets for the first time. I am sure that many people in industry agree with us.

Mr. John McFall (Dumbarton) (Lab/Co-op): The Minister knows that, in the past few weeks, the Treasury Committee visited Beijing and Shanghai, where we witnessed one of the most rapid changes in global trading patterns, with China exporting more than Britain, France and Italy combined. We were pleased to note the presence of insurance companies such as Prudential and Standard Life Assurance. However, in a weak and immature banking system, there was an absence of the large retail banks in the market. What encouragement can the Minister and the Government give to such companies to embed themselves in a rapidly growing market?

Mr. Alexander: I am grateful to my right hon. Friend for raising this issue, which draws on the point that I was

making earlier. There is a great deal of work being done by UKTI in China and about 100 missions supported by UKTI will take place there in 2005 and 2006. On the specific issue of access to British financial services—an area in which we have a great deal of expertise—I can assure the House that lobbying by UKTI has helped to secure operating licences for Prudential, Standard Life and Aviva. The China-Britain Business Council is working with UKTI to secure a further 220 licences, targeted for the years 2005 and 2006.

Emissions Trading Scheme

5. **Miss Anne McIntosh** (Vale of York) (Con): If she will make a statement on the impact of the European Union emissions trading scheme on UK business. [224753]

The Minister for Energy and E-Commerce (Mr. Mike O'Brien): The emissions trading scheme affects 12,000 installations across the EU and aims to tackle the problem of global warning and climate change by reducing emissions. To protect our competitive position in the world, the UK Government have allocated allowances to industry in a way that recognises their projected needs. One sector that has a below business-as-usual allocation is the electricity supply sector, but it is not subject to substantial international competition.

Miss McIntosh: I am grateful to the Minister for that reply, but I am sure that he is aware that his Government are in danger of speaking with forked tongue. His Department has agreed to negotiate with Europe on this matter, but the Department for Environment, Food and Rural Affairs is the lead Department. Under the national allocation plan, a number of high-energy industrial companies have reached a climate change agreement that will be subject to a decision—taken behind closed doors and with no politicians present—of a comitology committee of national officials in the European Commission on whether the climate change agreements will be exempt from the Commission's trading plan. The Minister was kind enough to meet me to discuss this point. Will he assure me that progress has been made and that those companies will not face the double whammy of being subjected to a national allocation plan and a European Union emissions trading scheme?

Mr. O'Brien: The Government believe that the provisions of the climate change agreements satisfy the temporary exclusion criteria that allow installations to opt out of phase 1 of the EU emissions trading scheme. We are working with companies to reach agreement on how to put forward various proposals to the EU to allow certain exclusions. Obviously, the final allocations cannot be made until the Commission and the comitology committee have made a decision. We have, however, informed operators that they should monitor emissions from 1 January 2005, in case approval is not given. I take the hon. Lady's point, however, and when we return to Government in due course, I shall be happy to discuss with her the problems in her constituency.

Mr. Eric Illsley (Barnsley, Central) (Lab): May I reinforce that last point on climate change agreements and emissions controls by referring to the glass industry? I urge my hon. Friend to consider the precarious competitive position of that industry, which is subject to emissions limits under the climate change agreement. Will he ensure that he takes no action on emissions agreements that will dent the industry's competitiveness any further?

Mr. O'Brien: If we are to deal with global warming and climate change, there will be implications for industry. Those implications will, however, stretch right across the EU and, we hope, across the wider world as well in due course. All of those areas will have to take steps to deal with emissions. We are watching with great care to see how the ETS and the climate change agreements will operate, to ensure that the UK maintains its competitiveness. That will apply to the glass industry as well.

Mr. Crispin Blunt (Reigate) (Con): Will the Minister confirm that Britain was unable to take part in the EU emissions trading scheme when it began operating on 1 January 2005 because his Government got the national allocation plan wrong? Will he also confirm that the Government have had to go to the Commission on bended knee to try to change the allocation to make it less damaging to British industry and that the Commission has said no? Who is going to take responsibility for this mistake?

Mr. O'Brien: I will not confirm the nonsense that the hon. Gentleman has just spouted. The Government propose to issue the allocation of 736 million allowances—which has already been approved by the Commission—as soon as possible to allow the operators of UK installations covered by the scheme to start participating fully, as they wish to do.

There is an argument over 20 million of the allocations. Those relate to one specific sector—energy generation—because we have allocated the rest of industry on the basis of its projected needs. Therefore, although one sector will be affected, it is not subject to substantial international competition and we believe that it will be able to deal with that. We also believe that we have a strong case and we are prepared to take it to the European Court of Justice if that should prove necessary.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): Is the Minister aware that even people who have been around as long as I have can change their mind? When I was on the energy review committee, as a former nuclear sceptic, I came to the view that we can achieve our emissions targets and a balanced energy policy only if we replace our existing nuclear capacity. When will the Government grasp the nettle and take a decision on that?

Mr. O'Brien: We wait for those companies that want to make a viable economic proposition to build a nuclear reactor. If they came forward, we would have an open mind on the issue. We have been very clear about that. We have said that we would publish a White Paper and hold a widespread consultation, but I have to tell my right hon. Friend and the many supporters of nuclear power generation in the House that at this point there is not an economic case that is causing companies to come forward and volunteer to build a nuclear reactor. If that should change, we would have an open mind.

Small Business

6. **Mr. Archie Norman** (Tunbridge Wells) (Con): What steps she is taking to promote small business growth. [224754]

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): Many small businesses are the economic dynamos of our economy and to promote small business growth, among other things, we raised the VAT threshold to the highest in Europe, abolished automatic fines for late payment for 200,000 small businesses, introduced a flat-rate VAT scheme to cut red tape for up to 700,000 small and medium-sized enterprises, and abolished corporation tax for 150,000 businesses. Our Phoenix fund has helped more than 89,000 people from disadvantaged areas to start and grow SMEs, and our nine regional venture capital funds have made 199 investments, totalling £37 million.

Mr. Norman: Since this is the last chance that I will have to do so, may I gently remind the Minister that the biggest gift that this Government can give to small business is to reduce the burden of regulation that has increased so much under them? Has he noticed that the Chancellor has committed to implement in full the Arculus report, which includes the principle of regulatory budgets and a one in, one out principle for new regulation, yet the Secretary of State has already committed, if re-elected, to new regulations that will cost small business up to £200 million to £300 million in additional regulatory burdens, according to her own Department's impact assessments? Which equivalent regulations do the Government plan to withdraw?

Nigel Griffiths: The hon. Member is leaving the House, and the House will be the poorer for losing somebody with business experience. We all wish him well.

Yes, of course, we have read the Arculus report. As the Secretary of State and the Chancellor have made clear, elements of it are being examined and are being implemented—in fact, the bulk of the recommendations—but I do not take lessons from the party that introduced 51,599 regulations. The important thing is that the way we have tackled regulations means that a record number of small businesses started in Britain last year, and the survival rates are the best for a decade. Last year, 445,000 businesses were started. That is more than 1,000 businesses for every working day. We are the party of business growth.

Mr. Peter Pike (Burnley) (Lab): Does my hon. Friend accept that the Northwest Development Agency, and indeed development agencies generally, have an important role to play? Are not business growth and small businesses encouraged by actions that they are taking in many places in the country, including the former Michelin site in Burnley, which is being brought back into use for small businesses?

Nigel Griffiths: My hon. Friend has been a powerful advocate for his area and for business and jobs growth as well. We will certainly be sorry to lose him and wish him well. He is right about the important role played by the regional development agencies and the importance of the support they receive from the DTI, which, under the Conservative party, would be abolished, with all the threat to jobs and growth that that would bring about.

Mr. Henry Bellingham (North-West Norfolk) (Con): Our plan is not to abolish the DTI but to set up a department for business that will focus on entrepreneurship and on really helping small businesses.

As this is the last DTI questions before the election, may I say what a pleasure it has been to shadow the hon. Gentleman? Although we disagree on regulation and despite the fact that he has not answered the question put by my hon. Friend the Member for Tunbridge Wells (Mr. Norman), he has been a doughty champion of small businesses and we admire his energy.

What has happened to the National Audit Office value-for-money report on the Small Business Service, which the NAO assures me has been finished and is awaiting clearance by the Secretary of State? Will it be cleared before the election?

Nigel Griffiths: The NAO is a much respected organisation. It spends a great deal of time on its reports and makes many thoughtful points, and it would be wrong of any Minister to jump to hasty conclusions. The report is being studied in detail and I am sure that it will inform Government policy when we come back after the election.

Balance of Trade

7. **Sir Teddy Taylor** (Rochford and Southend, East) (Con): What the latest estimate is of the UK balance of trade for 2004–05; and what the balance of trade with the EU was in the same period. [224756]

The Minister for Industry and the Regions (Jacqui Smith): The Government do not produce forecasts on a geographical basis. The latest official figures, published at the time of the Budget, for the UK's total balance of trade in goods and services in 2004 show a deficit representing 3.3 per cent. of GDP. The Treasury forecasts that that will fall to between 3 and 3.1 per cent. of GDP by 2007.

Sir Teddy Taylor: Is the Minister aware that, in the 34 years that have passed since I resigned from the Government—before she was born—over the decision to join the EU, which we were told would improve trade dramatically, I have been watching for that improvement? I was horrified when I phoned up the House of Commons Library this morning and was told that, in 2004, our deficit in trade in goods and services with the rest of the world was £6.4 billion, but with the European Union it was £32.5 billion, which means that the European part accounts for 84 per cent. of our deficit. Is not that an horrific figure and should not the Government think carefully before getting more involved in an enterprise that has brought us an horrendous trade deficit?

Jacqui Smith: I offer the hon. Gentleman my best wishes for what comes next. I have happy memories of our time together on the Treasury Committee and I have always been impressed by his independence of mind and

his diligence in representing his constituents. He is, of course, famous—even notorious—for his views on Europe, but perhaps I can give him a little reassurance today. One of the reasons for the figures he cites is that the beneficial levels of growth that we in the UK have experienced compared with other parts of the EU mean that opportunities for UK exporters in Europe are somewhat reduced. In addition, I hope that he will be reassured to learn that, although the EU trade deficit in December last year was £2.4 billion, in January this year it had decreased to £2.2 billion.

MINISTER FOR WOMEN

The Minister for Women was asked—

Work-Life Balance

10. **Michael Fabricant** (Lichfield) (Con): What her policy is on work-life balance and opportunities for employment for women. [224757]

The Minister for Women and Equality (Ms Patricia Hewitt): Through the measures that the Government have introduced, women—and men—now have more choice and support than ever before to balance work and home life in ways that benefit employees, their families and employers. The UK now has the highest levels of employment ever, with women making up more than 45 per cent. of the work force.

Michael Fabricant: I have heard that the right hon. Lady is a great fan of Lauren Bacall and has seen every single one of her movies. Has she read the article in the *Daily Mail* headlined, "You can't have a husband and a career, says Bacall"? Does she agree with Lauren Bacall, will she continue to watch her movies and what does her husband have to say about it?

Ms Hewitt: I have seen the headline as well as the movies. It reminds me of my first job interview many years ago, when the interviewer, who was a woman, asked me whether my husband minded my working. I said, "No, and I don't mind him working either."

Ms Meg Munn (Sheffield, Heeley) (Lab/Co-op): My right hon. Friend will be aware that many women choose to achieve work-life balance by setting up their own enterprises. However, there is still an insufficient number of women doing so, despite good examples such as diva, an enterprise run by women in my city. What can the Department do to ensure that more women take that step and have the confidence to run businesses, because they often prove to be excellent at doing so?

Ms Hewitt: My hon. Friend is right. I am pleased that the number of women who have taken the step of setting up their own businesses has grown significantly in the past few years. It remains the case that fewer women in Britain are starting up businesses compared with the proportion of women doing so in the United States. Indeed, if we could close that entrepreneurship gap 100,000 more new businesses would start up in Britain every year. Through the Phoenix fund, the Business Link network and women's business clubs we are making that investment and giving support so that more women will take the step into self-employment by setting up and growing their own business.

Sandra Gidley (Romsey) (LD): I should celebrate the last women's questions of this Parliament by sticking up for men, because their work-life balance is important too. The reality for many families is that men work full-time and that women often choose to work part-time. The pay gap is 46 per cent., so it make financial sense for the men in such families to go out to work rather than the women. The Government have signally failed to tackle that aspect of the pay gap, which is extremely disappointing. Can the Minister tell us what she has done to address the problem?

Ms Hewitt: The first thing that we did was introduce the national minimum wage, which has almost eliminated the pay gap for low-paid workers. With tax credits on top, that has made an enormous difference to women, particularly lone mothers, who work part-time, as they can now secure a living wage for themselves and their children. We have ensured that part-time workers receive full-time rights—a hugely important step that was opposed, I seem to recall, by the Conservative Opposition—and through our new laws on flexible working rights we are seeking to make sure that part-time working is not confined to low-paid, low-skilled, undervalued jobs but is available all the way up to the most senior, well-paid jobs. By making sure that men as well as women have more choice and control over their working hours, not only will we make it easier for both fathers and mothers to balance work and family but we will reduce, then eliminate the pay gap.

Vera Baird (Redcar) (Lab): My right hon. Friend is to be congratulated on setting up the women and work commission. I pay great tribute to her and the Prime Minister for appreciating the complexity of the pay gap and setting up Baroness Prosser's commission to try to get to the root of a very difficult problem. Can she confirm that the next Labour Government will act on the recommendations of Baroness Prosser's report so that female talents can be properly used and rewarded?

Ms Hewitt: I am delighted with the progress of the women and work commission, which will report to my right hon. Friend the Prime Minister before the end of the year. I have no doubt at all that we will want to act on its recommendations, The commission is looking at the underlying causes of the pay gap, particularly the different choices that girls and young women make about the subjects that they study and the training that they undertake. Well over 90 per cent. of hairdressing apprenticeships, for instance, are taken by women, but well over 90 per cent. of engineering apprenticeships are taken by men. Those young women do not have any information at all about the pay consequences of their choices. We must tackle those underlying problems if we are going to make the progress that we all want to make to eliminate the pay gap.

Rev. Martin Smyth (Belfast, South) (UUP): May I first thank you, Mr. Speaker, for defending the rights of Back Benchers in minority parties?

I wish to press the Minister on single women who have carried a load through life and have often been forgotten about in carrying responsibility for aged parents and others. Does she share my concern about job sharing, particularly in Departments where there does not seem to be a working arrangement for sharing knowledge, so that people who are looking for information find it difficult to get it?

Ms Hewitt: The hon. Gentleman raises an extremely important point. Across government, we have been doing a great deal more to support the single women and others who have a caring responsibility for elderly parents or adult disabled children. That includes the introduction of the state second pension, for instance, which will protect the pensions of women in that position for periods when they have had such family responsibilities. We have ensured that job sharing and other part-time work opportunities are available, certainly in my own Department and across government. As he will know, we are consulting on the possible extension of our very successful flexible working laws beyond parents of young children to people caring for older relatives.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): My right hon. Friend is to be congratulated on the fact that evidence is emerging that women in middle management are now out-performing and out-earning many men. Surely, that is partly down to the pioneering work done by her and the DTI. Is she also aware, however, that when the Institute for Fiscal Studies was assessing how much money students pay back, it pointed out that female students would pay back very little over the period involved because they would be earning such low wages over their lifetime? While there are signs of very good things happening, we still face some problems and the battle goes on.

Ms Hewitt: My hon. Friend is right that the battle goes on. Women in middle management are doing exceedingly well, which is a tribute to their efforts. Women students at school—and we are beginning to see the same thing at university—are out-performing their male counterparts. The reality is that when the majority of graduates in law, medicine, accountancy and many other subjects are women, we need to ensure that those women can make the full contribution that their skills will allow, for the sake not only of them and their families, but of our economy as a whole. I assure him that we on the Labour Benches at least will continue to do everything in our power to ensure that equal opportunities are available to women and men throughout the country.

Mrs. Eleanor Laing (Epping Forest) (Con): I congratulate the Minister on her original answer to the question asked by my hon. Friend the Member for Lichfield (Michael Fabricant). Does she agree that there is one profession in which women and men are not represented in equal numbers—our very own profession as Members of Parliament? Since this might well be the very last question of this Parliament, does she share with me the happy anticipation that, when my party occupies the Government Benches in only a few weeks' time, there will be more than 40 women on our side, while on the Labour Opposition side there will be fewer than 60 women and the Liberal Democrats will be lucky if they have just one? Does she agree that we must all keep working to ensure that we have more and more women as Members of Parliament?

Ms Hewitt: I congratulate the hon. Lady. Indeed, I commiserate with her on the efforts that she and the very small number of women on the Opposition Benches have been making to try to persuade their party to select more women candidates. I am sure that she agrees that it is a great pity that her party has already—indeed, it did so before the election campaign started—deselected three of its feisty women candidates. Apparently, they were too feisty for the men in their constituency associations. We were the Government who introduced the Political Parties, Elections and Referendums Act 2000 to enable any political party that so chose to take positive action to ensure proper representation of the women of our country in Parliament and other elected offices. I am proud of the fact that our party took advantage of that Act to take such positive action. I regret that the Opposition parties did not do so.

Since this is the final question of the Session, may I thank you, Mr. Speaker, for your unfailing courtesy in presiding over our proceedings, and may I ask you whether we will now get a chance to sing "Jerusalem"?

Mr. Speaker: I can think of better songs.

Points of Order

12.35 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): On a point of order, Mr. Speaker. Many Members on both sides of the House have been worried by a challenge to what we think are fundamental rights of parliamentarians. I refer to the predicament of the hon. Member for Arundel and South Downs (Mr. Flight). I have raised this as a point of order as it has seemed impossible to raise the matter in the House. I have spoken to your office and others have tried to raise the issue, as this is a matter that goes to the heart of parliamentarians' independence, representation and what we do in the House, yet it seems that it cannot be raised under the Orders and rules of the House. Surely there is something wrong when a matter that goes to the core of representation and the independence of parliamentarians cannot be raised in this manner?

David Winnick (Walsall, North) (Lab): Further to that point of order, Mr. Speaker. The Opposition will probably not believe me, but had this happened to one of my Labour colleagues, I would raise the matter at a meeting of the parliamentary Labour party and, if necessary, even though my own party was involved, with you. What concerns my hon. Friend the Member for Huddersfield (Mr. Sheerman) and me, and surely many people, is that as a result of a speech made outside the House—so it is clearly not a matter of privilege—a Member of Parliament has been denied the opportunity of standing for his party in the general election—*[Interruption.]*

Mr. Speaker: Order.

David Winnick: Although I must concede, I suppose, that, as Speaker of the House of Commons, you cannot do anything about it, it seems to me that this is a threat to Members of Parliament. If it can happen to one Member, it can happen to other Members of Parliament. Although Opposition Members were heckling, I accept that it could even happen on this side. It is a fundamental element of parliamentary democracy that a Member of Parliament should be able to speak his mind without such action being taken, which has deprived the hon. Member for Arundel and South Downs (Mr. Flight)—with whose views, obviously, I totally disagree—of the opportunity of being in the House unless he stands as an independent, which, as a loyal Conservative, he does not wish to do. Can you make any comment that would help parliamentary democracy in this respect?

Mr. Paul Tyler (North Cornwall) (LD): Further to that point of order, Mr. Speaker. I wonder whether you have had an opportunity to consider the report of the Joint Committee on Parliamentary Privilege, which examined the whole issue of complaints of privilege. We understand that the precise circumstances in question might not come within the remit of the work done by that Committee, on which I served on the House's behalf, but anything that prevents a Member of Parliament from doing his duty to his constituents—which seems to be the case, setting aside the precise circumstances at the moment—reduces the validity of the position that the Member of Parliament holds. I wonder whether you have been able to take legal advice, or whether that might apply to this situation and the points already made?

Mr. Speaker: Let me try to answer those points of order. May I say that I have the highest regard for the hon. Member for Arundel and South Downs (Mr. Flight)? Ever since he came into the House, I have found him most courteous and a very good parliamentarian. May I say to the hon. Members for Huddersfield (Mr. Sheerman) and for Walsall, North (David Winnick) that I well remember the black days when there was mandatory reselection, and at that time I was a member of the parliamentary Labour party. It was very cruel that Members of Parliament had to leave their constituency and cease to be candidates for no good reason other than vindictiveness. I am not saying that that is the case with the hon. Member for Arundel and South Downs, but that was the case in the 1980s.

What I can say, as Speaker of the House, is that there is no question of privilege, and that this is not a matter that can be raised in the House. It must be raised with the individual parliamentary parties involved—with the 1922 Committee, and with the Conservative or Labour party. It is not a matter for the Chair. I am sorry that I can say no more than that.

Mr. Sheerman: Further to that point of order, Mr. Speaker. I really must ask you for clarification. I know that you have been taking legal advice on this. Why can we not talk about such a fundamental issue in Parliament? It seems to us to bring the House into ridicule when we cannot discuss an attack on the fundamental right of a parliamentarian to speak his mind—in this case, someone with a proven record of being a loyal member of a party, who has done nothing wrong as far as any of us can see, although we may disagree with his views. Yet, because of some obscure, ancient rule, we in this House with 659 Members cannot discuss this matter.

Mr. Speaker: That is not the case. The hon. Gentleman raised the matter on a point of order, and what I told him was that it could not be discussed on a point of order. There are ways of raising the matter, however, and it can be debated in the House. The hon. Gentleman asked me to make a ruling. I am the custodian of the rules of the House, and there is nothing that I can do under the rules of the House; but to say that the matter cannot be discussed in Parliament is inaccurate.

The hon. Gentleman said that I had taken advice on the matter. Obviously I have taken advice, and it is good advice. The best advice that I myself can give now is that we should move on to the next business.

BILLS PRESENTED

Climate Change

Mr. Michael Meacher, supported by Mr John Gummer and Norman Baker, presented a Bill to combat climate change by setting annual targets for the reduction of carbon dioxide emissions until 2050; to place duties on the Prime Minister regarding the

reporting on and achievement of those targets; to specify procedures to be followed if the targets are not met; to specify certain functions of and provide certain powers to Members of Parliament with regard to ensuring carbon dioxide emissions are reduced; to set sectoral reduction targets and targets for energy efficiency, the generation of energy from renewable sources, combined heat and power and microgeneration; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Monday 11 April, and to be printed [Bill 112].

ELECTRICITY (MICROGENERATION)

Alan Simpson, supported by Mr. Andrew Stunell, Mr. Peter Ainsworth, Dr. Desmond Turner, Sue Doughty, Joan Walley, Mr. David Drew, Norman Baker, Mr. Simon Thomas, Vera Baird, Mr. Kerry Pollard and Peter Bottomley, presented a Bill to promote microgeneration of electricity and for connected purposes: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed [Bill 113].

Orders of the Day

Serious Organised Crime and Police Bill

Lords amendments considered.

Mr. Speaker: I must draw the House's attention to the fact that privilege is involved in Lords amendments Nos. 5, 7, 8 and 57. If the House agrees to those amendments, I shall ensure that the appropriate entry is made in the Journal.

Clause 4

ESTABLISHMENT OF SERIOUS ORGANISED CRIME AGENCY

Lords amendment: No. 1.

12.42 pm

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Speaker: With this we may discuss Lords amendments Nos. 2 to 12, 41, 42 and 48 to 56.

Caroline Flint: It may help our deliberations if I say immediately that I shall be advising the House to accept all the amendments made in the other place. In most cases I shall urge the House to accept the amendments with alacrity, given that they were Government amendments. In one instance, however—the provisions on incitement to religious hatred—I shall, with heavy heart, invite the House to agree with the Lords amendments. We shall come to that in a while; suffice it to say that we agreed to remove the incitement provisions only in the interest of securing the passage of the rest of this important legislation.

All the amendments in this group relate to part 1. Clause 10 would have given the Home Secretary a power to direct the Serious Organised Crime Agency to set itself targets to measure how well its performance fulfilled any strategic priorities determined by the Home Secretary under clause 9. That would have added to SOCA's accountability. Nevertheless, both here and in the other place the Conservative party expressed concern about the perceived political influence of the Home Secretary over SOCA. In the interests of securing consensus on the SOCA measures, we agreed that clause 10 need not stand part of the Bill. After all, the SOCA board would itself want to establish a robust performance management and assessment regime.

12.45 pm

In the same vein, I commend the amendments to clauses 18 and 19. The amendments would also have the effect of reducing any alleged political interference in the affairs of SOCA. They remove the Home Secretary's ability to attach conditions to the payments of grants to SOCA, thereby giving the agency greater flexibility in apportioning its funds to meet the unique challenges of tackling serious organised crime in the 21st century. On the other hand, the amendment to clause 17 will ensure, reasonably, that were the Home Secretary to request Her Majesty's Inspectors of Constabulary to inspect SOCA wholly or partly in Scotland, he must consult Scottish Ministers before doing so.

Amendments Nos. 8 to 10 and 52 deal with the prosecution of offences investigated by SOCA and ensure that SOCA has access to the best possible legal advice during a criminal investigation and that the most appropriate prosecutor can be assigned to take a case to court. The new clauses inserted by the amendments extend the functions of the Revenue and Customs Prosecution Office, the new prosecution body that is to replace the Customs and Excise Prosecution Office, so that it may also institute and conduct criminal proceedings that arise out of a criminal investigation by SOCA. That will ensure, in line with the Attorney-General's wishes, that the skills and experience that have been built both within the Crown Prosecution Service and CEPO in prosecuting serious organised crime are available to SOCA. The new clauses also provide for the issue of joint directions by the Director of Public Prosecutions and the Director of Revenue and Customs Prosecutions, setting down criteria for determining which prosecutor will take responsibility for any given case initiated by SOCA. Amendments Nos. 10 and 52 make technical, consequential amendments.

Amendments Nos. 12, 48 to 50 and 53 to 56 are straightforward and deal with the area of discrimination legislation as applied to persons seconded to SOCA. The sentiments behind the amendments were brought to our attention by the Police Federation, to which we are grateful. The amendments bring into one place under a single clause the discrimination legislation to provide that SOCA is liable for any act done by it in relation to persons seconded to the agency, as well as anything done by such persons in the performance or purported performance of their functions. They also expressly provide that SOCA is liable for any discriminatory acts committed by any of its secondees, be they constables or other persons.

Amendments Nos. 41 and 42 give effect to the one recommendation in the Delegated Powers and Regulatory Reform Committee report on part 1, namely, that the order-making power in clause 50 should be subject to the affirmative resolution procedure.

Amendment No. 51, which was necessary in light of the Road Safety Bill's not securing Royal Assent this Session, will allow SOCA to be included in the provisions that exempt emergency vehicles from speed limits where it is necessary in the pursuit of their functions. Section 87 of the Road Traffic Regulation Act 1984, which makes that exemption, will not automatically extend to SOCA, as the agency will not be a police body pursuing police purposes. The provision includes safeguards limiting the exemption to SOCA staff who are carrying out the purposes of the agency and to those who are undergoing training to do so and covering only those vehicles driven by someone who has had training to drive at high speeds.

I hope that I have outlined the Government's thinking and given an explanation of the deliberations in the other place.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): May I, in the spirit of the words of the Minister, say that the Opposition agree with these amendments and therefore we will not vote against any of them? I do not think that that will come as much of a surprise to her. She is aware from the words of the shadow Home Secretary, my right hon. Friend the Member for Haltemprice and Howden (David Davis), that we largely agree with the Bill. Our reservations were on the issue of religious hatred. As she says, we will come to that issue shortly.

We largely support the Bill. The Minister will confirm that it has been constructively debated in Committee and in both Houses. I believe that it has been improved. It has not had added to it the constructive approach that we took on intercept evidence. That has been debated in both Houses and there have been differences of view across the political parties. We regret the fact that that provision has not been included. We also regret that the provision for 24-hour fully manned surveillance and embarkation controls at our ports, which would have brought a big improvement to immigration and customs, has not been added to the Bill, although, as the Minister will be aware, that is a Conservative pledge in the forthcoming election. Had it been included in the Bill, it would have greatly improved it.

I am grateful to the Under-Secretary for outlining what the amendments will achieve. In Committee, Opposition Members were keen that the agency should have operational independence and that the Home Secretary should not be able to set performance targets. We fully accepted that the Home Secretary should be able to set targets in respect of strategic performance, but not performance targets. These amendments accept our arguments.

Amendment No. 12 concerns an important issue that touches on the role of constables. The Under-Secretary knows that there was disagreement in Committee and on the Floor of the House and we remain concerned that the Bill could undermine the role of the constable. She will have heard the words of the Police Federation and we are disappointed that the words of the Conservative party and of the federation appear to have fallen on deaf ministerial ears.

The Under-Secretary has explained what the new clause is designed to do. I am grateful to her for that and, on that basis, we accept the amendments.

Lords amendment agreed to.

Lords amendments Nos. 2 to 12 agreed to.

Clause 58

OFFENCES TO WHICH THIS CHAPTER APPLIES

Lords amendment: No. 13.

Caroline Flint: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Speaker: With this we may consider Lords amendments Nos. 14 to 26, 46 and 57.

Caroline Flint: Again, these are mostly minor and technical amendments that relate to parts 3 and 4 of the Bill. However, I should like to bring the following amendments to the attention of the House. On powers of arrest, the amendments to schedule 7 and 18 simply make further consequential amendments and repeals in respect of existing powers of arrest made redundant by the new framework in clause 106. In relation to the identification of the British tsunami casualties, dealt with in amendments Nos. 27 and 44, the House will be aware—*[Interruption.]*

[Caroline Flint]

In terms of compulsory investigative powers, in clause 58, amendments Nos. 13 to 21 create a threshold of £5,000 for certain financial offences that must be met before disclosure notices may be used. These offences include those listed under the Customs and Excise Management Act 1979, the Value Added Tax Act 1994 and the Theft Act 1968. This will ensure that the powers introduced by chapter 1 of part 2 of the Bill will be used proportionately to tackle only the most serious offences.

In relation to Queen's evidence, in clause 71, amendment No. 25 inserts a new clause that ensures that any hearing to vary a sentence following an agreement by the defendant to turn Queen's evidence can be held in camera, or subject to reporting restrictions, where the court considers it necessary to protect any person from harm and it is in the interests of justice. The issue was helpfully brought to our attention by the Lord Chief Justice.

Peter Bottomley (Worthing, West) (Con): The House will understand what the Under-Secretary has just said, but can she give an assurance that any defendant will know that the scales may be turned against him? For example, if two people are accused and one turns Queen's evidence and has a session with the judge in private, will that be unnecessarily prejudicial to the other defendant, although clearly the evidence will be given properly in court?

Caroline Flint: I can assure the hon. Gentleman that the measure, requested by the Lord Chief Justice, was aimed at certain situations where it might be prejudicial to the person giving evidence if that were in open court. I hope to reassure the hon. Gentleman that we are trying to make Queen's evidence more transparent than ever before so that, for prosecution and defence purposes, justice can be seen to be served. If he requires any detail on that point, I would be happy to write to him, but having a transparent system takes us a long way forward.

Clause 75 originally provided that the reports made by an offender under a financial reporting order must be at fixed intervals throughout the course of the order. The Lord Chief Justice was helpful in his suggestion and, as a consequence, amendment No. 26 would provide the sentencer with the flexibility to set different levels between reports. The change builds in a helpful degree of flexibility in the operation of these orders.

I apologise to the House for losing my place at the start of this section.

Peter Bottomley: Is the Under-Secretary capable of understanding why the periods of punishment in clause 75(10) are different in different parts of the UK?

Caroline Flint: My understanding is that the amendment was aimed at giving some flexibility. For example, financial reporting orders can operate when someone is in prison and the time between reporting orders may be different depending on when someone is released from prison. I am happy to look at that particular issue for the hon. Gentleman and get back to him.

Peter Bottomley: For the sake of clarity for those who may read our proceedings, which may not amount to a very large number, imprisonment on summary conviction is liable to a term of 51 weeks in England and Wales, 12 months in Scotland—a difference of a week—and six months in Northern Ireland. That is an odd consequence of devolution. I do not necessarily expect the Under-Secretary to be able to answer in detail now, but I think that the inconsistency will look rather peculiar.

Caroline Flint: As the hon. Gentleman says, devolution creates different systems. We discussed this in Committee at some length and we must recognise and live with it.

I have nothing more to add on this subject. As I said, at one point I lost my place, but apparently not many Members realised. [*Laughter.*]

Mr. Andrew Mitchell: Let me reassure the Under-Secretary that we on this side of the House were very much aware that she had lost her place and, indeed, were rather concerned that we might have been focusing on the wrong amendment ourselves, which is very easily done at this level of detail.

As the Under-Secretary said, these amendments follow the debates in another place yesterday. We very much agree that, in respect of qualifying offences, the relevant offence must be of a value of £5,000 or above. That is the right level before a disclosure notice can kick in and was argued for eloquently in Committee by my hon. Friend the Member for Beaconsfield (Mr. Grieve). We accept the amendments.

Lords amendment agreed to.

Lords amendments Nos. 14 to 26 agreed to.

Clause 113

FINGERPRINTS

Lords amendment: No. 27.

Caroline Flint: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Speaker: With this it will be convenient to deal with Lords amendments Nos. 29 to 35, 43, 44, 58 to 78 and 87 to 101.

1 pm

Caroline Flint: I have already said that the amendments to schedules 7 and 18 simply make further consequential amendments and repeals in respect of existing powers of arrest made redundant by the new framework in clause 106. Amendments Nos. 27 and 44 are intended to deal with a particular problem that we faced in the aftermath of the Asian tsunami with the identification of British casualties. As hon. Members are aware, my right hon. Friend the Foreign Secretary said on 22 March that we currently estimate that there were 169 British casualties of the tsunami who were either

killed in the disaster or who remain unaccounted for. We believe that it may be possible to identify a small number of those victims by cross-checking DNA samples and fingerprints taken from the deceased against the national DNA and fingerprint databases. These amendments would enable such checks to take place.

I am sure that the House would agree that we should do all that we can to help the relatives and friends of the victims of this terrible natural disaster by speeding up the identification of those victims by whatever means possible. I make it clear to the House that the amendments are not specific to the tsunami and would enable samples from any unidentified body to be checked against the national DNA and fingerprint databases for identification purposes.

The amendments to schedule 8 are designed to ensure that chief officers have greater flexibility when conferring powers on community support officers. As the provisions of the Police Reform Act 2002 are currently constructed, where a chief officer confers a power on a CSO to require a person's name and address, he must also confer on that CSO a power to detain for up to 30 minutes pending the arrival of a constable. We believe that chief officers should be able to confer the power to require name and address without the power to detain. These amendments provide such flexibility so that CSO powers can be tailored to meet local needs under the direction of chief officers.

The other matter that I bring to the attention of the House relates to Parliament square. It was evident on Second Reading, in Committee and on Report that there was passionate feeling on the issue on both sides of the House. *[Interruption]* Yes, there was passion from you as well, Mr. Speaker. Whether hon. Members are for or against what we are proposing to do, they cannot deny that there has been a great deal of discussion about it.

We have tried to listen to concerns. We still believe that, for the reasons that we have outlined in numerous debates, we have to move forward to deal with the area appropriately. I reiterate what I have said on many occasions: we are not trying to prevent people from protesting, and we are certainly not trying to stop them doing it in Parliament square, but we think that there should be a framework of conditions. We are aware of the concerns about notification and those about Trafalgar square.

As Baroness Scotland assured those in the other place, in exercising the order-making power in clause 135 we will ensure that Trafalgar square is excluded. As a result, demonstrations could continue there without the need for prior notification of the Commissioner.

Mr. Paul Tyler (North Cornwall) (LD): Why will this matter be left to ministerial discretion? Why cannot the Bill firmly state that the distance to Trafalgar square is specific, and the square will always be available for the sort of traditional demonstrations we have all experienced over the years? I am sure that the Minister has taken part in important demonstrations there, and certainly many of her colleagues have done so. Why cannot we make the provision specific, instead of leaving the question to the discretion of future Ministers? One day there may be a Minister from another party who is less open-minded on the issue than the hon. Lady and her colleagues.

Caroline Flint: There is an order-making power, so the matter will return to the House. The hon. Gentleman is right: I have taken part in numerous demonstrations over the years. However, I also remember only too well when I was not allowed to demonstrate in Parliament square but was stuck on the other side of Westminster bridge and not allowed to go any further. We should acknowledge that the opportunity to demonstrate in Parliament square is not particularly old, and that we are trying to ensure that that right still exists. The commissioner will not be able to refuse anyone the right to demonstrate in Parliament square, but conditions will be attached. That has been made clear both in correspondence and discussion, in Committee and in the other place.

Amendment No. 30 responds to the concerns expressed by hon. Members on Report in February about the requirement to give at least six days' notice of any demonstration. We recognise that there should be provision for a shorter notice period in exceptional circumstances. The amendment therefore provides that where it is impracticable to give six days' notice, notification may be given not less than 24 hours before the start time of the demonstration.

Amendment No. 35 allows the Metropolitan police to give authorisation for a demonstration by fax or e-mail if organisers agree. This is particularly relevant if an organiser is unable to give six days' notice for the demonstration.

The other amendments in this group are minor technical amendments. I hope that what I have said at least demonstrates that, on a hotly debated issue, we have listened and suggested amendments. The fact that the House of Lords, where there was also strong feeling about this issue, accepted them shows what progress we have made on this issue of concern.

Mr. Mitchell: This is a sensible group of amendments and I need not detain the House for long. I just want to pick up on two points that the Minister made. The first is about amendment No. 30, which deals with Parliament square. Although there are passionate views on both sides of the argument on both sides of the House, the debate was informed by a Select Committee report. There was a unanimous view in the Committee that something needed to be done about the situation—if I may describe it in that neutral way—outside the Carriage Gates in Parliament square.

We support the thrust of amendment No. 30 and accept that in normal circumstances six days' notice is not unreasonable, but where it is unreasonable, 24 hours is the right period. We are grateful to the Government for accepting that argument, which we put clearly in Committee.

I turn now to amendment No. 64. We have some doubts about the drafting, but we are inevitably concerned, as we said in Committee, about what I would call function creep for police community support officers. We want to emphasise that while we do not oppose the amendments, we think it essential that proper detailed independent analysis be done on the

[Mr. Mitchell]

work that CSOs carry out; any form of function creep without that proper evaluation is unwise, and in that case the Government should think again. With that small reservation, we are happy to support the amendments.

John McDonnell (Hayes and Harlington) (Lab):I welcome the amendments, but in doing so I still find it dispiriting that on the last day of this parliamentary Session we are restricting our constituents' rights to demonstrate in Parliament square. I accept that the amendments will make demonstrating easier than the Government originally intended. We look forward to the details of the order that will ensure that Trafalgar square is not included in this legislation in a way that would allow future Governments, perhaps capriciously advised by the police, to restrict demonstrations there.

In most of the debates, people have detailed their experiences of demonstrating in Parliament square and Trafalgar square, but I have not yet done so. We all have a bit of form on these matters. I have been arrested on demonstrations in both Trafalgar square and Parliament square, and on both occasions I was not prosecuted. In fact, on one occasion I was represented by my right hon. Friend the Member for Brent, South (Mr. Boateng), and I received compensation from the Metropolitan police for wrongful arrest. I just wanted to get my form on the record as well. *[Interruption.]* I heard from the Whips some form of expression of regret that I was not detained for longer, and I can appreciate that.

In interpreting this legislation we must be clear that the proposals may in some way limit the right to demonstrate in Parliament square. As the Minister said—it needs reiterating—no police officer or Metropolitan Police Commissioner can refuse authority to demonstrate in Parliament square.

Secondly, there is nothing in the Bill that provides that there is to be a restriction on the number of applications from an individual, or a group of individuals, to demonstrate in Parliament square. The amendments make it reasonably practicable, therefore, for an individual to submit applications on a regular basis, even by fax or e-mail, to demonstrate in Parliament square, so I hope that Brian Haw has obtained a fax machine and has access to e-mail. The amendments enable him or others to submit a series of applications, almost on a daily basis, to enable them to return to Parliament square to demonstrate in a way set out in the proposed legislation, which takes into account the issue of noise.

I welcome the amendments. I think that they assist the process in which we can say that Brian Haw and others are not going away, and will not be deterred from enabling themselves to demonstrate in Parliament square in future on issues of critical importance, such as Iraq and other matters.

Peter Bottomley: I start where the Minister started, which was with DNA and fingerprint identification of those who may have died. It is worth making the point that under other legislation we should make provision for people voluntarily to provide samples for DNA testing or fingerprints for later identification, for those who are not on the national register. It seems that we are restricting the usefulness to those whose fingerprints or DNA may be held on the national register—but that register will not contain everyone in the country. I am not saying that that should be compulsory, but we should make provision so that for whatever purpose may be useful in future, people can say, "I would like my samples and my fingerprints to be available where necessary." It is a point for the future. I welcome the provision made so far. The House will note that the Minister said that this is not only for the tsunami disaster but for other occasions—we cannot anticipate what they would be.

The ability to demonstrate is important. Indeed, it is vital, but I am a traditionalist in that I was brought up with the idea that there could not be placards too close to the Houses of Parliament, and that demonstrations would break off when they came past Parliament. It would be better if we returned to that situation. There is the question of transition. The noisy encampment that we have had outside Parliament has not been a blessing. The fact is that it has happened. The sooner we can ensure that people can protest in a way that does not cause health and safety problems for those who service this place, and the general public, the better. If it is goodbye Mr. Haw, then goodbye.

Question put and agreed to.

Lords amendment agreed to.

Clause 124

HATRED AGAINST PERSONS ON RACIAL OR RELIGIOUS GROUNDS

Lords amendment: No. 28.

Caroline Flint: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Speaker: With this it will be convenient to deal with Lords amendment No. 79.

Caroline Flint: Clause 124 and schedule 10 are fundamentally about protecting vulnerable communities and closing an inequality in law that is exploited by those who seek to cause damage to those communities. By introducing incitement to religious hatred, we sought to deliver justice and fairness to members of all faiths, and I am sorely disappointed that the Opposition parties in the other place have chosen not to support the provision.

There is no ulterior motive for introducing the proposed offence. We have been committed to doing so for some time. In fact, it was considered as early as 1986, when it was rejected because there was not felt to be a problem to address at the time. We introduced an almost identical offence in 2001, shortly after 11 September and the disturbances in Bradford and Burnley. That was rejected because it was felt that the provision should not be included in an anti-terrorism Bill.

We have, however, remained committed to providing the protection needed since 2001. We listened carefully to the consideration of evidence by the House of Lords Select Committee, when the police informed the Committee that the offence could have helped to prevent

the disturbances in Bradford and Burnley. We listened carefully when a wide range of faith communities twice asked us to extend the protection now available only to Jews and Sikhs, to ensure equity of protection in law. We tried to respond to that call. Other support has come from the Association of Chief Police Officers, the Commission for Racial Equality, Justice, the Law Society and many other organisations.

1.15 pm

To move forward on this issue, we replicated the offence of incitement to racial hatred, which for nearly 20 years has provided protection for Jews and Sikhs, without being misused or placing unnecessary restrictions on free speech. I am baffled by those who oppose the offence on the ground of its so-called loose wording. Clause 124 uses exactly the same wording as the provision that protects Jews and Sikhs already. I am equally baffled by those who would argue that Jews and Sikhs should have greater protection in law than Muslims, Hindus, Christians or Buddhists, despite the evidence from the police and the faith communities.

The only restrictions that we have seen as a result of the incitement to racial hatred offence are those that have helped to change our culture for the better. The offence has helped to set boundaries around what is acceptable behaviour and language in our society.

Clause 124 and schedule 10 are a crucial test of the society that we want to create. By supporting the Government's proposals, the Opposition parties would have sent a clear message about society's disapproval of those who abuse the loophole in the law to promote hatred of others because of their faith. Such behaviour has no place in modern Britain.

David Winnick (Walsall, North) (Lab): For reasons that I stated at the time, I supported the clause to which my hon. Friend is referring. Does she agree that in practice it would not have meant that one could not criticise a religion or criticise religious practices? Like a number of Members, I have no faith, but I have recalled on a number of occasions the fact that we can affirm, because of Charles Bradlaugh, who was four times refused the right to take his seat because he had no religion. As what has been proposed would in no way ban criticism of religion—which I do not want to engage in, but which I would not challenge the right of others to express—it is difficult to understand why there should be such criticism of trying to protect people who do not have the protection that Jews and Sikhs have now.

Caroline Flint: My hon. Friend puts the case eloquently. The clause in no way attacks the right of free speech. In no way does it attack the rights of comedians, academics, politicians or anyone else to criticise individual religions. We are trying to protect individuals against whom hatred is incited because of their religious faith. As I have said, we lifted the wording from that in the current law on incitement to racial hatred. That raises the question of how Members of this place, and those in the other place, can support the law on incitement to racial hatred yet not support clause 124. As with incitement to racial hatred, a high threshold is set. There is also the Attorney-General's involvement. That would have applied in this instance, too.

It is with acute disappointment that we are having to ask the House to agree to remove the provision from the Bill. The unelected House has chosen not to rise to the challenge of what I believe is a fundamental aspect of creating a decent society. The parliamentary timetable means that it will not be possible to insist on the inclusion of the clause without jeopardising the creation of the Serious Organised Crime Agency, and other important provisions to tackle crime. I do not believe that that is in anyone's interest.

Peter Bottomley: The Minister is doing what other Ministers do when they are not desperately happy, and chooses to talk about the unelected other place. Will she remind the House of the proportion of the Members of the other place who have been appointed by the Prime Minister?

Caroline Flint: Discussion about the other place and how it should be constituted is not for this afternoon. I say again that Opposition parties in the House and the other place have contributed to the removal of the clause from the Bill. They will to answer for that. However, I reassure my hon. Friends that it remains the Government's firm and clear intention to give people of all faiths the same protection against incitement to hatred on the basis of their religion. We will make sure that that is part of our manifesto in the forthcoming general election.

Mr. Andrew Mitchell: We come to one of the most hotly contested aspects of the Bill, but it is not a central aspect, which is why the Minister has moved that we agree with the amendment to remove the clause and schedule dealing with religious hatred. The debate has gone on in the other place and in Committee, and I shall not rehash the arguments that divide us across the House. I shall make just three or four points.

Let there be no doubt in the mind of the Minister or anyone else that there is agreement in all parts of the House that we need to prevent religious hatred. The issue that divides us is how best to achieve that. My party has consistently supported the anti-discrimination legislation to protect people from being discriminated against in respect of their religion. Our fear is that the Government have not thought through the effect of the measure that they are putting before the House. We made it clear on Second Reading that although we largely supported the Bill, this was one aspect that we could not support.

The measure would curb free speech. It is outside the fine British traditions of religious tolerance and fierce religious debate, which have characterised the history of our country. We believe that the existing law deals with incitement to violence and words designed to cause alarm, distress or harassment. We remain convinced that the Government are wrong in their contention, and right in the amendments withdrawing the provisions. The best way to deal with evil and intolerant ideas is to confront and defeat them in open debate, not as the Government originally envisaged in the Bill. We support the amendments to remove the misguided provisions from the Bill.

Mr. Gerald Howarth (Aldershot) (Con): I am delighted to have the opportunity at this late stage in the

[Mr. Gerald Howarth]

proceedings on the Bill to congratulate my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) and his colleagues in our home affairs team on having secured a victory for freedom of expression. I am disappointed to hear the Minister say that if returned to office on 5 May, the Labour party would introduce similar legislation in the next Parliament. That seems an extremely good reason to vote Conservative on 5 May, in addition to all the other reasons.

I did not have a chance to participate in earlier debates on this matter and I shall not rehearse the arguments, but let me say at the outset that it is important that all of us should recognise the sensitivities of others, and that we should not go out of our way to be gratuitously offensive to others. I frequently take offence at things that are said, but I have to bite my lip and move on. The price that one must pay in a free society is that people will occasionally take offence. I am no exception to that.

I have had quite a few letters from constituents. My mailbag on the issue has been atypical. I have had more letters on this subject than on other issues, from constituents who have been extremely concerned about the implications of the Government's proposal. They will undoubtedly welcome the fact that their lordships were prepared to take a stand and strike the right balance between protecting individual faiths and individual views, and the need to preserve freedom of expression.

The coalition of people against the measure was pretty wide. The Minister referred to some of them. Rowan Atkinson the comedian, who enjoys enormous support throughout the country, was famously in the forefront of the campaign against it. Academics, journalists, authors, human rights campaigners and many on the Labour Benches expressed concern about the implications of the proposal and the threat that it posed to freedom of expression. It is important to bear in mind that those fears were shared by more than just a narrow group of people.

Christian groups were certainly concerned. Talking to people, I have found a general view—this is anecdotal evidence and I would not claim that it is backed up by some weighty study—that one can insult Christians with complete impunity, but if one insults those of the Muslim faith in particular, the whole world comes down around one. Let me give the Minister an example—the case of the Sikh play, to which the Sikhs understandably took great exception. There was a fracas in Birmingham when the play was put on, and the play was taken off.

By contrast, 60,000 people—I was one of them—complained to the BBC about the Jerry Springer programme, and what happened? Absolutely nothing. They were effectively dismissed. I am writing to Michael Grade to say that if the BBC has taken the view that its commitment to taste and decency was not infringed by the Jerry Springer programme, what is the point of the BBC having a taste and decency requirement in its charter? People feel that there is one rule for one group and another rule for others.

I am sorry that the Minister has accepted the verdict of the country and of the other place slightly less than graciously.

Caroline Flint: I have been listening carefully to the hon. Gentleman. I do not want to discuss the issues raised by the play in Birmingham or the Jerry Springer programme, but I wish to correct the hon. Gentleman. The clause deals not with satire or with taking a view against a religion, but with incitement to hatred against someone on the basis of their religious belief. That would include those of the Christian faith. That is the point. Following the logic of the hon. Gentleman's argument, does he believe we should repeal the legislation on incitement to racial hatred?

Mr. Howarth: The hon. Lady makes a fair point. It has been the Government's position that those who make genuine criticisms of different faiths have nothing to fear from the measure. Unfortunately, the assurances given by the hon. Member for Walsall, North (David Winnick) are assurances that he is in no position to deliver. Ministers are in no position to deliver them, either. Once we have enacted the provision, we are in the hands of the authorities.

The Minister says that there is a defence, in so far as the fiat of the Attorney-General is required. We know that the Attorney-General is a political appointee—I am not making a partisan point—and he is subject to the political climate of the day. There are genuine fears, which I share, that freedom of expression could be challenged. My hon. Friend the Member for Sutton Coldfield was right to point to the fact that there is already legislation that could cover the kind of incitement that none of us would support, and against which we all want action to be taken.

Many people have written to the newspapers and expressed the view that some of the statements from some of the mosques took an awfully long time for the authorities to get to grips with, whereas there was plenty of legislation that could have been invoked to deal with the matter.

1.30 pm

Caroline Flint: Following the logic of the hon. Gentleman's argument, I ask him again whether he believes that a future Conservative Government should repeal the legislation on incitement to racial hatred? The same issue applies to that. The wording of this clause is exactly the same as the wording of that legislation. Can he give me one example of the legislation on incitement to racial hatred leading to a clampdown on free speech and discussion about race, or having an adverse effect on comedy or television viewing? My question stands: following the logic of the hon. Gentleman's argument, does he believe that the Conservative party should be committed to repealing the legislation on incitement to racial hatred?

Mr. Howarth: Of course we have no intention of repealing the legislation on incitement to racial hatred. The Minister has missed the point. The opposition to her proposals stems from the belief that the Government are using flawed logic. Religion is significantly different from race. The Barnabas Fund, which has written to

me—and, I am sure, many other Members—on this point, notes that religion is a choice that affects attitude and behaviour, while race is not and does not. On that note, I rest my case.

Chris Bryant (Rhondda) (Lab): Will the hon. Gentleman give way?

Mr. Howarth: I will not, because other Members wish to make a contribution. I am happy to support the Government in supporting the amendments that were successfully moved in another place.

Mr. Mark Oaten (Winchester) (LD): This one and a half hour debate is not the time to rehearse the various arguments on the issue. Those arguments have been made many times. I simply make a few remarks on this controversial issue, which has got passions running on all sides.

I have a great deal of sympathy with what the Government have been trying to achieve in these parts of the Bill. Our objections have not been about the end game—what they are trying to achieve—we simply believe that there are better ways to achieve that. We recognise the seriousness of the issue and we recognise that, for many groups, there is a real sensitivity about what are clear attempts to make racial remarks under the cover of religious remarks. There is a gap that needs to be resolved urgently because it is creating tensions in the community. It is an important issue that needs to be addressed, and we welcome the fact that the Government have sought to do so.

Our disagreement with the Government has been that this important set of principles and piece of legislation has been tagged on to a big Bill that considers the way in which we organise police forces in this country. We felt that that was an inappropriate way in which to tackle the issue. Our proposal has always been for an equalities Bill, which would tackle many of these issues with a well thought through piece of legislation that dealt with discrimination, harassment and victimisation.

I hope that in the next three or four weeks we do not have any nonsense from the Government suggesting in certain parts of the country that the Liberal Democrats or the Conservatives have been trying to wreck the Bill and do not want to do anything to tackle the problem of religious hatred. That is not the case. We believe that it is a serious issue that needs addressing. However, it should be done properly and robustly via an equalities Bill, which is a way of addressing the issue more effectively. That is what we will argue in the next four weeks.

Legitimate concerns have been put forward by a number of Members from all parts of the House, and not just by the Rowan Atkinsons of this world, but by organisations such as Liberty and PEN, the writer's organisation. They have raised concerns about the difficult balance between legitimate criticism of a religion and freedom of speech. The issue needs to be addressed, but the way to deal with it, and all the other issues, is not to tag it on to the back of a police Bill but to have a proper, well thought out equalities Bill. That is what we will argue in the next four weeks. The communities that want protection in this area should support an equalities Bill. It would give them the protections that they seek.

Peter Bottomley: I will also upset the Minister by supporting the Government's invitation to us to support the amendment that takes out the clause. She has made some serious points. The Leader of the House and others on the Labour Front Bench ought not to give the impression that they intend to exploit the issue for party political reasons during the next four weeks. Given the list of serious organisations that have doubts about the Bill, whoever is in Government after 5 May should hold an open forum with those groups, and with religious groups, to reach agreement on what is useful and acceptable. I would support what the Minister might have said, which is that the clause does not refer to "Muslims" but treats all religions in the same way. I praise her for that, because it is sensible.

I end my remarks by saying that I welcome the opposition of the community in Worthing to the recent arson attack on the local Islamic centre. I will not say any more because people may be charged. I support the Islamic centre's open evenings that bring people together about once a month. To those Christians who go there to say that they do not agree with us, I say that it is one of the things about having different religions and even different denominations. It is only a few hundred years since we burnt people at the stake for different interpretations of the same book.

Lords amendment agreed to.

Lords amendments Nos. 29 to 35 agreed to.

Clause 142

INTERFERENCE WITH CONTRACTUAL RELATIONSHIPS SO AS TO HARM ANIMAL RESEARCH ORGANISATION

Lords amendment: No. 36.

Caroline Flint: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to deal with Lords amendments Nos. 37 to 40, 45, 47 and 80 to 86.

Caroline Flint: The amendments cover three matters. The first is protection of the activities of animal research organisations. Amendments Nos. 36 to 38 relate to the economic damage clauses that we inserted in the Bill on Report in this House.

Amendment No. 36 responds to comments made by the Joint Committee on Human Rights. The amendment narrows the scope of clause 142 by stating specifically that peaceful advocacy of economic actions against companies that are connected to animal research organisations will not trigger an offence. The amendment ensures that an offence can be triggered only by methods of persuasion that are themselves unlawful. That has always been our intention.

Amendments Nos. 37 and 38 extend the list of persons connected to animal research organisations contained in clause 143 to include funders of research. Funding bodies have been targeted for unlawful actions by animal rights extremists, just as have employees,

[Caroline Flint]

suppliers and customers of animal research organisations. It is right that funders should have the same protection as other persons connected to animal research organisations.

I now come to the amendments concerned with road traffic offences. The new clauses inserted by amendments Nos. 39 and 40 are imports from the Road Safety Bill, which will sadly not now be enacted in this Session. The new clauses deal with two matters. The new clause inserted by amendment No. 39 enables the police to have access to insurance industry data relating to vehicles whose use is no longer insured. The second new clause permits police to carry out an evidential breath test not only at a police station but at a hospital or at or near a place such as the roadside where a preliminary breath test has been administered. I think that we can all agree that both measures will contribute to road safety. They were welcomed by all parts of the other place.

Finally, amendments Nos. 80 to 86 would allow Scottish Ministers to exercise certain delegated powers in the Private Security Industry Act 2001, following its extension to Scotland. In particular, Scottish Ministers will, after consultation with the Home Secretary, have the power to commence the provisions as they apply to Scotland. Additionally, Scottish Ministers will have the power to designate by order which specific sectors of the private security industry in Scotland are to be licensed and when.

As this is the last group of amendments, I thank my right hon. and hon. Friends and the Front-Bench Conservative spokesmen for their constructive working relationships with us on the Bill. It is an important piece of legislation. It has covered a huge area—serious organised crimes, community support officers, custody officers, money laundering and, importantly, tackling animal rights extremists, an area for which I have had personal responsibility in the Home Office.

As I said, I am disappointed that the measures on incitement to religious hatred are not going forward. I say to the hon. Member for Winchester (Mr. Oaten), who represents the Liberal Democrats, that it is a cop-out to say that we need another piece of legislation to deal with something that, as I said before, uses exactly the same wording and has the same intent as did the legislation on incitement to racial hatred. That said, I commend the amendments to the House and hope that the Bill will be enacted as soon as possible.

Mr. Andrew Mitchell: We have reached the final group of amendments, and I am grateful to the Minister for outlining what the amendments seek to do.

We agree that two key clauses have fallen away from the Road Safety Bill, which will not be enacted in this Parliament. The measures to allow the police to secure relevant information from insurance companies and, in particular, to conduct roadside breath tests are important, and they command support on both sides of the House. We are grateful for the assurances in the other place that the police will be properly trained and supported in administering the evidential burdens test.

The provisions on animal rights campaigners were tweaked in Committee, where the Government listened to my hon. Friend the Member for Huntingdon (Mr. Djanogly), who has led for the Conservative party on that issue. Again, we are grateful that the sensible change outlined by the Minister has been made.

Finally, the Minister referred to the extension of the provisions of the Private Security Industry Act 2001 into Scottish legislation, which is an unexceptional measure. I thought that she and I had had our last outing together on the 2001 Act in Westminster Hall on Tuesday, when we debated bouncers and doorkeepers, but we have returned to it right at the end of this Bill.

I agree with the Minister that the provisions setting up SOCA are important. As I said earlier, although the Bill was a bit of a Christmas tree Bill, it has been improved significantly, and its central thrust certainly commands my party's support. SOCA will undoubtedly help to tackle the soaring levels of crime in Britain. However, we need far more than SOCA: we need 40,000 extra policemen and women to police our streets; we need less micro-management from the centre; and we need more local accountability. The Bill does not address those issues, but they will no doubt inform the debate over the next four weeks. I believe that those issues are a compelling argument to vote Conservative on 5 May.

Peter Bottomley: I shall confine my remarks to amendments Nos. 39 and 40, and I am pleased that Viscount Simon took the opportunity to add two welcome measures to the Bill giving powers to the police.

Amendment No. 39 concerns the disclosure of information about the insurance status of vehicles and, by implication, whether a driver is insured to use a particular vehicle. It is a technical change to remove an inhibition, and it is welcome.

There is a problem with insurance companies that we must face and, again, an open discussion is required. The loadings on insurance premiums for young drivers are now so great that I suspect that a number of parents do not add their children to their insurance policies. Both the additional risk, as calculated by the underwriters, and the fact that it is a good idea for young drivers to be nominated to policies are important, but some insurance companies make it so difficult that some young people and some people who have had trouble with the law—I admit to having experienced such trouble—find themselves making the wrong choice of not being covered. People should be covered, but the level of cover is a matter for debate, and we should return to that issue.

Amendment No. 40 concerns the power to require specimens of breath at the roadside or in hospital. It is not vital to know whether this point is covered by this clause or some other provision, or whether the Government are minded to introduce a relevant provision. When I was a junior Minister in the Department for Transport, if a blood sample was taken in hospital from someone who had been injured in a crash for blood matching, and if there were grounds for suspecting that that person had been driving while above the legal limit for alcohol, it was not possible to analyse the blood without the patient's consent—I am not sure whether it was possible to analyse it with the patient's consent—to see whether there was prima facie evidence of an offence having been committed. I hope that the Home Office, the Department for Transport

and the Department of Health will examine that issue. Failing to give consent in those circumstances should become an automatic offence, like failing to give a blood sample. Clearly, unconscious patients cannot be asked to give their consent.

1.45 pm

Amendment No. 40 provides for less bureaucracy and less movement of people from the roadside to the police station. It contains sufficient protections to prevent the police from using the power to harass people. I am not saying that the police would often do that, but I know of one case in my constituency in which that happened. Amendment No. 40 will not make the situation worse, and it may make things better. It is good for drivers and good for suspects.

During my three-and-a-half years at the Department for Transport, no motorist ever complained about giving an alcohol or breath test. Some of those motorists were not drinking drivers, in which case the legislation was in their favour. Some were drinking drivers who were below the limit, in which case they had a lucky escape—it was not lucky for us that they were drink-driving. Others were above the limit, in which case there were caught bang to rights.

Amendment No. 40 is not controversial. The measure is welcome, and I am glad that the Government have accepted it.

Lords amendment agreed to.

Lords amendments Nos. 37 to 101 agreed to.

Education Bill *[Lords]*

As amended in the Standing Committee, considered.

Order for Third Reading read.

1.47 pm

The Minister for School Standards (Mr. Stephen Twigg): I beg to move, That the Bill be now read the Third time.

I am delighted to open this afternoon's Third Reading debate on this fourth Session Education Bill. I apologise that my right hon. Friend the Secretary of State cannot be with us today. On Second Reading, she set out that improving outcomes for children and learners should be at the heart of everything that our Department does, and that is also at the heart of this Bill. I am pleased that the Bill has met with widespread cross-party support and that it appears likely that it will make it on to the statute book in its entirety.

It was clear from the rate of progress in Committee that the Bill has created a lot of consensus. I thank those Members of this House and the other place who have contributed to the debates on the Bill and parliamentary counsel for the hard work that has gone into bringing the Bill to fruition. I also thank the right hon. Member for Bromley and Chislehurst (Mr. Forth) for his excellent chairmanship of the Committee and extend my thanks to the other members of the Committee.

We can look back with pride on the impressive progress by learners, teachers and others working in education in every community. The Bill establishes the framework that we need to take education forward and to continue to improve standards and extend opportunities for every child.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I am grateful to the Minister for generously giving way so soon. The Bill misses the point. The real problems with standards generally in education include the bizarre ways of teaching reading that have crept into our schools over the decades and the fact that 60 per cent. of lessons in our comprehensive schools, including core subjects, involve mixed-ability teaching. Politicians from all parties must start to address those kinds of issues if we are to tackle standards in our state schools in this country.

Mr. Twigg: The hon. Gentleman makes the reasonable point that legislation is only one of the ways in which we can raise standards. The role of legislation is important in providing the framework, and Parliament and Government clearly have an important role in providing the resources for schools, but what really makes the difference, as he rightly reminds us, is what actually happens in the classroom. He raised today, as he has on other occasions, the importance of setting. He has also raised the importance of high quality teaching in respect of English in general and reading in particular.

I am pleased to put on the record in the House what I have said elsewhere today—that we welcome today's report by the Select Committee on Education and Skills. The hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) has played an active role in that Committee, particularly in respect of that report, which sets out some challenges for our national literacy strategy. I take

[Mr. Twigg]

those challenges very seriously. If I am in this position in a month's time, I will be very pleased to take them forward, but I am sure that any Minister would try to do the same because they are so important.

Mr. Michael Connarty (Falkirk, East) (Lab): The Minister may have noticed that the national media has given a lot of publicity to the Clackmannanshire experiment. Is he aware that the lady who presents the television clip is my sister-in-law, Ann Doran? She is very enthusiastic about the technique, which is not just a one-off—it has been around for some time and merits investigation by the Department.

Mr. Twigg: I apologise to my hon. Friend because I was not aware that the lady is his sister-in-law. I have looked at some of the work that has been done in respect of Clackmannanshire. The commitment that I gave today is that in responding to the Select Committee report we shall do exactly what my hon. Friend suggests by fully investigating the lessons from Clackmannanshire, particularly to assess any differences between what is happening there and our own literacy strategy, and whether any appropriate revisions and improvements might be required as a consequence.

The Bill is the cornerstone of the new relationship with schools and furthers the ambitions that we set out last year in our five-year strategy for education. Through its provisions, we want to ensure that inspection is not a burden but a positive exercise in raising standards and identifying best practice; that there is greater emphasis on quality and accountability, both of schools to their parents and communities and of the chief inspector of schools to all those involved in education; that a skilled and valued professional work force are given the development and support that they need to achieve improved outcomes for all pupils; that schools should have stability and certainty about the resources available to them through three-year budgets that help them to plan strategically and give them the scope to make better and more flexible use of the record levels of investment in education; that schools are freed from unnecessary burdens, for example through the removal of the statutory annual parents' meeting and governors' annual report, alongside the streamlining of data collection on the school work force; that we promote a more mature relationship between schools, parents and communities; and for Wales, that the National Assembly can take forward its programme for high quality education and learning as set out in its 10-year strategy, "The Learning Country".

Joyce Quin (Gateshead, East and Washington, West) (Lab): While I am very sympathetic to what my hon. Friend is trying to achieve, can he assure me that the increased autonomy of schools will not cut across the necessary co-ordination that we have highlighted in previous legislation such as the Children Act 2004, whereby local authorities, schools and other authorities all have to work together?

Mr. Twigg: I thank my right hon. Friend, who refers to an issue that was very much part of the debate in the other place and in Committee. We want to ensure that while we promote the autonomy of schools we also encourage them not only to work with each other but, as she rightly says, to work with other agencies that are concerned with the needs of children and young people. It is vital that we as a Department, local government, schools themselves and Ofsted—about which the Bill talks a great deal—ensure that there is coherence between the emphasis on autonomy and the emphasis on high standards, collaboration and real accountability.

The Bill builds on the improvements across our schools system since 1997. It sets the stage for a mature new relationship between the Government and schools whereby schools have the freedom to drive their own improvement, and looks forward to a new era in which we can realise our shared ambition to secure high quality learning and opportunity for all learners. I am very pleased to commend it to the House.

1.54 pm

Mr. Mark Hoban (Fareham) (Con): We did not oppose the Bill on Second Reading and we do not propose to do so today. In fact, it is difficult to oppose a Bill that re-enacts so much of the legislation on school inspections that the last Conservative Government introduced in the first place. We support the move to a lighter-touch inspection regime that the Minister outlined; he is right to reduce the burden of inspection visits on schools as well as to increase their frequency where required. Several head teachers to whom I have spoken have welcomed those changes, as well the move to a shorter notice period heralding the start of an inspection.

As I said, we will not oppose the Bill. I suspect, however, that the Liberal Democrats will do so, as they have expressed only recently their commitment to abolishing Ofsted and being soft on school standards—a retrograde step that would let down many of the parents who want to see standards raised.

We support the move to three-year budgeting, which gives welcome stability to schools. Many head teachers are looking forward to the consistency that it will provide. We also support measures to improve the training of school staff. The fact that more and more schools are using teaching assistants to provide support in classrooms means that the role of the Teacher Training Agency should be reviewed and widened to include that.

I commend the work that my noble Friends Lord Hanningfield and Baroness Morris did in the other place to strengthen protection for rural schools faced with the threat of closure and to enhance the consultation process surrounding the closure of special schools, too many of which have been closed, putting at risk, in the eyes of parents, the choice that they have for their children with special educational needs. Conservative Members are committed to introducing a moratorium on the closure of special schools after the general election to give parents of children with special educational needs a real choice when it comes to the education of their children.

There are gaps in the Bill. We would have liked more action to increase parental choice of schools, and more action to restore school discipline—an important issue for teachers, pupils and parents alike. There is nothing in the Bill to tackle the problems identified in today's highly critical Select Committee report on the teaching of reading. That was mentioned by my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb),

who has consistently championed the use of phonics; indeed, he has raised it in the House twice this week. When the Government respond to the report it will be interesting to see how they embrace that. Having looked at the research from the Clackmannanshire study, I understand that phonics can make a huge contribution to the teaching of reading in our schools. It is not right to say that the national literacy strategy places as much emphasis on phonics as the Clackmannanshire approach, and we need to ensure that the strategy reflects best practice so that all children can benefit from methods such as synthetics phonics. We must tackle the fact that one in five children leaves primary school without being able to read to the required level of ability. That impairs and hinders their progress in secondary school and throughout the rest of their lives.

As I said, there are big gaps in the Bill. The Secretary of State for Education and Skills, who is now in her place, leaves a full in-tray, and there will be much for her successor to tackle on 6 May.

Mr. Richard Allan (Sheffield, Hallam) (LD): I apologise to the House for arriving a little late and missing the first couple of minutes of the debate. I am unfamiliar with the hectic pace of legislation at this stage of parliamentary proceedings, being more used to the sedentary pace that we normally have.

Having said that, speed has characterised the passage of the Bill. I was appointed to the Standing Committee expecting to take over after its first sitting, but when I arrived at the end to get my orders for the second day I found that the Bill had gone through in a single day. That reflects the fact that if legislation is sometimes revolutionary, this Bill certainly could not be so characterised—indeed, it is rather more evolutionary.

We shall decline the invitation of the hon. Member for Fareham (Mr. Hoban) to vote against the Bill, on the ground that he explained: it creates a lighter-touch inspection regime for Ofsted. It would be illogical for a party that is genuinely concerned about bureaucratic burdens on schools and the potential intrusiveness of the inspection system to vote against a measure that makes it slightly less burdensome. We therefore do not intend to vote against the Bill.

I want to put down a marker about schools' organisation, with which the Bill deals. We do not know how it will work in practice but, at this time of year, when allocations to individual schools begin to arrive on parents' doormats, I am sure that all hon. Members receive letters expressing concerns. There is a fundamental problem with the rhetoric that all the parties have been using in recent years, whereby they promote the notion of parental choice while regimes to remove surplus places continue to exist. There is a fundamental inconsistency in those positions because choice requires the availability of a certain amount of capacity to satisfy it. In the Bill, the Government take on centrally more of the burden of determining some of those difficult issues. They will remain difficult, and the regulations and subsequent detail that are relevant to the problem that I outlined will be important in the forthcoming Parliament and to Ministers, from whichever party they come.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

Crossrail Bill (Carry Over)

2.1 pm

The Minister of State, Department for Transport (Mr. Tony McNulty): I beg to move,

That further proceedings on the Crossrail Bill shall be suspended until the next Session of Parliament.

That if a Bill is presented in the next Session in the same terms as the Crossrail Bill when it was presented in this Session—

(a) the Bill shall be ordered to be printed and shall be deemed to have been read the first time; and

(b) the Standing Orders of the House applicable to the Bill, so far as complied with or dispensed with in this Session, shall be deemed to have been complied with or (as the case may be) dispensed with in the next Session;

That these Orders be Standing Orders of the House.

I believe that people realise that Crossrail is a project of national, not only regional, significance. The strategic transport improvements that it brings will be experienced across the country and the scheme will be a catalyst for safeguarding a national economy that is strongly related to the performance of our capital city.

Today, I simply wish to dwell on the parliamentary procedures of the carry-over motion rather than the detail and substance of the Bill. However, I shall say a few more introductory words. In transport benefits, Crossrail will enable better access to the capital for the hundreds of thousands of workers who commute into London every day. It will provide strategic interchanges for local, national and international business and leisure travellers. In economic benefits, London plays a major role in supporting regional economies and jobs, through commuting, product and service purchases, fiscal transfer and economic activity.

The Bill was introduced on 22 February, and has subsequently been through several essentially procedural steps. When the Bill was deposited, it was supported by a regulatory impact assessment, a race equality impact assessment, a book of reference, an estimate of costs, an environmental statement and a non-technical summary of that statement, parliamentary plans and sections, a European Court of Human Rights statement, a housing statement and explanatory notes. Some 4,600 landowners notices were served and approximately 400 street and footpath notices were put up. The environmental statement comprises some 3,700 pages and nine volumes and is supported by a further 14,000 pages of specialist technical reports. The book of reference contains more than 5,000 entries, which would need to be re-checked if the Bill had to be deposited again because the book of reference must be no more than 28 days old at the time of deposit.

The scheme as defined by the Bill, including the parliamentary plans and sections, a schedule of works and so on, represents the culmination of the best part of four years of work by Cross London Rail Links, which employs around 100 staff and 90 consultants. For those who are interested in such data, around 14 tonnes of material were distributed to 140 different locations to meet the requirements of Standing Orders, which include ensuring that documents are available for public inspection locally. Notices were also published to advertise the introduction of the Bill twice in the weeks of 21 February and 28 February in *The Times*, *Evening Standard* and 18 local newspapers along the route.

[Mr. Tony McNulty]

The Bill was deposited and secured its First Reading, during which the whole route was safeguarded. Subsequently, because it had already been consulted on but was not part of the final declared route, the Abbeywood to Ebbsfleet route was also safeguarded. On 10 March, examiners—Clerks of the House who check compliance with Standing Orders—looked at the Bill, took evidence that notices had been served, documents deposited and advertisements made. They received no objections but they reported that the Bill had failed to meet Standing Orders relating to the time of deposit and notices.

On 17 March, the Commons Standing Orders Committee met to consider the examiners' report and hear from the Government's agent why it was desirable, especially to minimise the period of uncertainty for those affected by the works, for the Bill to proceed as soon as possible despite the fact that it had not fulfilled the Standing Orders. The Committee decided to dispense with Standing Orders on timing, thus allowing the Bill to proceed. A similar procedure was undertaken in the other place by its Standing Orders Committee on 22 March.

The purpose of the motion is simply to ensure that the Bill can be carried over for consideration in the next Parliament and that all the work that I have described and that has been done thus far is not wasted. Carrying a Bill over an election is feasible and, indeed, precedented for a hybrid Bill. There will be no curtailing of appropriate scrutiny. There will be the usual opportunities for hon. Members to debate the principle of the Bill on Second Reading, and for their constituents to be heard in front of a Select Committee composed of hon. Members of this House, and subsequently in a Select Committee of the other place. The Select Committee will sit in a quasi-judicial capacity and have the opportunity to hear a range of submissions in considering petitions against the Bill.

If the Bill is not carried over, despite the cross-party support and that of the overwhelming majority of the business community in London, which has been vocal and forthcoming in its backing for the project, we would have to redo all that I described—for example, serving approximately 5,000 landowners with notices, advertising in the press and updating all the documents required at the time of deposit, thus doing again all the referencing to check everything that is entailed. Whatever people feel about the merits of the project, I do not believe that anyone is especially wedded to the notion that, purely because of the interruption—for want of a better word—of an election, the Bill should not be carried over and presented for Second Reading at the earliest opportunity. Several people are directly affected by the Bill and it would not be good public policy to make them undergo all those processes again and suffer the subsequent uncertainty.

Jeremy Corbyn (Islington, North) (Lab): The Minister knows that I support the Bill and the carry-over motion. Can he offer us some hope that the Bill will be introduced quickly in the new Parliament?

Mr. McNulty: That point is central to carrying over a Bill. It will be reintroduced at the earliest opportunity after the interruption of an election. I hope that I can say that with confidence, given the support throughout the House for the measure. I shall be candid and say that, of course, there is the little matter of the £10 billion price tag that comes with it, and a good deal of continuing work needs to be done to ascertain how the costs will be apportioned, but I assure my hon. Friend that we fully intend to present the Bill for its Second Reading and subsequent stages at the earliest opportunity. Given all the momentum and the widespread support that the project commands in London and beyond, in both Houses and the business community, and, not least, the impact on those who could be affected by the process, the sooner we move, post election, to Second Reading, the better.

Mike Gapes (Ilford, South) (Lab/Co-op): My hon. Friend mentioned those who will be affected. Three stations and the loop will be affected in my constituency. Clearly, I have many constituents who will be subjected to some uncertainties if there are undue delays. I therefore urge my hon. Friend not only to press for Second Reading as soon as possible, but to expedite the whole process so that there is no undue delay and uncertainty for my constituents.

Mr. McNulty: I can give my hon. Friend the Member for Ilford, South (Mike Gapes) the same assurance that I gave to my hon. Friend the Member for Islington, North (Jeremy Corbyn): we fully intend to bring the Bill back as early as possible, should the interruption to which I referred have the outcome that we anticipate. Even if it does not, however, I am confident that whichever party forms the next Government will seek to bring these measures forward, because everyone has said that they understand the importance of the project for the capital and for the capital's contribution to the wider national economy. So, for the reasons that I have outlined, I commend the order to the House.

2.10 pm

Mr. Christopher Chope (Christchurch) (Con): I am grateful to the Minister for introducing the motion in the way he has. He used rose-tinted language designed to give the impression that the Government were engaged in frenetic activity on the Crossrail project. He even used the expression "secure the First Reading", as though that were a really burdensome hurdle to overcome, when we all know that it is the most formal part of parliamentary procedure.

The reality of the Bill and the carry-over motion before us is best encapsulated in a short piece in today's *Evening Standard* under the by-line of Ross Lydall, its local government correspondent. It says:

"One of the scheme's main backers has revealed growing frustration with the lack of progress and Government cash. Bob Kiley, London's transport commissioner, said: 'We are where we have always been from the beginning, which is nowhere.' Crossrail dates from 1989 and would involve digging a twin-bore tunnel between Paddington and Whitechapel, with new stations along Oxford Street. It remains a project that everybody wants but no government will pay for. Mr. Kiley said Crossrail was costed at £10.2 billion in 2002"—

which the Minister mentioned again today—

"but since then construction costs had risen two-and-a-half times faster than inflation."

It is salutary to remind ourselves that the last time the House carried over a hybrid Bill from one Parliament to another was when we were dealing with the Channel Tunnel Bill, another project that was not exactly renowned for its sound financial footing.

Jeremy Corbyn: I think that the Member has been misled. The last Bill to be carried over was the obnoxious City of London (Ward Elections) Bill, which we did so much to try to defeat. Will he give us some idea of his proposals for Crossrail? If we do not carry over the Bill, we shall have no project. The Bill is the basis of the project. I was hoping that he was going to say that he supported the carry-over and the expenditure on the development of Crossrail. Perhaps he could get to the point.

Mr. Chope: On the hon. Gentleman's first point, he is right to say that the last Bill to be carried over was the City of London (Ward Elections) Bill, but that was a private Bill, not a hybrid Bill. The point that I was making was that this would the first hybrid Bill to be carried over since the Channel Tunnel Bill. The hon. Gentleman also asked me to make a commitment to the Crossrail project, but no serious prospective Government—such as we are—would be prepared to write a blank cheque for any project, however desirable people might think it is. If the hon. Gentleman is seeking a blank cheque from me today for the Crossrail project, I am afraid that he is going to be disappointed, just as he will have been disappointed by the failure of his own Government to provide one. The Minister talked about this being a £10 billion project, but we know that it is already projected to be much more expensive.

We are not against the principle of a carry-over, because the whole essence of Conservative party policy is to ensure that we get good value for money. After all the work that has been done on the technical documentation, there would be no point in having to get it all replicated just for the sake of it. However, we must face up to the reality that the Bill has not yet been debated in the House. It was brought in at the tail end of this Government's term of office, and what the Minister has said cannot be regarded as a substitute for activity. There has been a notorious lack of activity by the Government in relation to this issue.

2.14 pm

Jane Griffiths (Reading, East) (Lab): I was a candidate for parliamentary election in 1996. As a resident of Reading, I was angry and upset when a Bill dealing with the previous version of Crossrail failed. It fell for procedural reasons that we all understand. As a candidate, however, I was quite joyful at the opportunity that that presented. I would suggest to hon. Members who will be seeking re-election in the coming weeks—not including myself—that matters that cause them grief could also cause them joy as a candidate.

Since my election in 1997, I have spoken up for Crossrail, and for Reading to be its western terminus, at every opportunity. So the publication and First Reading of the Crossrail Bill in February were very welcome, and I strongly support this motion, which would allow it to be carried over into the next Parliament. Of course I am sorry that I will not be here to carry on the fight for Crossrail, and for it to come to Reading, but I hope that the people of Reading and Woodley, in my constituency, will keep up the pressure to make sure that whichever man replaces me continues to work for Crossrail, and that it comes to Reading.

I would like to pay tribute to my hon. Friend the Member for Ilford, North (Linda Perham) for her persistence in fighting for Crossrail, and for her work towards making the scheme happen, and to other hon. Members who represent constituencies on the fringe of London and just beyond.

While I am happy to support this motion to allow the scheme to go forward, I remain unhappy that Maidenhead is Crossrail's proposed western terminus. Since that decision was announced, I have talked to numerous people, organisations and industry bodies, and no one can understand it. One argument is that it would cost £300 million to electrify the stretch of track between Maidenhead and Reading, but that would be negligible given the estimated cost of £10 billion for the scheme. It has also been said that Cross London Rail Links Ltd was worried that it would be left with the cost of re-signalling Reading station, yet talks with representatives of Network Rail reveal that the scheme is in the budget for before the date of completion of Crossrail. The money is there, and the only money that Crossrail would be expected to pay would be for anything extra needed solely for Crossrail.

It has also been said that Crossrail is not coming to Reading because the company is worried about being left with the cost of upgrading Reading station. Yet a recent answer from the Minister of State, Department for Transport, my hon. Friend the Member for Harrow, East (Mr. McNulty), stated:

> "The Strategic Rail Authority has considered possible upgrade options for Reading station, but is not in a position to undertake further development of this scheme within its currently funded investment programme."—[*Official Report*, 12 January 2005; Vol. 429, c. 575W.]

So there is nothing for Crossrail to worry about on that score.

I am bewildered as to the real reason for Crossrail not going to Reading. I fail to understand why it is not in the interest of the scheme to gain access to the interchange at Reading, feeding into services to the midlands, Wales and the south-west. Why does Crossrail not want to gain all the revenue from commuters travelling from Reading to the City of London, for whom this would still be a better service than going into Paddington and changing, either to the underground or to Crossrail itself? It is well known in transport circles that the fewer changes people have to make, the more likely they are to use public transport. Why make the journey more difficult for people than is necessary?

I recognise that people who have travelled long distances from areas significantly to the west of London are more likely to carry on into Paddington and transfer there, as they do now. I am sure, however, that there are many more in between who would come to Reading and transfer to Crossrail for the direct route into London and across to the Eurostar services that we shall soon have at Stratford. That will not happen if Maidenhead is Crossrail's western terminus.

It is even more disappointing because Reading people will lose out if the scheme does not come to Reading. Slots currently available to trains from Reading to the

[Jane Griffiths]

stations between Reading and Paddington will be lost, so as to provide services for Crossrail. Even more worrying are the recent reports in *Rail Freight Group News*—a well respected publication—that the Bill will allow Crossrail exclusive use of the two slow lines from Maidenhead to Paddington, leaving the InterCity 125, Virgin Rail, other slower passenger services and freight to operate on the fast lines—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. What is worrying me is that the hon. Lady is now going a little too deeply into the contents of the Bill. We are debating a carry-over motion. I acknowledge that there can be some reference to the Bill in connection with the arguments for carry over or otherwise, but we cannot have a pseudo-Second Reading speech.

Jane Griffiths: I stand corrected, Mr. Deputy Speaker, and I shall conclude my remarks. I support the carry-over motion and I hope that whoever succeeds me in this Chamber in the next Parliament works as hard as I have tried to do, and as my hon. Friends and other hon. Members have done, for Crossrail.

This is my last contribution in the House and I would like to thank Members on both sides of the Chamber for their friendship and support.

2.20 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): May I confirm the support for the motion of those on the Liberal Democrat Benches? The Minister mentioned the widespread support throughout London for the Crossrail project, particularly in the business community and elsewhere. This is an important scheme for the economic development of London, but it has already suffered from too many delays, not least under the last Government. Its progress should not be impeded at this stage; it is important that it should be carried forward.

In the House and elsewhere, particularly in the Greater London assembly, the Liberal Democrats have supported the principle for Crossrail. We are committed to it and we are pleased, therefore, that the Government intend to go ahead in the next Parliament. I hope they do so expeditiously.

Notwithstanding our support, there are areas of concern, although today is not the day for that debate, as you have rightly said, Mr. Deputy Speaker. I should highlight one or two key issues, such as the funding package, getting an early start to the core section, whether Crossrail should be a discrete railway and the need for serious consideration of links between Stansted and Heathrow, as well as links further west, which the hon. Member for Reading, East (Jane Griffiths) mentioned. We should also examine the problem of trains coming up from the west country sharing the railway.

Mr. Paul Tyler (North Cornwall) (LD): I strongly support the procedure of carry over. As the Minister will know, there was all-party support in the Modernisation Committee for it, in precisely the circumstances that are before the House this afternoon.

Can my hon. Friend give any indication, or has the Minister given him any indication, as to whether the capacity problem at Paddington will be addressed? One advantage of the carry over is that we will have more time to consider the issue. As things stand, there is already a capacity problem for lines and platforms, and, as my hon. Friend has already said, this could dramatically affect the mainline services from Cornwall and the far west.

John Thurso: My hon. Friend raises one of the problems that I hope will be discussed in detail during the passage of the Bill. I am sure the Minister has noted those concerns, which I share. All those issues need to be dealt with during consideration of the Bill, but today it is important that the carry-over motion be passed. I shall certainly support it.

2.24 pm

John McDonnell (Hayes and Harlington) (Lab): I support the carry-over motion, very straightforwardly, because if it is not passed a number of companies in my constituency will face further prolongation of the blight on the development of their operations. To name just two, Leemark Engineering and HG Timber have been told that Crossrail will be taking some of their land, which will prevent them from implementing their expansion plans, and therefore prevent them from increasing employment among my constituents. Any further delay will not only prevent the future planning of their businesses, but have an overall impact on the confidence in my constituency in relation to future investment by businesses.

The carry-over motion is important and I support it, but it is more important that we bring the Bill forward very quickly after the election. In addition, we must bring it forward with guaranteed security of funding. We cannot allow this to remain as speculation. In that case, many of us will campaign during the general election to secure that commitment from the Government. After getting on for 20 years of discussion of Crossrail, we cannot again allow the issue to continue to blight the lives of many of our constituents.

2.25 pm

Mr. Mark Field (Cities of London and Westminster) (Con): May I first say a few words about the hon. Member for Reading, East (Jane Griffiths)? She said that this is her swansong in the House. I am a Reading boy, and I narrowly missed the Conservative nomination for Reading, East in 1997. I would have ended up being the losing candidate against her, so it is probably just as well that things worked out as they did. She has been a fine servant to the House.

May I also say a few words about the hon. Member for Ilford, North (Linda Perham), who may or may not return to the House? That may apply to me; I am taking nothing for granted in this election. She has played a tremendous role in the all-party group on Crossrail, but I want to pay a personal tribute to her. I am a London Member of Parliament and we have worked and spoken together on a number of issues. We are in the middle of an election campaign, but I know that her Conservative opponent, Lee Scott, is an extremely strong admirer of all the work she does. The people of Ilford, North have

been well served over the last eight years, and I hope they continue to be well served—perhaps under different colours—in the years ahead.

Like other Members, I support the carry-over motion, and I support Crossrail very firmly. There is little doubt that it is essential to London's future competitiveness and growth. In many ways, the biggest threat to the competitiveness of the capital is our transport system. All business regards this as the single most important issue that faces London and it is important that we have proper investment of the £10 billion, and rising, across London's transport system over the next few years. Obviously, Crossrail should be part and parcel of that.

I endorse the words of the hon. Member for Hayes and Harlington (John McDonnell), who is absolutely right that we need to get the funding together, but we must ask, "Where is the money?" On one level, one might say that it is the height of political cynicism for the Government to have talked the project up in the way that they have in the last year or so. They have talked about the green light being given to Crossrail when little more than a flickering amber light has been given.

I accept that my party pulled the plug on the project over a decade ago when we were in government, but equally, here we are just before a general election, desperately in need of this investment. It is of national, and indeed international, importance that London and the London region have that investment. The Government must lead the way with their financing, because we cannot carry on taking London's continued economic success for granted.

If I may, I shall finish with a few words on some local concerns over the route. In Mayfair, for example, there is a grave concern that, although three routes were proposed, the Government seem to be running with a consortium with a single route only. I would like to know why other routes were not considered in more detail. I hope that we will have an opportunity on Second Reading, after the election, to explore this a great deal further. There is little doubt, particularly without the finance being in place, that there is a blight on many tens of thousands of my constituents in Westminster, and I suspect on hundreds of thousands of constituents in London and beyond. The same applies to parts of Bayswater and the City of London.

I support the carry-over motion, not least, as the Minister rightly pointed out, owing to the fact that the cost of petitions and all the preliminary work would be wasted if we had to revisit all this. I hope that on Second Reading we shall have a robust debate about the management of the issue and of the route, because the uncertainty is the worst thing for the ongoing blight that affects not only the residential population, but the businesses on which we rely in this country.

2.28 pm

Linda Perham (Ilford, North) (Lab): Today's carry-over motion is vital, because it will allow the Crossrail Bill to be suspended until the new Parliament commences. I cannot overemphasise the importance of ensuring that this momentum is maintained and that Second Reading take place as soon as possible in the new Session.

I commend the support that the Crossrail project has throughout the country and throughout the House, as well as in the business community, which is also anxious that the project go ahead and that the motion allow us not to lose any time with the project going forward.

I thank my hon. Friend the Member for Reading, East (Jane Griffiths) for her support for the project and her kind words. I also thank the hon. Member for Cities of London and Westminster (Mr. Field) for his kind words about my role as chair of the all-party Crossrail group. We have worked hard to support the project, and all the group's members support the carry-over motion.

Everyone knows about Crossrail's benefits for London—they have been well rehearsed. It is essential that the project go forward because of the contribution it will make to the economy, adding £19 billion to the UK's GDP and creating 120,000 jobs in London alone. In addition, the 13 construction contracts are worth about £300 million each. The benefits to east London are also well known. Those of us who represent that part of London believe that the area needs more investment and regeneration.

Hon. Members have asked about funding and the Minister mentioned the £10 billion price tag. Finance and funding are matters that carrying over the Bill will allow us to address in the new Parliament, and I am sure that those issues will be discussed and ironed out come the summer. However, questions about funding should not take priority over passing the carry-over motion.

As my hon. Friend the Member for Islington, North (Jeremy Corbyn) said, we hope that Second Reading will be scheduled to take place as soon as possible after in the new Parliament. I am sure that the Minister supports our aim of getting the usual channels to allow that to happen.

2.31 pm

Mr. Peter Luff (Mid-Worcestershire) (Con): It will not have escaped your attention, Mr. Deputy Speaker, but I am the only Member seeking to catch your eye who does not represent a London or south-east constituency. I have a confession to make: I woke up to Crossrail a bit too late, although I have always supported the project in principle. I remind the House that there is nothing new about Crossrail: the first such services operated in about 1850, when trains on the Great Western main line went through to Farringdon on what are now the Metropolitan and Circle lines. Sadly we lost the service at some point in the late 19th century—

Mr. McNulty: Liberal cuts.

Mr. Luff: I think it predates that. However, there is nothing new about Crossrail, which is a thoroughly good idea in principle. The trouble is that the proposal is not only about London. That is why the carry-over motion must be carefully considered. Is this the right Bill to carry over?

In principle, I entirely buy into improving London transport services. As one who spends most of his working life in London, I can see the need to do that.

Mr. Eric Forth (Bromley and Chislehurst) (Con): My hon. Friend says that he buys into that, but no one else has.

Mr. Luff: My right hon. Friend takes me to task for my characteristically lax use of language—something of which he is never guilty—and makes a powerful point about the problems that have been highlighted during this debate. I concur with him on that point.

The Bill as drafted has several drawbacks and I am not at all sure that it is the right Bill to carry over. The first drawback is that it appears to give a lot of power to the Mayor of London. I understand that, earlier today, as part of the deal done on the Railways Bill, some of the powers that that Bill would have given the Mayor were removed. I am not sure that services running to the west of London, which will have a serious impact on the Great Western main line, should be handed into the power of the Mayor of London.

Secondly, I am concerned about the Bill's long title, which states that the Bill is to

"Make provision for a railway transport system running from Maidenhead".

I like Maidenhead a lot. My family has strong links with the town and my great-great-great-great uncle was mayor of Maidenhead in the 18th century, so I am delighted that it is to have a wonderful new railway service—but that service should go to Reading, as the hon. Member for Reading, East (Jane Griffiths) said. At this point, may I say that I agree with everything that my hon. Friend the Member for Cities of London and Westminster (Mr. Field) said about the hon. Lady? I wish her every happiness in the future. She has been a fine Member of Parliament and has made a fine contribution to our proceedings. She will be sorely missed.

Jeremy Corbyn: Will the hon. Gentleman give way?

Mr. Luff: Yes, but not on that point, I hope.

Jeremy Corbyn: The Worcester-Maidenhead axis is interesting, but does the hon. Gentleman accept that even the people of Worcester would benefit from a Crossrail connection, which would mean that trains could go under London and people would not have to change services? Everyone would be helped if there were a new railway line that everyone could use.

Mr. Luff: Sadly, the hon. Gentleman is absolutely wrong. He draws me on to the constituency point I wish to raise in connection with the Bill and the reason why I have reservations about carrying it over. It was alluded to by the hon. Member for North Cornwall (Mr. Tyler) in what will probably be his last intervention as a Member of Parliament. He is an old friend of mine—I was his boss once and he mine, and we go back a long way. It therefore grieves me to have to draw the House's attention to the fact that he was slightly wrong. In fact, although the Bill as drafted will increase track and platform capacity at Paddington station, it will reduce capacity on the lines into Paddington. That is the crucial point.

I am working hard to improve services from my constituency to London on the Great Western and Cotswold lines. I want an hourly Adelante service instead of the present rather patchy service. I think that the Bill that we are being invited to carry over will result in the two relief lines—those on the left going to London—being devoted exclusively to Crossrail services, leaving only the two existing main lines to and from Paddington for all the other railway services out of Paddington. I am therefore seriously concerned that, if we carry it over, the Bill will frustrate the ambitions of my constituents—and those of the Clerk at the Table, who is a Hereford man and would therefore benefit from improved services through to Herefordshire. I think he missed that observation, but I am sure he will read it in *Hansard* tomorrow.

The regulatory impact assessment for the Bill—I am grateful to the official who e-mailed it to me this morning—is focused entirely on the benefits to London. Yes, there are benefits to London, but the document contains no assessment of the impact on services beyond London. That worries me greatly.

Mr. Tyler: Will the hon. Gentleman give way?

Linda Perham: Will the hon. Gentleman give way?

Mr. Luff: I was hoping to draw my remarks to a conclusion, but I shall give way first to my—for the present purposes—hon. Friend.

Mr. Tyler: I am grateful to the hon. Gentleman for allowing me to make another intervention. Does he not agree that carrying over the Bill creates the opportunity for the concerns that he and I have expressed this afternoon to be properly examined, unlike the alternative of pushing it though at speed today?

Mr. Luff: That is a very good point. My concern about that suggestion is that the Bill refers specifically to Maidenhead and those who know the workings of the railway services between London, Reading and the west know that Maidenhead is a very odd place to terminate services and that making it the terminus could have serious implications for the management of the railways. Although I support Crossrail in principle, I hope that the Minister will be able to reassure me that the Bill, even as drafted, does not preclude an extension of Crossrail services to Reading, which is what one of the consortiums—Superlink, I believe—proposes.

Linda Perham: I know that the hon. Gentleman is focusing on constituency concerns, but does he accept that if the Bill is not carried over, we lose the opportunity to make progress on the project, which has already been delayed? In addition, will he consider London's position as an international financial centre and the benefits that flow from it? If Crossrail is not implemented, the future of London and the UK economy will be seriously threatened.

Mr. Luff: I am extremely conscious, Mr. Deputy Speaker, that if I respond fully to the interventions, I shall be in danger of making a Second Reading speech, whereas I wanted to explain briefly why I had reservations about the Bill being carried over. To be honest, I think it should be carried over—

Mr. Forth: Why?

Mr. Luff: Because I am a reasonable man. If I receive the reassurances I seek, I think that, for the reasons just given by the hon. Member for Ilford, North (Linda Perham), we should accede to the motion.

Mr. McNulty: Bearing in mind that I might not have a chance to respond to the debate, let me say that Cross London Rail Links, which came up with the original business case, suggested Maidenhead and all the consultation was done on that basis. Not least because of the efforts of my hon. Friend the Member for Reading, East (Jane Griffiths), we looked at the virtues of a Maidenhead-Reading route, but we were unable to do that because by that time the route had almost been locked down to the existing one. However, we have said since the Bill was published that we will consult on safeguarding the Maidenhead-Reading route, perhaps as a prelude to including it when the Bill has passed. The issue therefore remains live, not least because of my hon. Friend's endeavours.

Mr. Luff: That is a genuinely helpful intervention, and I shall conclude very shortly, as I appreciate what the Minister has said. However, if the carry-over is agreed today—that will obviously happen—the Committee that considers the Bill must look carefully at capacity issues for the west country, Wales, Oxfordshire, Wales, Worcestershire and Herefordshire. I fear that trying to fit all the freight and passenger services into those two railway lines could have serious consequences. The significant sums that the railway would cost would be better spent on other enhancements to the rail network, such as upgrading the entire line to the west country and Cornwall, a sadly neglected corner in the economic development of our nation. That is certainly the view of the west London branch of Friends of the Earth.

In conclusion, if the Bill is carried over, we must be careful not to carry over a measure that could undermine significantly the transport interests of my constituents and many other people to the west of London.

2.40 pm

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I support Crossrail and the carry-over of the Bill. We in the east end of London have long looked forward to the completion of Crossrail, which will do an enormous amount for regeneration and job creation in our area. We have had to wait 15 years or more, and we do not want any more undue delay. Even today, we can read on the front pages of London's local papers news of a serious drive-by shooting that affected the Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Tottenham (Mr. Lammy). The jobs and regeneration that Crossrail will bring will be important in the fight against crime and social alienation.

I congratulate my colleague, the Mayor of London, on fighting a hard campaign to bring Crossrail into existence. I join hon. Members who have urged us to support the carry-over motion and to introduce the Bill early in the next Parliament along with concrete proposals for funding the line. I congratulate my hon. Friend the Member for Reading, East (Jane Griffiths) on her last speech in this Parliament. She entered the House in the great landslide of 1997 and, although she is stepping down at the election, she has played her part in ensuring that we will win an historic third term. Finally, I would like the Bill to be carried over and speedy progress to be made on Crossrail because the next step is Crossrail 2, which will enable people to travel in splendour from the historic delights of Dalston all the way to Chelsea.

2.41 pm

Jeremy Corbyn (Islington, North) (Lab): Like other hon. Members, I shall be brief in my support for the carry-over motion, which is essential if we are to make rapid progress in the next Parliament on securing funding for the scheme. To some extent, I agree with hon. Members that, while the Bill is important in putting such provisions into law, we also need an agreement on funding and the cost of the project. Costs are already high. If Mr. Kiley's figure are correct, they are already £14 billion to £15 billion. By the time Crossrail is built, they will be considerably more, because inflation will have increased. We therefore need an agreement on funding and, like many other candidates in the election, I support the scheme and the funding that it requires.

May I draw the Minister's attention to the points made by my hon. Friend the Member for Hayes and Harlington (John McDonnell) about blight compensation? The line does not go through my constituency, and impinges only on the southern part of my borough but, because it is a massive scheme, it has an impact on everyone in London and could lead to incredible improvements in transport infrastructure. However, blight is a huge factor in long-term planning issues. Businesses and landowners around Heathrow terminal 5 have been given blight compensation from the beginning of that scheme. Unfortunately, people in the path of the Crossrail development, even if they support it, will not have their land purchased under compulsory purchase orders and will not receive compensation in the period in which it fails to go ahead. The planning process would be encouraged if blight compensation were paid from the beginning of such schemes, as that would provide an incentive for promoters, whether in the public or private sector, to develop them as quickly as possible.

John McDonnell: To clarify the point about the development of the third runway at Heathrow and other airport expansion schemes, the proposals for the blight compensation scheme are currently subject to consultation and discussion. However, my hon. Friend is correct that there is a legal duty on the British Airports Authority, working with the Government, to offer blight compensation, which could readily be transferred to other schemes to provide security for long-term planning processes.

Jeremy Corbyn: I endorse my hon. Friend's clarification, and thank him for it. I hope that the Minister has heard what we are saying and recognises that, while supporters of Crossrail want it to proceed to completion, we also want to ensure that the blight problem does not go on forever.

I have no concerns about the involvement of the Greater London authority and the Mayor and London. Quite the opposite—I have every confidence in them,

[Jeremy Corbyn]

because the devolution of planning and transport matters means that they should have that involvement and planning power. Without the effective voice for London that is projected by the Mayor and the Assembly, schemes such as Crossrail would be a lot further behind.

Ms Abbott: Does my hon. Friend agree that far from being concerned about the Mayor's involvement in the scheme, we should accept that that involvement gives rise to confidence? People should not quibble about his involvement, as he should have greater powers, particularly over transport in the south-east of England.

Jeremy Corbyn: I could not agree more. If people had listened to the Mayor of London about the regeneration of the tube, we would have a bond issue rather than a public-private partnership and a great deal of public money would have been saved. I think that everybody now accepts that, and I hope that Crossrail can be similarly funded, as that will turn out to be a great deal cheaper.

The hon. Member for Mid-Worcestershire (Mr. Luff) made some legitimate points about the rail network beyond London and the impact of Crossrail. Clearly, the constrictions on the Paddington line require a great deal of examination—that is a perfectly fair and reasonable point. He will accept, however, that by developing Crossrail we encourage overall rail traffic usage, which has a knock-on effect on the rest of the system. I am sure that he will join me in wanting to secure both the reopening of the line between Worcester and Cheltenham and the twin-tracking of the Honeybourne line through the Cotswolds.

Mr. Luff: I pay tribute to the hon. Gentleman's knowledge of my constituency. The line between Worcester and Cheltenham is already open, but he is right about the twin tracking. I agree that Crossrail will make travel in the south-east more attractive, and even more people will travel from the areas served at present by Paddington beyond Reading. We must therefore make sure that capacity issues are thoroughly addressed on the Great Western main line.

Jeremy Corbyn: It is only the one-hour limit on our debate and the imminent dissolution of Parliament that prevents me from talking at greater length about the number of disused lines around the country.

Mr. Deputy Speaker: Order. It is not only the imminent dissolution of Parliament. The Chair has a certain interest in applying the Standing Orders.

Jeremy Corbyn: I am tempted to discuss disused lines in a wider sense, but I accept the point that you are making, Mr. Deputy Speaker. The subject will have to wait for another day.

I strongly support the carry-over motion. I hope that it is agreed—I am sure that it will be—and that we secure the money for the line, leading to the continued regeneration and renaissance of the rail network.

In conclusion, it is only fitting that I thank my hon. Friend the Member for Ilford, North (Linda Perham) for her effective lobbying on Crossrail in the House, the Labour party and many other groups, including the trade union network, in which she and I are both active. I thank, too, my hon. Friend the Member for Reading, East (Jane Griffiths), who has just made her last speech in the House. She has been a great campaigner for improvements to public transport and rail connections to Reading, and we should acknowledge that.

2.48 pm

Mike Gapes (Ilford, South) (Lab/Co-op): May I begin by paying tribute to Members who have campaigned for many years for Crossrail, particularly my colleague, friend and neighbour, the hon. Member for Ilford, North (Linda Perham)? I first came to the House in 1992, and as a prospective candidate I remember producing leaflets in 1990 calling for the introduction of Crossrail. I put questions to a succession of Ministers from different Governments from 1992 onwards, but I did not get very far.

I am therefore delighted by the opportunity now afforded us. There was an exhibition in the centre of Ilford a few weeks ago allowing my constituents to look at maps and designs as well as the detail of the proposals. They could see that in my constituency more stations are affected by Crossrail than in any other constituency. The platforms at Ilford station will have to be extended, and Seven Kings and Goodmayes stations will also be affected. Just outside my constituency, Chadwell Heath station will be affected. There is also the loop allowing freight trains to pass passenger trains. There is only one loop on the Crossrail route, and it is in my constituency.

Many of my constituents will therefore be very concerned about the engineering work that will be done from 2006 onwards if the timetable is met, as many people will be affected by a lot of noise, lorries and other vehicles, and by waste being taken away. That will directly affect my constituents in Fenman Gardens in Goodmayes just a few yards away from where the works will be. This is a question not only of commercial blight, but of blight on people's homes and the areas where they live. That is why we cannot have a delay. We must carry over the Bill, bring it forward in the new Parliament as quickly possible and give the reassurance that there will not be further delay, uncertainty and difficulty for many thousands of people, including hundreds of my constituents.

I welcome the fact that we are carrying the Bill over, and I conclude by again paying tribute to my hon. Friend the Member for Ilford, North, the chair of the Crossrail group. I look forward to working with her in the coming Parliament, when she is re-elected to her seat.

2.51 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): This is one of those bizarre, virtual reality occasions on which the Minister tells us that the matter has been worked on for so long and that we now have such great detail that we can do nothing other than carry things forward, as wasting all that work would be a tragedy. That is how the Minister set out the matter to us, making the case for this very dubious procedure of carry-over. Immediately afterwards, Member after Member said "Hold on a minute" and suggested that the route should go in a different direction, referred to a capacity problem at Paddington, said that the line should or should not go through their constituency or asked about funding.

All the careful work that has been done by the thousands of dedicated people to whom the Minister so lovingly referred appears to be not only incomplete, but pathetically misdirected and inconclusive. Why is he trying to con the House into carrying over an incomplete piece of work that has already been in gestation for many years, as we have repeatedly been told, in the expectation that after an election, perhaps regardless of who is returned to Government, it will all suddenly be resolved quickly and expeditiously—something for which Member after Member has pleaded to the House?

I cannot see any reality in that argument at all. That is not unusual for this place—this is a palace of dreams and wishes, as we know—but this is a particularly egregious example of such a debate and occasion. We are all congratulating one another and saying what a wonderful project is involved, but saying almost in the same breath that it is misconstrued and incomplete, and that we have no idea where the funding will come from. On that basis, I should have thought that it would be beneficial if we started all over again. If we did not carry forward this incomplete and rather pathetic piece of work, we could ask the new Parliament—it will, after all, be full of thrusting new Members with exciting new ideas and hopefully many new Ministers as well—to do the job properly. It could take into consideration the points made by the Members present today and perhaps come up with something much more viable and useful. In other words, carry-over would probably be the worst thing to do in this case. A fresh outlook with fresh minds and initiatives would be by far the best.

Mr. Martin Salter (Reading, West) (Lab): Will the right hon. Gentleman give way?

Mr. Forth: I shall give way to the newly arrived Member, who has heard nothing of the debate so far.

Mr. Salter: I thank the right hon. Gentleman for giving way. I have spent an awful lot of time working on the Crossrail issue. Is he proposing to divide the House on carrying over the Bill, because it would be very convenient for us if he was?

Mr. Forth: The hon. Gentleman may have put in a lot of work, but not today. We have all been here working for almost an hour, but he has just wandered into the Chamber.

Mr. Oliver Heald (North-East Hertfordshire) (Con): As somebody who was born and brought up in Reading, may I ask my right hon. Friend to join me in recognising that it is the hon. Member for Reading, East (Jane Griffiths), who has been present throughout the debate and who has done a great deal on this issue?

Mr. Forth: Sadly, I have no connections with Reading whatever, and absolutely none with the hon. Member for Reading, West (Mr. Salter), I am very pleased to say.

Rushing into a carry-over on this Bill would probably be completely the wrong thing to do, but I will not be surprised if the House does it anyway.

Question put and agreed to.

Resolved,

That further proceedings on the Crossrail Bill shall be suspended until the next Session of Parliament.

That if a Bill is presented in the next Session in the same terms as the Crossrail Bill when it was presented in this Session—

(a) the Bill shall be ordered to be printed and shall be deemed to have been read the first time; and

(b) the Standing Orders of the House applicable to the Bill, so far as complied with or dispensed with in this Session, shall be deemed to have been complied with or (as the case may be) dispensed with in the next Session;

That these Orders be Standing Orders of the House.

Points of Order

2.55 pm

Ann Winterton (Congleton) (Con): On a point of order, Mr. Deputy Speaker. I seek your advice about the contents of an e-mail sent by Nick Barrett, chief executive of the Ramblers Association, to other staff members, describing the arrangements for leave for the Labour candidate in the Congleton constituency, who is himself an employee of the Ramblers Association. I have just received a copy of the e-mail, in which Nick Barrett, the chief executive, states that Nick Milton, the candidate,

"is aware that the RA—as a charity—cannot be involved in supporting his candidacy."

That is all well and good, but the chief executive concludes his e-mail with the following remarks:

"Nick is running against one of the foulest MPs in the current Parliament—Anne Winterton. I am sure you all join me in wishing him success in his campaign."

While members of the Ramblers Association throughout the United Kingdom, but perhaps particularly in the Congleton constituency, may be interested to hear the views of the chief executive, I believe that two points need to be raised—first, the unwarranted slur on my name, and secondly, the fact that the chief executive of a charity has expressed a political and partisan view in a communication that has been widely circulated.

While it is my intention to refer this matter to the charity commissioners, I seek your advice, Mr. Deputy Speaker, on what action can be taken, even in the dying hours of this Parliament, to prevent such unsavoury communications—in this case from the chief executive of the Ramblers Association, acting in violation of the rules applying to charities.

Mr. Deputy Speaker (Sir Alan Haselhurst): I thank the hon. Lady for giving me notice that she wished to raise that matter. I am sure that the whole House has heard what she has had to say. She will realise, however, that there is no way in which the Chair has a ruling to make on those matters. She has indicated that there may be possible lines of action open to her. I can only observe that we all have to have very broad shoulders with regard to the names that we are called. No doubt, more will be said during the course of a heated election campaign, but I am sure that she will pursue her own fight with her characteristic vigour.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Further to that point of order, Mr. Deputy Speaker. Can you confirm that there may be a number of procedural avenues that my hon. Friend can pursue even at this stage? It may well be possible for an early-day motion to be tabled, for example, even if it is not possible for such a thing as an Adjournment debate to be sought. It is particularly unfortunate that this wicked move by someone who is apparently employed by a charity, of all things, should happen at this very moment, probably taking advantage of the fact that little or no parliamentary time is left. My hon. Friend could be urged to see whether any further parliamentary opportunity can be taken even now so that we can put a stop to such wickedness and nonsense.

Mr. Deputy Speaker: I am sure that the hon. Member for Congleton (Ann Winterton) is well versed as to what parliamentary procedures may be open to her, but she has received advice from her right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth), who I am sure has equal knowledge of these matters. There are certainly opportunities that she may like to consider taking, even at this late stage of the Session.

Gambling Bill

Mr. Deputy Speaker (Sir Alan Haselhurst): Under the Order of the House made on 6 April, any message from the Lords may be considered forthwith without Question put. I have received a message from the Lords. The Lords agree to the Gambling Bill with amendments, to which the Lords desire the agreement of the House.

Lords amendments accordingly considered.

Clause 5

FACILITIES FOR GAMBLING

Lords amendment: No. 1.

3.10 pm

The Secretary of State for Culture, Media and Sport (Tessa Jowell): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may discuss Lords amendments Nos. 2, 9 to 11, 13 to 15, 20, 25 to 27, 36, 37, 40 to 46, 48, 58 to 80, 91, 92, 95 to 99, 104, 106, 108 to 111, 113, 115 to 167, 169 to 187, 189 and 191 to 193.

Tessa Jowell: I intend to propose that the House accept all but two of the 193 amendments made by the Lords to this Bill. I ask the House to reject two Lords amendments only because they confuse the drafting of the Bill.

This group of amendments is necessarily large because it encompasses all the technical and drafting alterations necessary for the efficient working of the Bill.

Lords amendment agreed to.

Lords amendment No. 2 agreed to.

Clause 7

CASINO

Lords amendment: No. 3.

Tessa Jowell: I beg to move, That this House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to consider Lords amendment No. 4 with the Government motion to disagree thereto, Lords amendment No. 21, Lords amendments Nos. 28 to 31, Lords amendment No. 39, Lords amendment No. 47, Lords amendments Nos. 50 to 55, Lords amendment No. 188 and Lords amendment No. 190.

Tessa Jowell: This group of Lords amendments deals with casinos, and I propose that the House accept all the amendments in the group except Lords amendments Nos. 3 and 4, with which we disagree.

I will briefly summarise the Government's position. I recommend that the House accept the amendments for the simple reason that securing the Bill is important for public protection. I very much regret that the Opposition have made a reduction in the number of proposed regional casinos in the first stage a condition of their support for this Bill. The conventions and circumstances of the time, however, require agreement. The Opposition had previously supported eight such casinos, then reduced the number to four, and now insist on one. On the basis of the Government's original proposition agreed in Committee, some seven local authorities will miss out on the potential benefits for regeneration in the first stage.

We believe that regional casinos should be tested, primarily for any impact that they might have, because of the different nature of the regime, on problem gambling, but also for their power to regenerate run-down towns and cities. As the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) is aware, we reserve the right to ask Parliament again what number of regional casinos is necessary to test their impact.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I am grateful to the Secretary of State for setting out the purpose of the Lords amendments. The Bill is very different from that which received its Second Reading on 1 November. I want to pay tribute particularly to the work of my hon. Friend the Member for North-East Cambridgeshire (Mr. Moss) and Baroness Buscombe in another place. We support all the amendments, each of which improves the Bill, but because amendment No. 50 represents by far the biggest shift, I shall comment on that, as it has allowed us to reach agreement on the passage of the Bill.

We very much welcome the fact that we have been able to reach an agreement. We have always recognised that much in the Bill is important and necessary, and failure to update the law would leave the public with inadequate protection, especially in relation to remote gambling, which is already a huge business and likely to increase further. Responsible operators, such as those in the Interactive Gaming, Gambling and Betting Association, and providers of remote gambling such as BSkyB, have made a strong case that it is in their interests to be able to reassure their customers that they are subject to regulation, unlike their competitors from wilder shores.

The area of greatest controversy in the Bill remains the introduction of regional casinos. Originally, the Government argued that there could be up to 40 casinos, each of which would have 1,250 machines. That could have led to the introduction of something like 50,000 category A machines, which have been identified as carrying the highest risk of creating gambling addiction. Throughout the process, we have sought to increase safeguards against problem gambling and other concerns such as organised crime. For that reason, my colleague in another place, Baroness Buscombe, successfully persuaded their lordships to insert an amendment to increase the identification requirements, particularly to protect children who might otherwise be able to gain access to the gaming area. We accept that the Government have addressed that concern in a different way. For that reason, we will not press the two Lords amendments that Baroness Buscombe introduced, and we will accept the Government's alternative.

Even though the Government were forced in Committee to restrict the number of regional casinos to just eight, many organisations, such as the Royal College of Psychiatrists and the Salvation Army, have continued to argue that there is a significant risk of vastly increasing problem gambling. In our view, it was

[Mr. John Whittingdale]

unthinkable that a measure that remains so controversial should have been rubber-stamped in the wash-up after just five hours of debate in Committee in the other place. Indeed, their lordships managed to consider just 11 out of 353 clauses. In recognition of that, we considered that it would be far better to have just one regional casino as a pilot. Although the advisory panel will need to give proper consideration to possible locations, we are convinced that it should be located in a leisure resort, away from city centres. From the beginning, Members on both sides of the House have recognised that Blackpool has a strong case.

Therefore, on the basis that the Government have been willing to accede to our proposals, I am happy to give the Opposition's support to amendment No. 50 and to the Bill.

Mr. Don Foster (Bath) (LD): The hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) referred in passing to the concerns that many have expressed about the short period allowed in another place for debate on a very large number of amendments, which we have an opportunity to discuss today. I was delighted that last night, in another place, my noble Friend Lord Clement-Jones sought assurances from the Minister that if the various measures that we are debating are agreed to, and if the Bill receives Royal Assent, urgent consideration will be given to them by both the newly established gambling commission and the Government. I was delighted that the Minister in another place gave that assurance and I hope that the Secretary of State will repeat that today.

The hon. Member for Maldon and East Chelmsford also rightly referred to the most controversial part of the legislation in relation to casinos. What he did not say—although I suspect that he would agree with me—is that there is all-party support for large elements of the Bill, such as measures to introduce a much tougher regulator in the form of the gambling commission, regulation of internet gambling for the first time, and other measures that have been supported for a long time. Greatest concern, however, has centred on the issue of casinos.

It is worth recalling that when the Bill was first brought to the House, the Secretary of State said clearly that if the Bill, in the form in which she introduced it at that time, led to any increase in problem gambling, it would be a bad Bill and would have failed. Despite her assurances, considerable concern existed on both sides of the House, not least about the proposal to introduce new super-casinos, as they have been described. It is worth reflecting that those casinos will not only be much larger than we have seen previously in this country but will contain up to 1,250 category A machines that would have allowed unlimited stakes and prizes, about which a great deal of concern has been expressed.

We, too, sought to persuade the Government to reduce the number of super-casinos and to introduce a pilot period to test two things: first, whether it would add to regeneration in the area in which it is located, as the Government claim would happen; and secondly, to be assured that it did not lead to any increase in problem gambling. We were keen for the number to be reduced, and we were given an assurance. Now, following further deliberations, another reduction is being proposed. We are more than happy to support the trial of just one super-casino.

The Secretary of State said that the Government reserved the right to increase the number later. I hope that the Secretary of State will reassure us that that is not a hint that as soon as we return after the election there will be any such move.

Mr. Oliver Heald (North-East Hertfordshire) (Con): It could be us!

Mr. Foster: The issue might have to be considered by me, indeed—but whoever is in a position to produce secondary legislation, I hope that we shall at least hear from the current Secretary of State that it will happen only after a suitable opportunity is provided for a trial of the one super-casino that we currently propose. I will make that pledge on my party's behalf, and I have no doubt that the hon. Member for Maldon and East Chelmsford will do the same. I note that the proposal for a reduction to just one super-casino initially came from my noble Friend Lord Greaves, but be that as it may, it now appears to have all-party support.

I end with one more plea, which echoes the words of the hon. Member for Maldon and East Chelmsford. Whatever location the commission recommends to the Secretary of State for the new super-casino—and, as others have said, there is a strong case for Blackpool—I hope that we will take on board the recommendations of the Joint Committee that carried out the pre-legislative scrutiny, and make it a destination casino. People should have to make an effort to visit it, rather than simply finding it on the high street. I hope that the Secretary of State will assure us that that is what she has in mind.

Mr. John Greenway (Ryedale) (Con): I apologise for not being present for the Secretary of State's speech. The lottery of the London traffic and the timing of the debate are the only excuses that I can proffer.

Having chaired the pre-legislative scrutiny Committee, I want to make three points that I consider important. First, the issue of mega-casinos has dogged the Bill from the start. It was the most contentious aspect of the Committee's work. We were introducing a new concept to the gambling environment, on which there are many different views. The Secretary of State and I might have preferred there to be more than one pilot, but it was argued in the Committee that we should recommend the trial of just one regional or destination casino. We did not do so, because at the time the concept was not in the Government's mind, but Committee members who have observed the reaching of this conclusion over the past 48 hours have expressed to me their satisfaction that we can both test the argument that a destination casino could regenerate a town such as Blackpool—which I sincerely hope will be the preferred destination, given all the time and effort that has been put in—and prove that access to machines with unlimited stakes and prizes would not lead to a rise in problem gambling. Although I believe that to be true, I know that many people are not convinced. We need this pilot, and also the pilots involving large and small casinos with significantly more machines than have hitherto been available in gambling destinations.

3.15 pm

I think that it would have been a grave error to allow this issue to thwart the Bill's progress. I believe that the most important recommendation made by my Committee to both Houses was that without the Bill, there would have been an increase in gambling of doubtful legality. We have seen an explosion of gambling opportunities—not just via the internet but by means of mobile telephony, often involving young people—and that is likely to increase during the next three to five years.

It is inconceivable that Parliament could allow the Bill to fall, given the pressing need to regulate all that gambling. It is not regulated at present, and—as the Secretary of State knows, for I have said it forcefully on many occasions and in many forums over the past few months—I consider the vital point to be not how many casinos there are or how big they are, but the explosion of gambling on the internet, on websites and on mobile telephones.

I know that visible gambling—people going into a mega-casino and playing on rank upon rank of gaming machines—offends some, but they must not ignore what I consider to be the far greater problem of unseen gambling. People may lose their homes, all their money and their whole way of life through internet gambling that is not regulated. I believe our United Kingdom industry shares my view that this must be a regulated and respected part of the gambling industry, which is why I am so glad that we are to pass a Bill that has occupied the time of so many people for so long.

That was, in fact, my third point. I thank and pay tribute to all the many people who have been involved in the process, not just Ministers and their officials but my hon. Friends the Members for Maldon and East Chelmsford (Mr. Whittingdale) and for North-East Cambridgeshire (Mr. Moss), the hon. Member for Bath (Mr. Foster) and my noble Friend Baroness Buscombe. They have devoted much time and effort to arriving at this point.

This is a hugely challenging Bill, and I feel strongly that this is a good day for our country. We are recognising that gambling is part of the leisure industry—part of our way of life. Some people may not like it, but we must face reality, and I fervently believe that the Bill tries to do that. This is not the end of the argument, by any stretch of the imagination. The Bill sets out what is virtually a whole Parliament's work after the election: the establishing of the commission, codes of practice, regulations and the framework that will govern gambling for many years to come. I pay tribute to all who have been involved in the process.

Mr. Kevan Jones (North Durham) (Lab): I, too, welcome the amendment, but I am sad about one aspect. I supported the Bill at the outset, partly because it would liberalise the industry but also because—as the hon. Member for Ryedale (Mr. Greenway) said—it would regulate the parts that needed regulation. I was a member of the Standing Committee, and I found it frustrating that the Bill kept changing. If there is anything to be learned from the process and the point that we have reached today, it concerns the Government's thinking before they produce complex Bills such as this, and what they want to end up with.

I thought that the Committee chaired by the hon. Member for Ryedale did some very good work. I am a big fan of pre-legislative scrutiny. Much of that work, sadly, was ignored, although it should have constituted the foundation of the Bill.

The Bill was pulled in different directions. I have a lot of respect for the Minister who piloted it through Committee. He also felt on occasions that one week he was being pulled one way, and another week, the other way. He did a fantastic job in trying to pilot it through.

On the issues around super-casinos, or regional casinos, I would have liked more than one. I agree that it will be difficult to have a true test with just one area. We got carried away with the fact that the super-casinos were going to be a panacea, bringing redevelopment and regeneration in all types of areas. That is why we saw a feeding frenzy of various potential applications throughout the country. Newcastle city council, a Liberal Democrat council, is trying to support an application locally. A lot of time and effort have been wasted in local government and in the gambling industry, which have not only lobbied but put forward plans. That could have been avoided if at the first stage we had been a little clearer about where we wanted to end up.

I strongly support the proposal that the regional casino should be in a place such as Blackpool, which in its lobbying made a clear and coherent case as to why that area should be chosen. I hope that if that goes ahead, we do not wait too long before we have experiments elsewhere to judge the effects.

On the industry as a whole, I agree with the hon. Member for Ryedale when he says that, overall, we have had a clean industry in this country. It has provided some good quality jobs and is well run. The Bill will add to that in introducing better regulation of parts of the industry. I have only one concern as regards where we are at now, with one super-casino proposed: the potential damage that has been done to the existing industry's confidence. Whichever lead Ministry after the election deals with gambling, it needs to build up relationships again with the industry and ensure that that industry, which has been well run for many years, is given the confidence to expand. It would be a mistake to think that casino gambling or another area of gambling can be predicated on one super-casino. We should not take away from the fact that some of the smaller, existing casinos do a lot of good work, not only employing people locally but ensuring the high standards to which the hon. Member for Ryedale referred.

The Bill has had a long gestation period. It would have been a mistake if it had fallen today for the reasons that were outlined by the hon. Gentleman. Whole areas of gambling are not regulated at the moment, but they need to be regulated. That is what was sad about some of the discussion in the popular press. I understand why certain sections had the discussions concerning the super-casinos, but they did not recognise that today people can go out and gamble freely without any regulation. We need some publicity about the fact that the Bill will bring in regulation.

In welcoming the fact that this period is coming to a close, I support the proposals, but let us hope that, post the election, we not only get the super-casinos in place

[Mr. Kevan Jones]

but ensure that regulation under the Bill can be bedded in. Whichever Government Department deals with it after the election, it must ensure that it has good relationships with the gaming and betting industry.

Tessa Jowell: I rise to put one or two points on the record. I do not think any legislation in this Parliament has undergone the scrutiny that this legislation has. I pay tribute to the hon. Member for Ryedale (Mr. Greenway) and to his colleagues on the pre-legislative scrutiny Committee. A total of 160 recommendations were made by the Committee, 130 of which were adopted and incorporated in the Bill, so it is about as far from rubber-stamped legislation as it is possible to imagine.

Once we have passed the Bill, we will have arguably the most protective gambling legislation in the world. That will safeguard our record as a country with one of the lowest rates of problem gambling, obviously excepting those countries where gambling is banned.

The final point is in relation to the comments by my hon. Friend the Member for North Durham (Mr. Jones). There has been a process of parliamentary debate—just that—about a tricky issue and the debate has focused essentially on the role of regional casinos and the number of regional casinos. It developed from the position on Second Reading, where the Government's view was that the number of regional casinos should be determined by the market, but within the context of a very clear regulatory framework, with a veto being available to local people as to whether they wanted casinos. Therefore, the debate to which he refers is a debate about numbers. It is not a debate about substance.

It is important that the industry remains supportive of this Bill and has confidence in it. The decision to reduce from eight to one the number of regional casinos in the first stage means probably the loss of £600 million of inward investment to some of those parts of the country where that inward investment is most needed, and the loss of probably in excess of 40,000 jobs. No Government can bind the next Parliament, but it will be for the next Parliament to decide whether, in the light of demand and consistent with the precautionary principle, that number should be increased.

Lords amendment disagreed to.

Lords amendment No. 4 disagreed to.

Clause 14

LOTTERY

Lords amendment: No. 5.

Tessa Jowell: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to take Lords amendments Nos. 6 to 8, 93, 94 and 168.

Tessa Jowell: This group improves the protection for charity lotteries and I ask the House to approve them.

Lords amendment agreed to.

Lords amendments 6 to 11 agreed to.

Clause 26

DUTY TO ADVISE SECRETARY OF STATE

Lords amendment: No. 12.

Tessa Jowell: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to take Lords amendments Nos. 23, 24, 107, 112 and 114.

Tessa Jowell: These amendments deal with the protection of children, the Government's overriding concern in bringing forward the Bill, and I propose that the House accept them.

Lords amendment agreed to.

Lords amendments Nos. 13 to 15 agreed to.

Clause 35

TERRITORIAL APPLICATION

Lords amendment: No. 16.

Tessa Jowell: I beg to move, That this House agrees with the Lords in the said amendment.

3.30 pm

Mr. Deputy Speaker: With this we may consider Lords amendments Nos. 17 to 19, 33, 34 and 38.

Tessa Jowell: I propose that the House accept each of the amendments in the group, which ensure the effective regulation of remote gambling.

Lords amendment agreed to.

Lords amendments Nos. 17 to 21 agreed to.

Clause 58

AGE LIMIT FOR CATEGORY D GAMING MACHINES

Lords amendment: No. 22.

Tessa Jowell: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may consider Lords amendments Nos. 32, 35, 49, 81 to 90, 100 to103 and 105.

Tessa Jowell: I propose that the House agrees to the amendments in this group, which concern the regulation of gaming machines and deliver on the Government's pledge to consult on any proposals for an age limit for gaming machines that children can use.

Lords amendment agreed to.

Lords amendments Nos. 23 to 55 agreed to.

New Clause

Lords amendment: No. 56, after clause 175, to insert the following new clause—*Pool betting on dog races.*

Tessa Jowell: I beg to move, That this House agrees with the Lords in the said amendment.

Again, I propose that the House accept the amendment, which addresses concerns raised with the Government by the greyhound industry, which has confirmed that it is happy with the amendment.

Lords amendment agreed to.

New Clause

Lords amendment: No. 57, after clause 177, to insert the following new clause—*Christmas day.*

Tessa Jowell: I beg to move, That this House agrees with the Lords in the said amendment.

This is also known as the Santa clause. I propose that the House agree to the amendment, which prohibits licensed gambling premises from offering gambling on Christmas day.

Lords amendment agreed to.

Lords amendments Nos. 58 to 193 agreed to.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to certain of their amendments to the Bill: Mr. Don. Foster, Tessa Jowell, Mr. Gordon Marsden, Mr. Mark Prisk, Mr. Tom Watson to be members of the Committee; Tessa Jowell to be the Chairman of the Committee; Three to be the quorum of the Committee.—[*Mr. Watson.*]

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

Supreme Court of England and Wales

Ordered.

That the Civil Procedure (Amendment No. 2) Rules 2005 (S.I., 2005, No. 656), dated 11th March 2005, a copy of which was laid before this House on 14th March, be approved.—[*Mr. Watson.*]

International Organisations Bill *[Lords]*

Order for Second Reading read.

3.33 pm

The Minister for Europe (Mr. Denis MacShane): I beg to move, That the Bill be now read a Second time.

The International Organisations Bill is designed to ensure the effective functioning of international organisations and bodies. The measures are required to enable Her Majesty's Government to meet outstanding international commitments to confer legal capacity and privileges and immunities on a number of international organisations and bodies and certain categories of individuals connected to them, or to ensure parity of treatment between organisations where appropriate.

Under existing legislation, we are unable to confer privileges and immunities on these organisations, even though we have signed international agreements committing us to do so. Some of the agreements are of long standing, dating back more than a decade.

For most of the organisations concerned, the privileges and immunities will be conferred by Orders in Council, which will be subject to the affirmative procedure. Consequently, Parliament will have ample opportunity to scrutinise and debate the specific privileges and immunities that will be conferred on these organisations.

Let me now turn to why we grant privileges and immunities to international organisations and bodies. Privileges and immunities are conferred on organisations and bodies so that they can carry out their functions without being impeded. The long-standing policy of HMG is that privileges and immunities should be granted primarily on the basis of functional need, to ensure that only those privileges and immunities necessary for the organisation to function effectively are granted. All cases are separately negotiated and it is rare that two organisations benefit from identical privileges and immunities.

Immunities granted to the staff of international organisations are generally very restricted. Of the 3,000 staff of international organisations based, or with offices, in the UK, only 80 senior officers enjoy the equivalent of full diplomatic privileges and immunities. The remainder have no entitlement beyond immunity for acts performed in the course of their official duties.

As regards privileges, the Government's policy adheres to the internationally accepted principle that states should not financially benefit from the presence of an organisation on their soil, and that one member state should not tax another through the medium of an international organisation. Immunity from the jurisdiction of the courts of the host state is justified by the need for independence of the international organisation and the necessity of precluding any undue interference by the host state with the activities of the international organisation. That ensures that the organisation can then work in an environment of independence and security without fear of legal reprisals. That is an established principle of international relations.

I turn to the details of the Bill. Clauses 1 to 3 concern the Commonwealth Secretariat and the Commonwealth Secretariat Arbitral Tribunal. The Commonwealth

[Mr. Denis MacShane]

Secretariat is the primary intergovernmental organisation of the Commonwealth. The CSAT is an internal arbitral body established to resolve contractual disputes between the Secretariat and its staff, or any other person who enters into a written contract with it.

The Bill will change the following three aspects of the privileges and immunities enjoyed by the Commonwealth Secretariat. At present, the Secretariat has immunity from the jurisdiction of the courts in the UK, except in cases where the immunity is waived by the Secretary-General, in cases concerning motor accidents or motor traffic offences, and where arbitration proceedings are undertaken in respect of a written contract with the Secretariat.

That last exception, concerning arbitration proceedings, has been interpreted by the courts in the UK as allowing the courts to exercise supervisory jurisdiction over CSAT arbitration proceedings under the Arbitration Act 1996. That particular exception to immunity will be removed by clause 1 of the Bill, which will bring the Secretariat's immunity provisions into line with those enjoyed by many other international organisations based in the UK.

The extended immunity will not apply to written contracts entered into by, or on behalf of, the Secretariat before clause 1 enters into force. For those contracts courts will continue to have supervisory jurisdiction under the Arbitration Act 1996.

The Bill will also change the privileges and immunities of the Commonwealth Secretariat staff. Clause 2 will accord the president and members of CSAT the same immunity from legal process in relation to their official acts that is conferred on the Commonwealth Secretariat staff under the Commonwealth Secretariat Act 1966. The Bill provides that if the CSAT is replaced by an equivalent successor body, an order may be made by the Secretary of State to amend the 1966 Act for the purposes of conferring privileges and immunities on the successor body equivalent to those enjoyed by the CSAT.

Clause 3 confers exemption from UK income tax on all staff of the Secretariat in respect of salaries and emoluments that they receive as its staff. That new exemption will not apply to pensions, annuities payments or to income received by staff from other sources. It is conditional on the Secretariat establishing an internal tax system for its own benefit, as is currently the case with a number of other international organisations.

I turn to the other organisations affected. Clause 4 concerns the Organisation for Security and Co-operation in Europe. The Bill will bring it within the scope of the International Organisations Act 1968, enabling the United Kingdom to implement the political commitments it made when it endorsed the 1993 Rome Council decision to confer on the OSCE domestic legal capacity and privileges and immunities. That will confirm our support for its work.

Clause 5 deals with EU bodies established under title V—Provisions on a Common Foreign and Security Policy—or title VI—Provisions on Police and Judicial Cooperation in Criminal Matters—of the treaty on the European Union. To ensure there is no misunderstanding, I should emphasise here that we are not talking about bodies or institutions set up under the treaty establishing the European Community.

Under existing obligations, the Government are committed to conferring legal capacity and privileges and immunities on title V and title VI bodies of the treaty on the EU, and certain categories of individuals connected to them. At present there is no legislation which allows us to do this. The Bill will add a further section to the International Organisations Act 1968 to enable the UK to confer the necessary legal capacity and privileges and immunities, by Order in Council, on those bodies and individuals.

At present there are three EU bodies on which privileges and immunities will be conferred under this Bill. They are: ATHENA, the EU Satellite Centre and the Institute for Security Studies. ATHENA is a financing mechanism set up to enable member states to contribute towards the financing of EU military peacekeeping missions, as the EU budget cannot be used for military operations. The satellite centre provides valuable satellite imagery analysis which helps the EU monitor crises across the world, and the Institute for Security Studies adds academic analysis and strategic thinking to the development of common foreign and security policy as a whole.

Clause 6 concerns the International Criminal Court. The ICC is a permanent court, based in The Hague, established by the Rome statute of the ICC. The purpose of the ICC is to try individuals for some of the most serious crimes known to mankind: genocide, crimes against humanity and war crimes.

The court is now taking its first operational steps. It has opened two investigations, in northern Uganda and in the Democratic Republic of Congo. Most recently, on 31 March, the Security Council passed a UK-sponsored resolution to refer the situation in Darfur to the court. The court will have to operate in some of the world's most difficult environments, so safety is paramount. In order to ensure its staff can work effectively, they need to be granted the added security provided by the ICC privileges and immunities agreement, which the United Kingdom signed in 2002. The Bill will amend the International Criminal Court Act 2001 to allow the UK to confer all the privileges and immunities necessary to fulfil its obligations under the ICC privileges and immunities agreement.

Clause 7 applies to the European Court of Human Rights. The court forms part of the Council of Europe. It enforces the Council of Europe's convention for the protection of human rights and fundamental freedoms, also known as the European convention on human rights.

The sixth protocol to the general agreement on the privileges and immunities of the Council of Europe confers privileges and immunities on members of the court. The UK has signed and ratified the sixth protocol subject to a reservation on article 1, which requires the conferral of privileges and immunities on family members of judges. The Bill will amend the International Organisations Act 1968 to allow the UK to implement article 1 of the sixth protocol fully and withdraw its reservation.

Clause 8 concerns the International Tribunal for the Law of the Sea, ITLOS, which was established by the UN Convention on the Law of the Sea, to which the UK is a state party. The agreement on the privileges and immunities of ITLOS provides that the tribunal, and

various categories of individuals connected with it, shall enjoy privileges and immunities. The UK signed the agreement but cannot ratify it as existing legislation does not permit its implementation. The Bill will bring ITLOS within the scope of the 1968 Act, enabling the UK to confer privileges and immunities on the tribunal and so ratify the agreement.

The financial implications of the Bill are minimal. The only loss of revenue that might occur would be by way of refunds of VAT on travel and incidental costs for visiting officials. We estimate that this would be under £1,000 per annum. The Bill will not impose any additional regulation on the business, charities or voluntary sectors. By enabling us to confer privileges and immunities on them, the Bill will confirm our support for the work of these organisations and will be a clear demonstration that the UK is meeting its international commitments. I commend the Bill to the House.

3.44 pm

Mr. Michael Ancram (Devizes) (Con): I thank the Minister for Europe for giving us an attempted explanation of what I could otherwise only describe as a triumph of bureaucratese. It is always a peculiar pleasure to follow the hon. Gentleman. He is one of those people who, even if they cannot make friends, certainly influence people. His comments on what he referred to as "les néo-cons" in France the other day gave an enormous boost to the no campaign in the run-up to the constitutional referendum on 29 May.

May I say, with no offence to the Minister, that I am disappointed that the Foreign Secretary is not in his place today? He wrote to me about the Bill and told me about the importance that he attached to it. I thought that that importance might be sufficient to bring him to the House for what would be his last performance at the Dispatch Box on the Government side of the House.

In today's interconnected world, single nations often cannot deal with the challenges that face them individually. We must co-operate where possible through mutual recognition of diverse standards, and that in the end requires international organisations. The servants of the international organisations that enable such co-operation to take place have customarily been granted certain immunities from local laws and from taxes. Such privileges are essential to ensuring that those organisations run smoothly, but they cannot come at the cost of the organisations and their members being made accountable for their actions.

Although we broadly support the Bill, we have some questions which we hope the Minister will be able to answer. First—he has dealt with this, but I am not wholly convinced by his explanation—the Bill confers certain privileges on EU bodies to which it gives legal status. What is the legal basis for this, when the European Union itself does not enjoy a legal personality? The question was raised in the House of Lords European Union Committee and the House of Commons European Scrutiny Committee. Surely the Bill cannot assume that the constitution will in due course be ratified? It would be very dangerous if it did so.

The Bill also extends privileges and immunities to family members and the households of officials. I hope there is no possibility of British taxpayers subsidising shopping trips for members of those organisations and their spouses. I raise the matter because there have been recent examples and articles in the media concerning what has become known as the UN gravy train and the so-called abuses by the children of UN staff. I know that there are planned reforms to the UN and I wish the Secretary-General every success in implementing them. With regard to today's business, will the Minister give a categorical assurance to Parliament that that cannot and will not happen under the provisions of the Bill?

We have a further serious concern. Clause 4 deals with the Organisation for Security and Co-operation in Europe, which includes among its members some states such as Belarus, whose record on human rights is on a par with Zimbabwe's. Does the Minister agree that we must be very careful about giving immunities and privileges to the ruling elite of such countries, particularly in view of the signal that that sends to those struggling against undemocratic regimes in other parts of the world?

In the light of article 1 of the sixth protocol, I understand that we signed a reservation when we agreed the European convention on human rights overall. Can the Minister confirm that this reservation was included in the instrument of ratification deposited in November 2001 and reaffirmed in 2003 in respect of the Isle of Man? Will he please explain to the House what has happened to that reservation?

Some of the immunities in the Bill concern monetary immunities. Why, when we have already waited so long to implement these changes to monetary immunities and privileges, have the Government chosen to implement them now, regardless of how low the cost is said to be? The country is already highly taxed. As the Minister knows, we have already seen 66 stealth tax rises under the Government.

We must take care to protect the rights of employees of international organisations. Concerns have been expressed for the human rights of employees who work in the Commonwealth Secretariat as regards transparency and their ability to air grievances, and about the accountability of the organisation, should employees be made immune from the British court system. Will the Minister please comment on that and reassure the House that what is provided in the Bill is compatible with the European convention on human rights?

Finally, my colleague in the other place, the noble Baroness Rawlings, introduced an amendment concerning the immunities granted to employees of the European Union. The amendment would have meant that clause 5, which covers the various privileges and immunities accorded to EU personnel, could not come into force until the Government

"have initiated a review within the Council of the European Union"

of those privileges and immunities and of whom they ought to be extended to. Given the forthcoming British presidency of the Council, initiating such a review would be straightforward. Although the Bill does not compel the Government to do so, an incoming Conservative Government would want to initiate such a review. I hope the Minister can give the same undertaking.

[Mr. Michael Ancram]

I thank the hon. Gentleman for his explanation. We will in general support the Bill, but I should be grateful for an answer to the important questions that I have raised.

3.49 pm

Mr. David Chidgey (Eastleigh) (LD): The Minister will be aware that the Bill has had far more extensive debate in the other place. He will know from that debate that the Liberal Democrats support the Bill's intentions but have some reservations regarding, in particular, the first three clauses. We have always been concerned that the Bill should not impair the right to a fair hearing. Those who are affected by the immunities given must have recourse to adequate alternative avenues of dispute resolution, a point raised by the right hon. and learned Member for Devizes (Mr. Ancram). Fully independent alternative mechanisms must be in place.

We have had concerns that extending the Commonwealth Secretariat's immunity, beyond that required by existing international obligations, to exclude the limited judicial oversight available under the Arbitration Act 1996 may risk disproportionate interference with the rights of access to court. There have also been concerns about recourse for employers of the Commonwealth Secretariat, in particular concern that the internal dispute-resolution mechanisms set out in the Bill on recourse for employees of the Commonwealth Secretariat might not be fully independent.

The Minister will be aware that my noble Friend Lord Wallace took a particular interest in the Bill and debated it at length. He expressed strong concerns about the emergence of a growing class of international officials in Britain, Europe and elsewhere which is immune from domestic taxation and beyond the obligations and protections of domestic law. He added that

> "The justification of extending immunities to families again seems to be questionable."

Lord Wallace also raised the question of how far international immunity should be maintained and extended. He felt that the powers, privileges and status of the European Commission and many of its agencies were questionable—in particular

> "the salaries of those involved, their access to duty-free sales and the extent to which the Commission and the various agencies are outside the remit of the employment law and regulations which the Commission itself imposes on member states and candidate countries."—[*Official Report, House of Lords*, 16 December 2004; Vol. 667, c. 1471.]

We want a commitment that the Government will not just let the Bill slip by but will, in future negotiations in the European Union and other international organisations, take the opportunity to ask how many diplomatic immunities are needed by how many people, for what purposes and how far.

The Minister mentioned the number of officials affected, but—if I can catch his attention for a moment—will he clarify a point for me when he responds? He said that only 80 senior officials, of the 3,000 officials of intergovernmental organisations based in the United Kingdom, are likely to be affected by the measures. In addition to those 3,000 officials, there are probably the same number—

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Gentleman is addressing a point to the Minister, and as it is an important point, perhaps the Minister should take note of it.

Mr. Chidgey: I am most grateful to you for making that point on my behalf, Mr. Deputy Speaker. As I am not allowed to address the Minister directly, I was hardly able to point out that he did not seem to catch the comments that I was making.

I repeat my point for the benefit of the House and, in particular, of the Minister. The Minister said that only 80 chief officers were likely to be affected by the measures, and I should be grateful if he clarified that when he replies to the debate. Although he said that there were 3,000 officials, of whom only 80 were affected, I am uncertain whether he meant that. From debates in the other place, my understanding was that there is some concern that the 3,000 officials, plus their families and dependents, could easily number 6,000 people, and that that figure is likely to grow. As the right hon. and learned Member for Devizes has said, we are concerned that the measure may become a gravy train.

In my closing remarks, I shall address the human rights aspect of the Bill in more detail. I serve on the Joint Committee on Human Rights, so I am familiar with its report about the issues raised by the Bill, and I am particular concerned about the Government's response to that report.

The Minister will be familiar with the Joint Committee's remarks about article 6 rights:

> "Any restriction of Article 6 rights arising from the immunities from suit requires justification on the basis that it pursues a legitimate aim and is proportionate, and must be assessed in light of the particular circumstances of the case."

The Joint Committee argued that in respect of the Commonwealth Secretariat, the Commonwealth Secretariat Arbitral Tribunal and the Organisation for Security and Co-operation in Europe, there is no international legal obligation to confer immunity from suit. I would particularly like the Minister to respond to that point, because he knows that the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for Harlow (Mr. Rammell), assured members of the Committee that their concerns were unfounded.

The letter that the Under-Secretary, or perhaps one of his officials, wrote to the Committee on 25 February is a salutary lesson in the unfathomable use of our language. It stated that the Committee's concerns

> "that extending the Commonwealth Secretariat's immunity under Clause 1 of the Bill in the absence of an international obligation to do so risks disproportionate interference with the Article 6 right of access to court"

were unfounded. It continued:

> "It would be improper and a breach of the UK's duties under international law for the Government to undertake to be bound by an international obligation before the legislation necessary to implement that obligation was in place. To do otherwise would mean that the UK would not be in a position to fulfil its obligation and this could result in a breach by the UK of its international obligation. If Parliament decided not to pass relevant legislation, the UK would continue to be in breach of the obligation."

In spite of that obfuscation, we are generally in favour of the Bill.

3.57 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): I want to make one point to the Minister and, in a sense, my own Front Benchers. The Bill may well be desirable and necessary, and it may well be required to fulfil this or that obligation, but I hope that our agreement to this Bill will not in any sense imply that we completely underwrite all the organisations involved or expect them to continue indefinitely and without question. Once such bodies are established, they expand their activities and assume a sort of permanence, regardless of changes in the international context.

I hope that the Bill is being presented in a focused and limited way. Perhaps properly, it provides certain immunities under established international obligations. I hope that people here or anywhere else do not believe that hon. Members think that such organisations are completely wonderful and beyond criticism and that they should exist from now to eternity without challenge. That point is important, and I hope that the Minister or perhaps a Conservative Front Bencher, will nod in its direction.

3.58 pm

The Minister for Europe: I am grateful for hon. Members' comments, which are important. I will not rise to the remarks made by the right hon. and learned Member for Devizes (Mr. Ancram), who was sorely missed at Tuesday's final Foreign Affairs questions. *[Interruption.]* We look forward to his successor sitting on the Opposition Front Bench after the election on 5 May.

The points raised by hon. Members have been thoroughly discussed in the other place. In its 15th report of the current Session, the Joint Committee on Human Rights—the hon. Member for Eastleigh (Mr. Chidgey) is a member of that Committee, and we are sorry that he is retiring—concluded that the Bill did not need to be brought to the attention of either House on human rights grounds.

Hon. Members have expressed concern about the general principle of conferring immunities and privileges, but it is simply the old injunction, "Do unto others as you would have done unto yourself." If we want British officials serving in international organisations in many different parts of the world to have appropriate immunities and privileges, it is rather arrogant of us not to be willing to find a small amount of parliamentary time—this Bill has been waiting for some years to be brought before Parliament—to put our own house in order in this regard.

Let me stress that privileges and immunities are there to protect officials, not Governments. I completely agree with the points raised about Belarus and other dictatorial countries, but citizens of any of those countries can serve honestly and openly on international bodies, and those gentlemen and, where appropriate, their families, should be thus protected.

Let me stress again that the House is not conferring such immunities and privileges on any single individual in any single organisation. They will all have to be brought before the House by way of affirmative motion under the Order-in-Council procedure. That will allow genuine concerns, which I fully accept, to be raised and debated.

I am not entirely surprised that the European Union was brought up. However, this is about existing treaty agreements—we are not talking about the constitutional treaty in any way. Some EU bodies need legal capacity and privileges and immunities to operate. Once one has agreed to European Council decisions—that is where Ministers of national Governments decide, not the Commission or a bureaucracy—or to other measures to establish them, the UK is under an obligation to confer them under international law. The fact that the EU does not have a legal personality except to the extent that it concludes agreements pursuant to articles 24 or 38 of the treaty on the European Union is immaterial.

Some powerful and important points were made by Members of the other place, and I am sure that those arguments can be discussed when we return with a statutory instrument. The entire House is conscious that we should not be creating new categories of privileged ladies and gentlemen in the UK who are not under the same laws of the land as we all have to abide by. However, international organisations are important. Many British citizens serve in them with great distinction, sometimes under some hardship, and as we applaud their work and insist that the countries in which they serve confer such immunities and privileges, we should not refuse them in the United Kingdom.

With that, I hope that the House can move forward into Committee.

Question put and agreed to.

Bill accordingly read a Second time.

Motion made, and Question put forthwith, pursuant to Standing Order No. 63 (Committal of Bills),

That the Bill be committed to a Committee of the whole House.—*[Mr. Jim Murphy.]*

Question agreed to.

Bill immediately considered in Committee.

[MR. MICHAEL LORD *in the Chair*]

Clauses 1 to 10 ordered to stand part of the Bill.

Clause 11

SHORT TITLE, INTERPRETATION, COMMENCEMENT AND EXTENT

4.3 pm

Mr. MacShane: I beg to move amendment No. 1, in page 4, line 38, leave out subsection (6).

The amendment, which stands in the name of my right hon. Friend the Foreign Secretary, removes the privileged amendment made in another place.

Amendment agreed to.

Clause 11, as amended, ordered to stand part of the Bill.

Schedule agreed to.

Bill reported, with an amendment.

Order for Third Reading read.

4.4 pm

The Minister for Europe: I beg to move, That the Bill be now read the Third time.

I thank hon. Members for helping the Government to put the Bill on the statute book. I hope that Third Reading will be agreed and I wish all hon. Members, colleagues and friends Godspeed and an enjoyable four weeks.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with an amendment.

4.5 pm

Sitting suspended.

ROYAL ASSENT

5.5 pm

Message to attend the Lords Commissioners:

The House went:—and, having returned:

Mr. Speaker (*in the Clerk's place at the Table*): I have to acquaint the House that the House has been to the House of Peers, where a Commission under the Great Seal was read, authorising the Royal Assent of the following Acts:

Finance Act 2005
Appropriation (No. 2) Act 2005
Mental Capacity Act 2005
Public Services Ombudsman (Wales) Act 2005
Commissioners for Revenue and Customs Act 2005
Disability Discrimination Act 2005
Education Act 2005
Serious Organised Crime and Police Act 2005
Inquiries Act 2005
Clean Neighbourhoods and Environment Act 2005
Drugs Act 2005
International Organisations Act 2005
Railways Act 2005
Gambling Act 2005

Prorogation

Her Majesty's Most Gracious Speech

Mr. Speaker: I have further to acquaint the House that the Lord High Chancellor, one of the Lords Commissioners, delivered Her Majesty's most Gracious Speech to both Houses of Parliament, in pursuance of Her Majesty's Command. For greater accuracy I have obtained a copy, and also directed that the terms of the Speech be printed in the Journal of this House. Copies are being made available in the Vote Office:

My Lords and Members of the House of Commons

My Government has pursued economic policies which have brought about sustained growth and prosperity.

My Government has continued to take action to secure high levels of employment as it reforms the welfare state.

An Act has been passed that allows for the extension of the circumstances in which a family can be eligible for Child Benefit for 16–19 year olds who are in learning.

Legislation has been enacted to support the continuing fight against terrorism in the United Kingdom.

An Act has been passed to reform the office of Lord Chancellor, and to establish a Supreme Court for the United Kingdom and a Judicial Appointments Commission for England and Wales.

An Act has been passed as an interim measure to make the electoral register in Northern Ireland both accurate and comprehensive until more permanent measures can be put in place.

Legislation has been passed to provide a statutory framework for dealing with the financial, health and welfare decisions of those people who might lack capacity through mental illness or disability.

My Government has continued to work towards the reduction of bureaucracy and the costs of Government, and towards promoting efficiency. An Act has been passed to integrate the Inland Revenue and Her Majesty's Customs and Excise.

An Act has been passed to establish the Serious Organised Crime Agency and to strengthen the fight against crime.

An Act has been passed to improve local environmental quality by tackling the antisocial behaviour that blights our communities.

Legislation has been enacted to streamline the school inspection regime and to bring in three-year budgets for schools, which will help raise standards for every child in every school.

An Act has been passed to unify and simplify the Ombudsman service in Wales.

An Act has been passed to tackle the problem of drug abuse and the crime that flows from it.

Legislation has been enacted to enable the United Kingdom to fulfil international commitments to confer privileges and immunities on a number of international organisations and bodies.

Measures to reform the law on mental health have undergone pre-legislative scrutiny.

Draft legislation has been published to safeguard the welfare of children in circumstances of parental separation and inter-country adoption from countries where there are concerns about child welfare.

A draft Bill has been published to introduce a new offence of corporate manslaughter.

Draft legislation has been published to ensure the better management and protection of our natural environment and rural communities.

A Bill has been introduced to authorise the construction of Crossrail.

Other important measures have been enacted.

Members of the House of Commons

I thank you for the provision you have made for the work and dignity of the Crown and for the public service.

My Lords and Members of the House of Commons

The Duke of Edinburgh and I were pleased to receive the State Visit of His Excellency the President of the Republic of Korea and the State Visit of His Excellency the President of Italy.

My Government currently holds the G8 Presidency, and is placing high priority on the important issues of Africa and climate change.

My Government has continued to work with partners around the world to prevent terrorism and the proliferation of nuclear, chemical and biological weapons, and the problems of drug smuggling and international crime.

My Government has worked to strengthen commitment on both sides of the Atlantic to the transatlantic relationship and to the continued effectiveness of the North Atlantic Treaty Organisation, and has worked with the international community to strengthen the United Nations.

My Government continues to support the Government of Iraq to provide security and stability following the elections held in January.

My Government has continued to support efforts to build peace in the Middle East, to promote democratic reform and reduce conflict and extremism.

My Lords and Members of the House of Commons

I pray that the blessing of Almighty God may rest upon your counsels.

The Commission was also for proroguing this present Parliament and the Lord Chancellor said:

"My Lords and Members of the House of Commons: By virtue of Her Majesty's Commission which has now been read, we do, in Her Majesty's name, and in obedience to Her Majesty's commands, prorogue this Parliament to Thursday, the Fourteenth day of April to be then here holden, and this Parliament is accordingly prorogued to Thursday, the Fourteenth day of April."

End of the Fourth Session (opened on 23 November 2004) of the Fifty-Third Parliament of the United Kingdom of Great Britain and Northern Ireland, in the Fifty-Fourth Year of the Reign of Her Majesty Queen Elizabeth the Second.

Westminster Hall

Tuesday 15 March 2005

[SIR NICHOLAS WINTERTON *in the Chair*]

Trust Ports

Motion made, and Question proposed, That the sitting be now adjourned.—[*Mr. McNulty.*]

9.30 am

Jim Knight (South Dorset) (Lab): I welcome the opportunity to debate the future of trust ports. I am grateful for the interest shown by my hon. Friends the Members for Harwich (Mr. Henderson), for Dover (Mr. Prosser) and for Tynemouth (Mr. Campbell) and by those who represent other port constituencies. Unfortunately, others cannot be here, including my hon. Friend the Member for West Carmarthen and South Pembrokeshire (Mr. Ainger) and the hon. Member for Mid-Dorset and North Poole (Mrs. Brooke). Many hon. Members who noted the subject of today's debate but who were not too well versed on trust ports wondered what was of such great interest. I shall therefore start by sketching out briefly what the debate is about.

Five years ago, in 2000, the Office for National Statistics ruled that trust ports with a turnover above a threshold of £6.6 million, or those with a majority of members appointed by the Government, should be regarded as public bodies and subject to public sector borrowing requirements. Uncertainty over borrowing created various problems for those ports, as a result of which harbour revision orders were issued last year.

Those orders would have resolved the matter but for objections, made most notably by the hon. Member for Christchurch (Mr. Chope)—I am pleased to see him in his place—and the Major Ports Group. Those objections were raised in order to leave open the option to privatise those ports. Worries about privatisation were reinforced last week by the official Opposition's announcement that they would certainly want to privatise Dover in order to release money for road schemes.

Mr. Christopher Chope (Christchurch) (Con): The hon. Gentleman mentioned the years 2000 and 2004 and spoke of uncertainty. Can he tell us what was done between those two years to try to remove that uncertainty? He has rather condensed that.

Jim Knight: I would like to go back beyond 2000, as I sketch out how we arrived at the present situation under the Ports Act 1991, the governing legislation in respect of trust ports.

The answer to the hon. Gentleman's question is that the ruling of the Office for National Statistics was initially resisted by the Department for Transport; there was some negotiation as to whether the ruling was correct, but it has been accepted. It took a little time, but the harbour revision orders of 2004 were the outcome of those negotiations; the aim was to resolve the situation and provide some certainty. The uncertainty over the future of ports has certainly resulted in some difficulties. Most recently, the delay of a £6.6 million investment caused problems for the port of Poole, but I gather through conversations this morning that that difficulty might be resolved for now.

It is worth saying what a trust port is. It is a convenient shorthand term used to describe ports that are not owned and run by a company, a local authority or a nationalised industry. Many have operated for a long time. Poole's trust port was formed in 1895—this is pertinent to our debate—when port users rebelled against the neglect and profiteering of the private owners of the port; care of the port was entrusted to commissioners who were charged under an Act of Parliament to conserve, regulate and improve the port and harbour of Poole.

That status quo continued happily until the 1980s, when the then Conservative Government were pursuing their dogmatic desire to privatise. In 1988, the Secretary of State of the day, Paul Channon, expressed his disappointment that ports had not yet been privatised and declared all ports as candidates for privatisation. His frustration that ports did not want to privatise led to the Ports Act, which gave him the power to force privatisation on ports and allowed the Exchequer to take 50 per cent. of the proceeds. That love—that dogmatic desire—for privatisation is alive and well in the Opposition today.

Happily, the general election in 1997 ended that particular episode, but the decision of the Office for National Statistics in 2000 decreed that trust ports should be classified as public sector corporations, reopening the debate. The way in which such ports are classified means that London, Dover, Shoreham, Tyne, Harwich, Milford Haven and Poole all have their borrowings set against the public sector borrowing requirement, which, in turn, restricts their freedom. They all want to return to the status quo that they enjoyed before the debate on this issue began.

Others would like the ports to be privatised, but the chairmen and chief executives, including those at Dover, oppose privatisation. Unfortunately, the power to impose it on them still remains, although the harbour revision orders sought to remove it. This is only a guess, and it will be interesting to hear the comments of the hon. Member for Christchurch (Mr. Chope), but the Conservative party appears to be pursuing this issue to plug the £35 billion hole in its public finance plans. I put it to Conservative Members that if they cannot persuade authorities to privatise, they should not impose privatisation.

I would be grateful if the hon. Gentleman would make it clear whether he agrees with or opposes privatisation. I say that particularly in respect of Poole, because I represent 75 per cent. of the harbour area. If he wants to state his intent clearly, it would be helpful if he withdrew his formal objection to the Poole harbour revision order. On 3 November 2004, he wrote to my right hon. Friend the Secretary of State for Transport, saying:

> "The effect of the Harbour Revision Order would be to deprive the taxpayer of resources and will undermine the will of Parliament clearly expressed in the Ports Act 1991."

[Jim Knight]

I do not deny that the will of Parliament, as expressed in 1991, was clearly in favour of privatisation; happily, the composition of Parliament has changed since then, and the will of this Parliament would be somewhat different. However, the key phrase in the letter is

"to deprive the taxpayer of resources".

The letter, which is specifically about the proposed Poole harbour revision No. 2 order, is the clearest indication that we have of the official Opposition's desire to privatise Poole harbour.

That would be a disaster for Poole. The harbour area extends across 10,000 acres of an exceptional environment. I am pleased to see the hon. Member for Poole (Mr. Syms) in his place, and I am sure that he would vouch for the fact that it is one of the south coast's jewels. Poole is one of the world's largest natural harbours, and its extensive waters provide what the website calls

"a magnificent haven for recreational sailing and water sports".

It is home to all manner of leisure craft and to a fishing fleet of about 100 vessels. Walkers, bird-watchers, sailors and fishermen all enjoy the wonders of Poole harbour, an area that I am privileged to represent so much of.

For more than 100 years, the Poole harbour commissioners have been entrusted with conserving, regulating and improving that environment. They bring together stakeholders such as Poole borough council, Purbeck district council and Dorset county council. In addition to those statutory bodies, English Nature, the Southern Sea Fisheries Committee, the Environment Agency, the Department for Environment, Food and Rural Affairs and the harbour yacht clubs all have a strong and close working relationship with the commissioners.

This morning, I met the chairman of the Poole harbour commissioners, Captain Malcolm Shakesby, who also happens to be a Conservative county councillor. I asked him whether he opposed privatisation, and he was very clear that he does not allow party labels to get in the way of his good judgment. His judgment is that privatisation would be bad for Poole because stakeholders would not have the same voice or the surpluses currently generated by the commercial port, which takes up just 60 acres of the 10,000 acres of the harbour area. Those surpluses are reinvested in looking after the interests of all the stakeholders who sit round the table when the commissioners meet. In Poole people's real fear of privatisation is that the surpluses will go to shareholders and that we will return to the days when a few rich traders and the corporation of Poole owned the port in the 19th century and before, and there was profiteering and neglect of the harbour. It is in order to preserve the harbour and its environment and to protect the interests of all its users that I strongly oppose its privatisation.

The commissioners' objective is

"to maintain the balance in the harbour between commercial, recreational and environmental interests, at the same time maintaining a sustainable and commercially viable medium-sized trust port."

That is a commendable objective for the commissioners to pursue. Realistically, a private company cannot balance those interests in the same way.

Several Members want to speak, and although I secured the debate, I want to hear voices from all over the country who are concerned about the issue. As I said, I am strongly opposed to imposing privatisation on trust ports. It is good to see Members from all parties in the Chamber, and I invite them to make a clear statement of their intent. Are they for or against the port's privatisation? For the sake of my constituents who are concerned about the port and the harbour of Poole, I ask the hon. Member for Christchurch to be very clear about whether he is in favour of, or against, its privatisation.

9.41 am

Mr. Robert Syms (Poole) (Con): First, I congratulate the hon. Member for South Dorset (Jim Knight) on securing the debate. The House does not discuss enough such issues as our ports in general and trust ports in particular. It is to the great credit of the hon. Gentleman that he has raised such an important issue.

The issue of trust ports affects several Members of Parliament and their constituencies, including, as the hon. Gentleman said, Poole. Poole is a good example of a trust port. It is well managed and successful, and the quality of the people who run it is very good. It is generally popular because all its stakeholders in the greater area of Poole have their say. It is a traditional British compromise in that it brings together various interests, so it works.

The hon. Gentleman became upset when he talked about privatisation, but I do not see that on the agenda for Poole, simply because there is no local demand for it. Since 1895, which is about 110 years ago, the Conservative party has been in office for two thirds of that time, and was in office with a substantial majority for 18 years—a very long time—under Mrs. T. If we had been dedicated to privatising the port, and if there was any time when the port was, to use the hon. Gentleman's phrase, at risk of privatisation, it would have happened then.

My predecessor, John Ward, talked to most of the local stakeholders in the port and took the view that trust status was an appropriate solution for Poole, which is why the trust has remained and has kept being successful.

Jim Knight: Will the hon. Gentleman clarify whether he would support or oppose the privatisation of the port if the question was put?

Mr. Syms: The issue is whether I support the trust status of the port, and I do. If, in 20 years, the commissioners believed that a different relationship or organisation was necessary, one would have to consider that. At the moment, however, and for the foreseeable future—and, I suspect, for the next 110 years—Poole will remain a trust port because it works well. We are the second largest port in the south-west and are very successful.

As the hon. Member for South Dorset pointed out, there is a good balance between the commercial activities of the port, which is profitable, although it is always a struggle to keep ferry companies interested in coming in—a vital component of the port's success—and its recreational and environmental activities.

Indeed, the port's profitability is used to manage the harbour, to ensure that it is properly dredged and that the sites of special scientific interest are protected. Poole is well known for its leisure activities, such as sailing and yachting. They depend on the success of the port.

Mr. Gwyn Prosser (Dover) (Lab): I am listening to the hon. Gentleman's arguments with great interest. He is painting a rosy picture of the future of Poole as a trust port. That could be extended to all the other trust ports. On that basis, would he support moves to remove Poole from the 1991 orders that provide the Secretary of State with redress to privatise it?

Mr. Syms: That is a different issue. As the hon. Member for South Dorset said, the Office for National Statistics has changed the way in which these ports are considered. The Government have some form in the way in which they finance some of their public corporations. Network Rail is a perfect example. It has about £10 billion of debt, which the Government have kept off the public balance sheet. With my hon. Friend the Member for Christchurch (Mr. Chope), I think that it is legitimate to consider how we determine and count the amount of money that is used by various public corporations. That is a legitimate area for some political argument and no doubt that will be resolved in due course.

Returning to trust ports, Poole is certainly a successful port. The Government have not done us any great favours over the years. The road network into Poole is not particularly good. In the roads programme under the Conservative Government, there were proposals to build a bridge over Holes bay to the A350 and to build a link road to the A31, which were cancelled. Fortunately, through the hard work of the harbour commissioners and the borough, we managed to persuade the Government to put a scheme back into the local transport plan, with the support of our neighbours in Bournemouth and Dorset county council. It has been a little delayed because the Government were pushing for a private finance initiative, which was not appropriate. However, the prospects for Poole are pretty good and getting the second bridge in place should help the port.

If I were to make a plea, the greatest difference to be made to the port of Poole would be by focusing on improving the road network so that people could easily get out of the port. When I run into friends and individuals who have used the ferry port, it is noticeable that quite a lot of them have got lost coming out of Poole. I therefore think that, if we are to maintain Poole as a successful port, when we are in Government we will have to consider very seriously how to improve transport links.

As I have said, Poole is a successful port. There is a legitimate area of disagreement over the harbour revision orders and the question of money and finance. I know that that will irritate some local people in Poole, who are getting caught up in a political argument, but I hope that that can be resolved. On trust ports, we have to consider each example and decide whether it is fit for purpose. In the previous Parliament, the Government made reforms to corporate governance. Poole has always done extremely well in terms of how it has run its affairs. It has been open and transparent. I know that some trust ports were run in rather bizarre and undemocratic ways and that there were necessary reforms. However, we must all examine the trust ports in our constituencies to assess appropriateness and fitness for purpose in terms of what is being provided.

I am happy with how Poole is run. I understand that we are a few months from a general election, and it is easy to make various allegations across the Chamber. I am sure that my party is as capable of doing that as your party—

Mr. Deputy Speaker: Order. I have no party when I am in the Chair.

Mr. Syms: My apologies, Mr. Deputy Speaker.

I understand that the forthcoming election has added a little fizz. However, since the article in the *Daily Echo* the other week, which contained allegations made by the hon. Member for South Dorset and which quoted my hon. Friend the Member for Christchurch, I have not had a single phone call or letter one way or the other. I think that that is because people support the status quo and would be surprised if that changed.

Jim Knight: To clarify, in respect of any speculation that this issue might be related to the election, I would be delighted if, as a result of today's debate, there were clarification from all parties in the Chamber that we all agree that the current status of the trust port of Poole should continue, and that the objection from the official Opposition should be withdrawn. Then we can carry on with any campaigning that we want to pursue on the subjects that we choose, such as the successful economy, the health service and schools, and leave this issue to one side.

Mr. Syms: The hon. Gentleman makes his own point.

Mr. Chope: My hon. Friend referred to the article in the *Daily Echo* on 10 March. Does he recall that in that article the hon. Member for South Dorset was quoted as saying:

"Objecting to this order is holding up £6 million of investment"?

Today, just a few days later, he admitted that that is not the impact of the order. Has my hon. Friend taken note of that disparity?

Mr. Syms: I always listen carefully to what the hon. Member for South Dorset says, as he is my parliamentary neighbour.

I would like to return to the general view that Poole trust port is a successful port; long may it remain so. It has broad support and I am sure that my party will support its current status. There is a knotty issue in relation to the harbour revision orders and money. If what the hon. Gentleman has said is true, I hope that it will not hold up any investment plans.

Clearly, there have been changes to ferry traffic across the channel. There are concerns that other ports may poach our business and one always has to think of the future, which is why we need a deeper channel to enable a wider range of ships to come into the harbour. Ferry traffic, or any sort of traffic in the harbour, is the basic seed corn that provides money for the port, from which all other things flow. I am pleased that the hon.

[Mr. Syms]

Gentleman has initiated the debate. I am happy that other hon. Members should be able to talk, glowingly or otherwise, about ports in their constituencies.

9.52 am

Mr. Alan Campbell (Tynemouth) (Lab): I am grateful for the opportunity to contribute to the debate, and I begin by commending my hon. Friend the Member for South Dorset (Jim Knight) for raising this important subject.

I intend to speak glowingly about my local port. I shall spend my time commenting on the port of Tyne, the future of which is of great concern to my constituents, some of whom are employed by the Port of Tyne authority, river users in general and the whole region, whether we are talking about commercial interests, leisure interests or environmental interests.

The port of Tyne is one of more than 100 trust ports, and one of the largest. It was affected by the decision of the Office for National Statistics to reclassify ports as corporations, and therefore applied for a harbour revision order to keep its trust port status. That order was not challenged by anyone locally, but was challenged by the official Opposition and by the Major Ports Group, and that may yet lead to a public inquiry, which in turn may lead to the sort of uncertainty that my hon. Friend spoke about earlier.

The debate has been moved on to some extent by the announcement last week by the Conservative party that—in the unlikely event that it returns to office—it plans to privatise the port of Dover, and that it will consider other ports. We await the comments of the hon. Member for Christchurch (Mr. Chope) to learn whether it has missed Poole off that list, or whether that has come as a surprise to the hon. Member for Poole (Mr. Syms).

Mr. Prosser: Is my hon. Friend aware that when the Tory shadow Secretary of State came to Dover and made his announcement, without the courtesy of notice, he said that he would consider these matters on a port-by-port basis? It might be Dover today, but it will be Poole and Tyneside tomorrow.

Mr. Campbell: Indeed. None of that surprises me, and it helps me to make my next point. In 1995, the then Conservative Secretary of State for Transport planned to privatise three ports: Ipswich, which was privatised, Dover and Tyne. Dover and Tyne were saved only because of the 1997 general election and, as my hon. Friend has clearly indicated, that not only puts his port in the picture, but the port of Tyne as well. That is a cause of deep concern to port users and stakeholders.

In Transport questions last week, the hon. Member for Christchurch described privatised ports as "thriving". That is interesting, because it is exactly the same word that has been used again and again to describe the port of Tyne. It is thriving because profits increased by 49 per cent. last year. Turnover is £27 million and rising. That allows investment on an unprecedented scale—£72 million in the last decade and £10 million in the past year. The Port of Tyne authority now employs 430 people directly, of whom 80 have been employed in the past 12 months. It plans to employ more people.

One NorthEast, the regional development agency, has assessed that as many as 10,000 jobs depend on activity in the area covered by the Port of Tyne authority. The port deals with 3 million tonnes of cargo. The number of cruise ships entering the Tyne is doubling year on year. The number of passengers, most of whom are going to northern Europe and Scandinavia, has grown to almost 1 million.

One of the most significant developments of the port is as a car terminal. The port allows the export of about 400,000 Nissan vehicles from the nearby factory in Washington and the import of 60,000 Volkswagen into the country. That makes the port of Tyne the ninth largest car terminal in the world. Having made that happen is a great commendation of the Port of Tyne authority. As a throwaway point, it is interesting that a port that made its name on the export of coal is—sad to say—importing coal. That is a sign of the times. It means that income is generated that allows investment in new and upgraded deep-river berths and in the transport infrastructure.

So, the port is a success story. That is a credit to its management. It is a credit also to the work force and a credit to the decision not to go down the route of privatisation that the Government made when they came into office in 1997. I therefore ask my hon. Friend the Minister for two assurances. The first is that the uncertainty that resulted from the ONS reclassification will not be used as an excuse to introduce privatisation by the back door and that the Government's position on privatisation has not changed. The second is that, if the objections remain in place and we go to a potentially lengthy public inquiry, the Government and, in particular, the Treasury will make it absolutely clear that none of the investment plans will be held back during the period of uncertainty.

Jim Knight: It will be useful for me to clarify the inconsistency between what was reported in the *Daily Echo* and what I said today. My understanding is that, as a result of representations that have been made by Labour Members, the Treasury has—at least in the case of Poole—given an assurance that will allow the borrowing necessary for its £6 million dredging programme to go ahead.

Mr. Campbell: I am delighted to hear that, because we need reassurance, particularly if we are entering a new period of uncertainty for trust ports, including the port of Tyne. There is a strong sense that the port of Tyne is improving, that it is, to use the phrase of the hon. Member for Poole, "fit for purpose" and that, therefore, privatisation, particularly if imposed by a future Government, would be a retrograde step. I am certain that it would be regarded as a retrograde step by fishermen in my constituency, who struggle to make a living, if light dues suddenly increased. It would be a retrograde step for shipbuilders and ship repairers if they had to pay more for dredging. It would be a retrograde step also if ferries, cargo ships and cruise ships had to pay more for pilotage.

So, we are left with the question of whether that concern is justified or is simply a result of the imminence of a general election. I think that it is justified, because the objection put forward by the UK Major Ports Group and by the official Opposition—that trust status

gives an advantage over privatised ports—sends out a clear message about what would happen to charges and to the assets of those ports should they fall into entirely private hands. The concern is also justified, considering that shareholders would expect a return on their investment. The short-term thinking that could come into play would be intensely damaging to an industry that relies on long-term investment and judgments about the future. The concern is further justified, considering what could well happen not only to levels of employment, which I am pleased to say are increasing at the port of Tyne, but pay and conditions.

Mr. Chope: Would the hon. Gentleman like to comment on the undoubted success of Tees port as a privatised port?

Mr. Campbell: I am not making the point that privatised ports may not be successful; the point that I am trying to make to the hon. Gentleman is that the port of Tyne is successful. We should judge the port on its growing success. If one considers it in terms of income, employment and investment, it is a success. The phrase that has been used by people employed by the port is, "If it is not broke, why fix it?" A policy that may well be imposed for ideological reasons, as my hon. Friend the Member for South Dorset has alluded, will not do anything other than damage the long-term future of the port of Tyne.

The Port of Tyne authority owns 580 acres, and along the banks of the river Tyne we have seen not only impressive new housing developments, but the loss of land that ought to be retained for industrial and commercial use. It has been turned over to housing, and in many ways that restricts what adjoining commercial land can be used for. In a rush to privatisation, I would not want to see a land sale of large proportions that jeopardised the long-term future of the port and the people who depend upon it. Long-term investment is important—not the short-termism that could well come in through the back door with privatisation.

My constituents will be listening with great interest to what my hon. Friend the Minister says when he replies to this important debate, but they will be listening with even greater interest to the reply from the official Opposition spokesman, the hon. Member for Christchurch.

The port of Tyne was set up in 1850—two years before the borough of Tynemouth was set up. I do not want to make a party political point, but for most of the time the borough was under the control of the Conservative party, because it seemed that the major parties had an agreement about the need for politics to be pragmatic. They did not have a problem with local governance, nor public provision sitting alongside private provision. Unfortunately, if we have a proposal that means privatisation for ideological reasons, it tells us something about how the Conservative party has arrived at its current position.

The port of Tyne had to survive the push for privatisation in the 1990s. When this Government came to power, they subjected trust ports to a root-and-branch review, and ensured the highest standards of government and accountability. The port not only met those standards, but it is now held up as a model for other ports. It would therefore be beyond comprehension to myself and many of my constituents if the port and the jobs connected to it were to be put at risk by privatisation for its own purpose.

10.4 am

Mr. Gwyn Prosser (Dover) (Lab): At the outset I should declare some interests. As well as being a former merchant navy officer, I spent the last 12 years of my sea-going career sailing in and out of the grand port of Dover under the white cliffs. It is the busiest ferry port in the world, and certainly the busiest premier port in the UK. It is an area for which I have great affection and to which I have a great connection, having lived in it for more than 25 years.

I know a little bit about Dover harbour board, including its successes and some of its weaknesses. I know about the people who use the port to run the ships, sail on the ferries, cross as passengers or run the port. The port is our largest employer bar none, and the port-related industries stretch far and wide. We rehearsed all those arguments during the long and exhaustive channel tunnel debates that took place in this very Room when it was the Grand Committee Room.

Let us come back to the present. My hon. Friend the Member for South Dorset (Jim Knight) accurately set the scene in respect of harbour revision orders. The matter is not being discussed in the back room of the Dog and Duck, people have not been knocking on our surgery doors about it, and it takes quite some time to explain it. My hon. Friend's explanation was succinct.

My summary is that the harbour revision orders are seen as a method that has been agreed between the Government and the trust ports sector of avoiding the negative impacts of reclassification on trust ports and of minimising the damage that reclassification would have on their present good governance, which emerged mainly from work done by the Labour Government between 1997 and 2001 and the publication, "Modernising Trust Ports—a Guide to Good Governance". To put the matter into context, one of the main conclusions of the review was that trust port status was a highly effective system of port management that successfully combined commercial and statutory objectives, and that trust status offered an accountable and open system of port management whose financial and strategic independence should be protected. We are here today to protect that good governance and not to look for solutions to a problem that clearly does not exist.

The report went on to state that reclassification would result in the need for financial reporting to the Department, that it would bring trust ports into the scope of Government public borrowing limits, that it would require scrutiny and approval of port borrowing requirements and that it would possibly even require the return of an annual dividend to the Government. It would be interesting to explore that possibility, especially as the would-be Conservative Government would cut £35 billion out of the general public spending budget and take £2 billion or £3 billion out of transport, which is what we are discussing today.

Frankly, no one would have been particularly surprised—I would not have been—if the harbour revision orders had gone through without any

[Mr. Gwyn Prosser]

objection, debate or rebellion in the streets. The only reason that that did not happen was because politics raised its ugly head. The objections about the port in my constituency—I believe that this is common to all the other trust ports—came from the hon. Member for Christchurch (Mr. Chope) and also, in my neck of the woods, from the Conservative leader of Dover district council and the Conservative regeneration spokesman at Kent county council, although those two people have allowed wiser counsel to prevail and have withdrawn their objections to the orders.

The objections were lodged so close to a possible general election that I thought and suggested to colleagues that they offered an ideal campaigning opportunity for the Labour party to link them with the spectre of an incoming Conservative Government—moreover, a Government who would privatise and sell off all the trust ports to the highest bidder. I recoiled from that, because I questioned whether my wise and worldly constituents would swallow such a mouthful. They saw what happened in 1995, 1996 and 1997, when the Tories tried to sell the port of Dover.

While I was still pondering whether we could make that link and take on board that great campaign, events intervened and the Conservative shadow Secretary of State—God bless him—came to my constituency and announced to us all that the port of Dover would be privatised and that all the money would be ploughed back into the local community. The Conservatives would build new railways, roads and huge car parks in the middle of Kent, and all the transport problems would dissolve because of changes at the port. He also said that a dividend would be paid to the port to give it some capital growth. How they would do all that is another question, but perhaps one for another debate.

We do not have to consult the crystal ball, however, to discover whether the Conservatives would put money back into the local community after selling a public asset. All we have to do is read the record. Their very first privatisation was of Sealink. I declare another interest: I was a chief engineer with Sealink when it was sold, as though from beneath our feet, almost a pilot scheme. Sealink was a Dover-based company, although we had vessels all around the coast. Not a penny piece of the proceeds from that privatisation came down to Dover or to any of the ferry ports. Sealink was sold for a song to an American gentleman who cut conditions and crews, and sacked half the work force. That is the nature of privatisations under the Tories, including any future privatisations.

That was the first privatisation, so let us consider the last privatisation, of British Rail—at least I think that it was the last. We have rehearsed time and time again what a huge botch-up that was. Indeed, we are still struggling and paying taxpayers' money to correct the difficulties and injustices caused by that privatisation. In east Kent, where I live, Connex has been taken back into Network Rail, which is a publicly-owned company, to redress the balance and get things, shall we say, back on the rails again. Again, what did we see in that privatisation? We saw loss of jobs and futures for many people. That is the reality of privatisation.

My hon. Friends the Members for Tynemouth (Mr. Campbell) and for South Dorset talked about the 1997 election intervening on the Conservatives' plans to sell trust ports. However, it was not only the 1997 election that intervened, but the good people of Dover and the trade unions. I should like to remind people of the marvellous campaign that was fought then. I anticipate that a similar campaign will be fought this time, although we shall have to concentrate it all into the next eight or nine weeks, or between now and whenever the general election comes.

At that time, we enjoyed the support of the Dover Harbour Board. The chairman and the directors of the board said what they say now: that privatisation of the port of Dover would not be in the interest of the port—or, they added then, the community. The Dover Harbour Board has always worked well in parallel with the local community, although the two, of course, argue—it is almost second nature for people to complain about the council, the Government or, in this case, the harbour board. However, in the background the community knows that Dover Harbour Board is the biggest employer in Dover bar none and wants it to stay that way. Although the new management has launched efficiency drives, it is trusted to manage the port not only commercially, but fairly and equitably.

In 1995, we enjoyed the support of the local community, with petitions in the street. I cannot remember how many thousands of people queued to oppose the privatisation—after all, they had not been consulted one iota. The change was being imposed on them and delivered from on high, which was just not the way to do things. Our objections enjoyed the support of Dover district council, Kent county council and the town council. Notably, we had the support of the mayor, Councillor Jimmy Hood, my good friend and comrade, who was also then the Speaker of the Cinque Ports. The Lord Warden of the Cinque Ports was the late Queen Mother, and even she thought it appropriate to write to us with words of encouragement in our struggle against privatisation. That is how high the campaign went.

Not to put people in any order or category, Dame Vera Lynn turned out for us in Parliament square, to sing "The White Cliffs Of Dover".

The issue is not something that will be discussed between, perhaps, an incoming Conservative Government, a few transport officials and the port of Dover; rather, it is a massive community concern, which people feel strongly about. People are resistant to change, but it is not just that; as well as feeling that, at the very least, it is better the devil they know, at another level they know that the port of Dover has worked alongside the community since the 1600s and they do not want that situation upset.

Who would buy the port of Dover? Who showed an interest back in 1995? First, the ferry companies, which had initially resisted the sale, started to ask what it would cost and what they would get out of it—what would be the advantages? As soon as the private ferry companies showed an interest, the port of Dover smelled a rat. Did it want one private operator to run the busiest ferry port in the world, one that Calais totally relied upon? Of course it did not. Therefore, the port of Calais became the main interested party. In the port of Dover, there is already a French company, SITA,

collecting the refuse and sweeping the streets. It is one thing for the French—some of my best friends come from the other side of the channel—to sweep the streets of Dover; it is another for them to own and run the busiest ferry port in the world. That is why local people were so concerned and why the campaign reached such great heights. That is what happened in 1995 and it could well happen again.

In our local newspapers, people are recalling those dark days, remembering the great campaign that was fought and taking a stand against any movement towards privatisation.

Lastly, I look back again at 1995 and at the vested interests. Given their experience of mergers, reconstructions and privatisations, the trade unions in Dover, not unexpectedly, lined up in opposition, along with the local Labour party and my local campaign. They included what is now the National Union of Rail, Maritime and Transport Workers, the GMB, the Public and Commercial Services Union and every union that had any connection with the disparate activities that go on in a busy port such as Dover. I have not sounded them all out, but in the past 24 hours I have spoken to all the trade unions at local and regional level, and they are looking forward to the campaign. At last we have what amounts to a recruitment sergeant for the Labour party in Dover. It will be interesting to hear what the hon. Member for Christchurch has to say. If the speeches that we have heard so far in this small gathering are anything to go by, the word isolation enters one's consciousness.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the next speaker, let me remind hon. Members that I allow a great deal of discretion in debates such as this. However, we are discussing the future of the trust ports. I accept that history has a bearing, but I hope that emphasis will be placed upon the future.

10.18 am

Mr. Ivan Henderson (Harwich) (Lab): I shall talk about my trust port, Harwich Haven Authority. I have worked with it for a number of years, not only as an MP but as a parish councillor, and I know what an excellent job that port authority does for the shipping industry, for the protection of the environment, and for the regulation and safety of the area. We should all be aware that UK ports are responsible for 95 per cent. of the UK trade that goes through them—that is a big contributor to the economy of the United Kingdom. Any proposal that might destabilise the economy, or the shipping industry, should be closely scrutinised.

We in Harwich are a bit puzzled by the objection made by the hon. Member for Christchurch (Mr. Chope). Harwich Haven Authority is responsible solely for pilotage and conservancy and it gets its charges from that. It does not own the port, or any port; it is responsible only for the harbour and for stakeholders within its area. It provides services for shipping using the commercial ports of Felixstowe, Ipswich, Harwich International, Harwich Navyard and Mistley, and boarding and landing services for the rivers Thames, Medway, Blackwater, Colne and Crouch. It does not own any parts of any port, but is purely there for the safety of pilotage and use of the area.

We cannot understand why the Conservatives would want to privatise this trust port. The Opposition are the only people who object to the harbour revision order for the Harwich Haven Authority trust port. The UK major ports industry has not objected to the port's applying for that order. We find it interesting that the Tories have an interest in Harwich Haven.

Jim Knight: My hon. Friend makes an interesting point. The hon. Member for Christchurch is the only objector to the harbour revision order for Harwich. All the others have received an objection from the UK Major Ports Group, including Milford Haven, which the hon. Member for Christchurch has inexplicably not objected to. It almost looks as if he has made a mistake and objected to the wrong one.

Mr. Henderson: I agree with my hon. Friend. The puzzle goes even further, because the trust port takes no money from the public purse. It raises all its charges on pilotage, conservancy and commercial shipping, so it is not a burden on the public finances of this country. Every penny of the money raised from commercial shipping goes back into enabling the trust port to fulfil its responsibilities, including environmental protection.

The authority is also responsible to its stakeholders. The chief executive's team is represented on all the major stakeholder groups—liaison groups, leisure users' committees, the Stour and Orwell estuary management group and the Haven ports and pilotage committee. Its big interest is supporting its stakeholders. We saw the rush to find funding from the Tories over the years when they privatised the infrastructure of the railways, and we saw the decay of that infrastructure because the money went purely to shareholders and not where it should have been going—into safety. My fear is that we will go down the same road—or shipping lane—if ports such as Harwich Haven Authority are privatised. The shareholders would be more interested in what they might get in their pockets than in port emergency plans or environmental aspects of the running of the harbour.

Harwich Haven Authority owns only pilots, some piers, oil spill vessels and various other things such as offices. It does not gain any commercial benefits that could possibly go to a privatised company, but only the rights to the estuaries that it serves. It makes sure that those estuaries are served safely and are environmentally protected for the future. The fishermen and leisure craft that use the port work closely with the Harwich Haven Authority. I do not believe that a private commercial operator would want even to discuss the benefits to those users rather than the interests of its shareholders.

I ask the hon. Member for Christchurch to consider his objection to the Harwich Haven Authority trust port and to withdraw it. Harwich Haven Authority can then get on with doing the job that it has done so well over many years and provide a good service not only for commercial shipping but for the fishermen and leisure craft in my area, so that they can get on with the job that they are good at. There is no other objection, and no public borrowing requirement. Harwich Haven Authority is a non-profit making organisation and any

[Mr. Henderson]

profits that it does make go back into the infrastructure. I ask him to withdraw his objection so that it can apply for the harbour revision order and get on with the job.

Mr. Deputy Speaker: The Minister would like up to a quarter of an hour to reply to the debate, so if the Opposition spokesmen can divide the time that remains between them, I am sure that will be a happy situation.

10.25 am

Richard Younger-Ross (Teignbridge) (LD): I shall keep my comments fairly brief. I congratulate the hon. Member for South Dorset (Jim Knight) on securing the debate. He has today represented the best interests of his constituents—as he always does—in bringing this matter forward. He has highlighted concerns that many of us have about the future of the trust ports—and certainly about their future should the Conservative party ever return to power—not, thankfully, that that is very likely at the moment.

The hon. Member for Dover (Mr. Prosser) referred to the Cinque ports. We all, of course, remember from our school history that those were at one time important for the future of England. However, the Cinque ports are still important to Britain. They are important to our imports and it is important to ensure that they are well managed and properly run.

I mention those ports because I think that the hon. Member for Christchurch (Mr. Chope) sees himself, given all the objections that he raised, as the hon. Member for the Cinque ports. The only trouble is that he does not spell the term as we would; he spells it "sink", because, clearly, his policies would entail the sinking of the trust ports, which are important to the future of shipping in this country.

I have the honour to represent a port, the port of Teignmouth—not Tynemouth, although the two are often confused and mispronounced. We will not go into the pronunciation of Devon terms. The port has just had two harbour revision orders. One was made at the request of the Government. It was necessary to re-establish the management of the harbour commission to make it more accountable to the local public.

The Government moves have been much appreciated, because south Devon now has a consultative body for Teignmouth, on which all the other people who have an interest are represented, so that they can put their views to the harbour commissioners. That is a way forward and shows the trust ports that it is not necessary to go down the privatisation route to get the best out of something. It can be done by involving local people.

That does not mean that everyone in Teignmouth, Shaldon and the surrounding villages is 100 per cent. ecstatic with everything that the harbour commission wants to do. I wish that it were so. Having listened to other hon. Members I am glad that everyone is so happy with their harbour commissioners and what they do. That is not necessarily so in Teignmouth.

At least the advantage of harbour commissioners is that they are local people with an interest in the local area, not shareholders in London or, as was alluded to earlier, a foreign company. We can disagree with them and what they say and do. I am the honorary president of the Teignmouth fisherman and waterman association and there are times when that body has arguments with the harbour commissioners.

Even amid those arguments—and I speak to those on both sides—there is an understanding that all involved are seeking the best for the town. I seriously question the future of ports if they are to be privatised. I do not see the need to seek private ownership for Dover or other trust ports. The debate is important in providing an opportunity to set that out clearly in the run-up to a general election.

I hope, given what has been said, that what would happen under Labour representation would be similar to what would happen under Liberal Democrat representation, although in the past the Labour party has sought to privatise some sectors, wrongly, in my party's view. I hope that the Minister will, in the 15 minutes that he will have for his response, state clearly that the future of the ports is safe and that the Labour party will not allow, but will resist and campaign against, the privatisation proposed by the Conservative party.

10.30 am

Mr. Christopher Chope (Christchurch) (Con): I, too, congratulate the hon. Member for South Dorset (Jim Knight) on securing the debate. Indeed, I am delighted that he has done so, because it allows us to demonstrate the growing interest in the policies of the Conservative party as we prepare for government. There have been desperate sideswipes against fictional Conservative policies on public expenditure, but I remind everybody that we are not only committed to matching the spending plans of the Government on transport, but want to go further and encourage the recycling of under-utilised public sector assets into transport infrastructure replacement and regeneration. That lies behind the imaginative policy proposals that my hon. Friend the Member for South Suffolk (Mr. Yeo) announced last week in Dover.

Mr. Ivan Henderson: Will the hon. Gentleman give way?

Mr. Chope: I will not at the moment, because I want to develop my argument, but if the hon. Gentleman wants me to respond to his concerns about his constituency, he should know that I am in correspondence with Mr. Bracewell, who I think is the chief executive of the port, and am considering issues relating to the value of the port and of borrowings. I have had a reply to a question suggesting that the borrowing requirements last year were £35 million; there is also a suggestion that the port is worth £30-odd million. As with all the trust ports in the public sector, there is an issue as to whether it should be properly publicly accountable. That is what the debate is about.

Mr. Henderson: Will the hon. Gentleman give way?

Mr. Chope: I will not give way at the moment, but I think that I have answered that point to begin with.

Lloyd's List, which is a highly respected journal dealing with ports and shipping said in an editorial on 9 March:

"Dover, it will be recalled, was one of the few large ports left unprivatised by the last Conservative government, which has been able to point to the undoubted success of many of the trust ports it moved into the private sector during the years before 1997."

The words "undoubted success" are used. That is what we are interested in: developing successful ports in the UK, and that includes the port of Dover.

Mr. Prosser: Does the hon. Gentleman accept the undoubted success of trust ports such as Dover?

Mr. Chope: The information that I have is that most people in Dover think that the port could do rather better than it has been. I understand from a recent survey on the Dover forum website that well over 50 per cent. of the people in Dover and thereabouts are enthusiastic supporters of our proposals, and that just over 20 per cent. are hotly opposed to them; that was the information last night. That probably reflects the balance of political power in that area—

Mr. Prosser: Will the hon. Gentleman give way?

Mr. Chope: Not at the moment.

That is why the leader of Dover district council, who expects to be the next Member of Parliament for Dover—as I expect him to be—has so much support for our proposals on the port of Dover. That is because we propose that the money raised from the enormous number of assets that would be released if the port were sold could be used to improve transport infrastructure in and around the port. Even the hon. Member for Dover (Mr. Prosser) would recognise that that is vital. Indeed, I understand that it has been recognised, because the hon. Gentleman has tried to seek assurances from Ministers that they will do that work, which has not been started in eight years of Labour Government, without the need to offer the port the chance of a sale.

As for the future of the A20 and the desperate need to improve that road, the hon. Gentleman has been given some assurance by the transport Minister that he could put in a bid to the regional assembly to try to get it prioritised. If I may say so, that is a recipe for further delay and uncertainty. The people of Dover need quick decisions in order to make dramatic improvements to the infrastructure in and around the port of Dover. That is why so much support is being given to the proposals announced by my hon. Friend last week under the heading "A Better Future for Dover and Deal".

Mr. Prosser: Will the hon. Gentleman give way?

Mr. Chope: I will not give way again at the moment. I have only a limited amount of time—[*Interruption.*] I will not give way again, as I have to deal with a large number of issues. Almost every Labour Member who has spoken said that they were eager to hear what I had to say.

I find it perplexing that at a meeting in Dover on 28 February of the Port Users Group—incidentally, that was the first meeting of that group since the previous March; it is another cause for concern that there is almost one year between meetings, and port users feel that they are not being consulted or involved by the Dover Harbour Board in the port's affairs—a statement was made to the effect that a public inquiry would be held into the harbour revision orders. In the sixth item of business in the minutes of the meeting, it was said that a national public inquiry in June would address the objections made by the UK Major Ports Group and myself to the harbour revision orders for all the major trust ports.

That is the only firm indication that I have received that the Government wish to proceed to a public inquiry. I would welcome an inquiry, but the letter that I received from the Under-Secretary of State for Transport, the hon. Member for Plymouth, Devonport (Mr. Jamieson), dated 15 February, in response to a parliamentary question about the Dover harbour revision order, referred to the public inquiry in the following terms:

"The applications for the orders have now all been advertised, and objections have been made in respect of all the ports. Where there is an objection to an application for an order which is not withdrawn there must by law be a public inquiry. Unless these could be combined, this might lead to seven inquiries given that there are objections lodged against each Order.

Even if the inquiries might be combined the issues raised by yourself and the UK Major Ports Group are fundamentally points of principle of the type not normally the subject of such inquiries. There must be some doubt on how an inquiry would help resolve matters and thereby justify the costs of setting up and participating in it."

That statement is totally inconsistent, one might think, with what was announced at the meeting of the Dover Harbour Board users' group on 28 February.

One of the grounds for objecting to the Government's fiddling with the definition of trust ports is that it is a means of trying to circumvent section 10 of the Ports Act 1991. Our view is that if the Government wish to amend or repeal section 10, they should do so by means of primary legislation. They have chosen not to do that in their eight years in office, and if they want to change their policy, they should not try to do so by encouraging the ports in an underhand way to submit harbour revision orders, which could result in a fraud being committed against the national taxpayer. Whether the ports like it or not, the Office for National Statistics defines them as public corporations. In that respect, they are like the Post Office, which must make a return on capital. The Government's policy, however, is that these bodies should not make a return on capital, despite their being public corporations.

The Minister of State, Department for Transport (Mr. Tony McNulty): I ask the hon. Gentleman to reflect on his use of the word "fraud". Changing the composition of the board, and the decision to privatise, are by agreement with the ONS. It is certainly not fraud, and I seriously ask him to reflect on his comment and to withdraw it.

Mr. Chope: I am talking about what I would describe as the potential for fraud. At the moment, the national taxpayer has a possible interest in the value of the ports if they are sold voluntarily. I have sought assurance in parliamentary questions that it would be the Government's policy to revert half the proceeds to the national taxpayer in the event of the harbour revision

[Mr. Chope]

orders being put into effect and the ports making a voluntary privatisational sale. I have not yet had a clear and unequivocal statement from the Minister. Perhaps he will give such a statement today.

The Minister should also understand, which I am sure he does, that for as long as these ports are public corporations, they should be making a return on capital to the Department for Transport, which is strapped for cash under this Government. That would give the Department more income. I do not understand why the Department does not expect the ports to provide a return on capital.

Mr. Ivan Henderson: Will the hon. Gentleman give way?

Mr. Chope: I will not give way again because time is very limited. When the Conservative party is in Government, we will continue our policy *and keep* existing legislation. We will invite proposals and allow ports to become private sector ports if they so wish. I cite the example of Dover, where the local people, to whom the port should be accountable, clearly believe that the port is not performing to its full potential.

Mr. Prosser: On a point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: I hope that it is a point of order.

Mr. Prosser: I hope so too, Mr. Deputy Speaker. Is it customary for a Front-Bench spokesman to focus his speech so closely on another Member's constituency and to talk so intimately about the issues that affect that Member and his constituency, and not have the courtesy and good grace to give way after he said that he would do so?

Mr. Deputy Speaker: It is, of course, up to the speaker who has the Floor to decide whether or not to give way. The hon. Gentleman is quite right that the shadow spokesman had said that he would give way, but it is not a matter for the Chair if the Member chooses not to do so.

Mr. Chope: I had already given way to the hon. Member for Harwich (Mr. Henderson). I am trying, in the space of about 15 minutes, to address arguments that have been advanced on several ports.

Mr. Ivan Henderson: On a point of order, Mr. Deputy Speaker. Surely if the hon. Gentleman is saying that the money should now go to the Department for Transport, he should say what that would mean.

Mr. Deputy Speaker: Order. I understand the hon. Gentleman's concern, but the content of a Member's speech is not a matter for the Chair.

Mr. Chope: That last spurious point of order reflects the concerns of the UK Major Ports Group about a level playing field and fair competition, in that a public sector body, such as a trust port, that is not required to make a return on capital and is given privileges without corresponding responsibilities, can compete unfairly against ports already in the private sector. That is the major issue raised by the UK Major Ports Group. It has not yet been answered by the Government, but it may be dealt with in the public inquiries.

10.45 am

The Minister of State, Department for Transport (Mr. Tony McNulty): I congratulate my hon. Friend the Member for South Dorset (Jim Knight) on securing this debate on the important topic of the future of trust ports, the specifics of future investment plans and the various harbour revision orders. He and our hon. Friends have set out eloquently the benefits that their ports bring to their constituents and the importance of maintaining those activities. We have heard about how the investment programmes, including the infrastructure investment at the port of Tyne, to which my hon. Friend the Member for Tynemouth (Mr. Campbell) referred, and the important channel dredging at Poole, to quote but two examples, are potentially at risk if we do not progress the harbour orders.

It is clear that others see trust ports not as assets for the community, but as potential assets for their friends to plunder. The hon. Member for Poole (Mr. [illegible]ns) said—entirely uncharacteristically—that the Government had form on fiddling figures, and by implication he deprecated the role and independence of the Office for National Statistics. I am sure that he will reflect on that and write to the ONS accordingly. The hon. Member for Christchurch (Mr. Chope) of course has form on traducing every public body under the sun, so we expect it from him, but we cannot have grown-up and mature Members calling into question the integrity of independent bodies simply to pray in aid rather convoluted political positions.

To be fair to the hon. Member for Poole, I have no idea about where he stands in substance on the particular issues, because his was a confused contribution. I think he said that he would like to see Poole remain a trust port for 110 years if the commissioners want it to. That is fine; I understand that much. When I asked for his opinion on the position of his hon. Friend the Member for Christchurch on the order, as the order will disapply privatisation so that he can obtain the future he wants, he waffled and offered no equivocal point either way. I am sure that that will be reflected on back at the ranch.

I am grateful in part for the element of clarity offered by the hon. Member for Teignbridge (Richard Younger-Ross), because it goes slightly further than an inquiry from a member of the merchant fleet who simply sought in all honesty from another Liberal Democrat Member their position on a range of merchant navy issues. The response that he received from the Member was that he had discussed with the party's policy department—it has a policy department—the various merchant navy issues, but that since there was a lack of up-to-date policy, there was no real detailed information to send to him. The hon. Member for Teignbridge has at least added substance to that. According to the letter, his party needs to debate that area, but it is dependent on local parties putting forward relevant motions. On merchant navy issues, the Member concerned suspects that some people involved with the merchant navy should raise them.

My hon. Friend the Member for Dover (Mr. Prosser) must exhort some of his colleagues in the merchant fleet to pop along to a Liberal Democrat conference, because that is the only way that they will ever hear Liberal Democrat policy on merchant navy ports or any other issue to do with the merchant fleet. The hon. Member for Teignbridge went further than that, and I am enormously grateful.

These are the issues of substance. In 2001—rather than 2000, to correct gently my hon. Friend the Member for South Dorset—the ONS in its wisdom decided that trust ports are public sector corporations. There has been ongoing discussion about that, because we do not agree with it. The essential point made by the ONS is that the ports are public sector corporations, because through my Department or local governance we control appointments to the board, and through the application of the compulsory privatisation order we control their destiny and future. In discussion with ONS, we have arrived at a position where, if the public sector membership of a board is in the minority and the application of compulsory privatisation is disapplied, it will no longer be a public sector corporation. Everyone knows that we have sought to do that through harbour revision orders, which are an entirely appropriate legislative form, by the way. The notion of those bypassing Parliament is not a sustainable charge; they are not irrevocable orders. Harbour revision orders and the future of the ports can be considered by any Government subsequently. They simply show what is in front of us at the moment.

Jim Knight: If the harbour revision orders were to go through, would they prevent what I understood the hon. Member for Christchurch to mean—although it is difficult, because he would not take an intervention—when he said that if trust ports were to continue, a Conservative Government would raid them for cash for the Exchequer because they want to even things out with private operators and get a return on capital?

Mr. McNulty: Essentially, subsequent to the ONS definition, we revert to the status quo, which, overwhelmingly, is what is desired by those who have spoken. There has to be a statutory public inquiry if the objections prevail. The letter the Under-Secretary of State for Transport, my hon. Friend the Member for Plymouth, Devonport (Mr. Jamieson), sent to the hon. Member for Christchurch does not contradict that in any way. My hon. Friend made his points precisely to exhort the hon. Gentleman and others to withdraw their objections.

We have heard how farcical it is that there is even an objection in the context of Harwich. I suspect that the hon. Gentleman will offer Milford Haven as the way forward. Perhaps he just missed that port and made a minor mistake, or perhaps there is something magical about Milford Haven that means it has not attracted the hon. Gentleman's attention. If the objections prevail, there will have to a public inquiry. That, of course, leads to a degree of uncertainty and time, when we would far rather the ports got on with what they want to get on with.

It is not a question of fiddling or the Government having form in the readjustment of figures, but simply a clash between the ONS defining things in one way, and our disagreement with that. The other point that my hon. Friend the Under-Secretary of State made was this: we feel that these are points of substantial principle that are not normally dealt with at a public inquiry, given that ONS told us what would happen if we go one way in terms of composition and disapplying the privatisation element. A public inquiry usually concerns the detail and substance of the way forward in relation to a trust board.

In truth, my hon. Friend the Member for Tynemouth (Mr. Campbell) started to move in the right direction in revealing what really lies behind the position of the hon. Member for Christchurch on Dover. I do not doubt that that will be the position on all trust ports. It must be. Why else would the hon. Gentleman object to the disapplication of privatisation compulsion in the cases of the other ports we are considering in relation to harbour revision orders?

Mr. Ivan Henderson: The other point that the hon. Member for Christchurch made concerned ensuring that more money was available for the Department for Transport from the port authorities. I say to him that the only way it could do that is by cutting back on investment. If it cut back on investment, the ports would not be deepening channels in order to take the largest ships, which would drive those ships to other European ports. If they did not do that they would have to increase the commercial charges on that shipping. The hon. Gentleman should be straight about his party's policy in what he says today.

Mr. McNulty: The hon. Member for Christchurch got more and more confused and he sounded more and more—if this is offensive, it is meant to be—like a Liberal Democrat, spending the proverbial penny of taxation last time round. Listening to the hon. Gentleman, proceeds from Dover were going to do everything but build a bridge between Dover and Calais, while at the same time they would keep investment going into the port. We have heard time after time from assorted Opposition Members how any surplus should be reinvested. The dredging at Poole happened only because of that investment and because of what borrowing can accrue subsequent to that reinvestment and that record of reinvestment. Unless we hear otherwise—I am not encouraging anyone to go to Dorset to annoy my hon. Friend the Member for South Dorset—every port is up for grabs.

As I suggested, my hon. Friend the Member for Tynemouth got to the heart of the issue. The trust port on the port of Tyne has some nice waterfront land, in addition to the 10,000 acres surrounding the trust port in Poole of my hon. Friend the Member for South Dorset. Surely that is where Conservative Members will come looking for privatisation. They will not do that to improve the trust ports, or substantially to improve the contribution that the ports make to the assorted communities, which we heard about at length, but to take away the ports and not reinvest the money. If it were otherwise, why are they considering that? Why are assorted Conservative policies being developed in that way?

Richard Younger-Ross: Will the Minister give way?

Mr. McNulty: No, I will not.

[Mr. McNulty]

Substantial areas of the James report have not yet been seen publicly. Perhaps it says that the Conservatives will privatise all of the trust ports. I do not know. However, let us talk about the harbour revision orders and the wider context of transport finance.

Jim Knight: Will my hon. Friend the Minister clarify that he remains committed to opposing the privatisation of Poole? The hon. Member for Christchurch failed to do that.

Mr. McNulty: We have said clearly that, with the harbour revision orders, we are trying to get back to the status quo where the Government and the trust ports can work together and be confident about the future. We seek to work with trust ports to disapply compulsory privatisations, and seek to recalibrate the balance of public sector figures on the board, so that we can return to the status quo that prevailed before. I say that with certainty. We have no intention of inhibiting investment plans should things go to public inquiries. It is not our role or intention to interfere with or inhibit those investment plans.

What I cannot do is give the House an assurance that those investment plans are safe or secure in the event—God help us—of a Conservative Government. Given what the hon. Member for Christchurch said about Dover and his actions in putting up objections to the disapplying of compulsory privatisation, I cannot give any such assurance. It is interesting that the hon. Gentleman did not either.

The Conservatives are supposedly going to match our transport plans. They cannot, by their own lights, do that. They are planning at least £2 billion worth of cuts à la famous James report. Of that, £800 million or £900 million is already being dealt with through efficiencies, so there is a hole of £900 million straight away. The hon. Member for Christchurch and his colleagues are travelling throughout the country. Every time they are in a hole on transport, they promise something. We have clocked them at about £3.5 billion worth of promises beyond what the transport party is doing. Throw in the £900 million hole and, before the hon. Gentleman has done anything, there is a black hole of nearly £5 billion in transport commitments, let alone anything else.

Mr. Chope: Will the hon. Gentleman give way?

Mr. McNulty: It is fifty-eight minutes past the hour, so of course I will not. In transport and every other area, nothing that a Conservative spokesperson says on finance can be trusted one iota unless the party comes clean on every aspect of every area of transport spend. Conservative promises are worthless on paper, but if one wants a promise on a road, a bridge or anything else in the coming weeks, ask a Tory spokesman to come. They will promise the earth, the moon and the stars, but they will do absolutely nothing for the future of the trust ports. Trust ports have worked so well. Under a continuing Labour Government, trust ports will continue to work and to contribute to their communities well into the future.

Public Transport (Leigh)

11 am

Andy Burnham (Leigh) (Lab): It is a welcome, if somewhat rare, pleasure to have the chance to focus the attention of the House on the needs of my constituency and, in particular, its appalling public transport provision. I note that the Minister has already been present for one debate and I feel somewhat guilty about detaining him further—he may consider it a kind of detention. He is welcome to write out 100 times, "I must do more for public transport in Leigh," but I will leave that up to him.

Now is perhaps not the best time in the parliamentary cycle to highlight areas of failure, but as the growing debate about transport priorities in the north-west has gone live, I have felt increasing frustration about the raw deal that my constituents are getting. It cannot be allowed to continue. Last year, a major transport scheme in my constituency, the Leigh-Salford-Manchester guided busway, was one of a number of schemes placed on hold pending a review of transport priorities by the North West regional assembly. In the region, that was seen as a consequence of ongoing negotiations about the Metrolink scheme.

Metrolink does not affect my constituency directly, but I have supported colleagues in the call to get it back on track because I recognise its huge strategic importance to the economic regeneration of our city region. Of course, all the towns in Greater Manchester, Leigh included, have a stake in the continuing success story of city centre Manchester. That is why it is right that my constituents should contribute to Metrolink via their council tax. However, there is a real danger that Greater Manchester's transport needs will become defined by Metrolink. If the lobbying campaign pays off and the scheme goes ahead—as I have said, I hope that it does—transport officials may feel that Manchester has had its lot and should not come knocking for some time. I hope that the Minister understands and appreciates how unfair we would feel that was.

The Greater Manchester passenger transport authority has long recognised that links west from Manchester are poor and that there is no immediate prospect of the towns along the East Lancashire road leading to Leigh benefiting from Metrolink. For precisely that reason, the £26 million guided busway was long in the planning to compensate Leigh for not being part of Metrolink, not phase 3 but phase 2. The guided busway was expected to be fully operational by this year.

I sought this debate because I believe that Leigh's transport needs are becoming lost in the debate about Metrolink. It would seem that the guided busway has been thrown back into the pot of medium to low-priority public transport schemes in the north-west, even though it was given provisional planning and funding approval by the Department for Transport a couple of years ago. There are many things in its favour. It is an innovative use of bus transport, which seems to fit well with current priorities in the Department, and it would cut congestion on one of the north-west's main arterial routes, the East Lancashire road, which is a severe and growing problem.

I know the Minister well and I appreciate that he may be subject to more constituency special pleading than most Ministers, but, if he will allow me, I would like to issue something of a challenge to him—he is not normally one to back down from a challenge. I ask him to see whether he can find a town similar in size to Leigh, with a population of roughly 43,000 people, in a metropolitan borough, which has poorer public transport provision than we do. I hope that he will take me up on that challenge, because I genuinely do not believe that he can find such a town. My constituents are getting the rawest deal of any in the country.

There are some facts to back up the rhetoric. First, Leigh is the largest town in the country without a rail station. In addition, there is no tram station. We do not benefit from Metrolink, as I have said. Buses are the only option. Secondly, as I will show in the course of my remarks, new research from the House of Commons Library shows that, for public transport, Leigh is by a long margin the worst-served town in Greater Manchester.

I understand the need to balance priorities and to focus scarce public transport resources on areas of strategic transport importance, but it is not as though Leigh is a backwater. We are located at the crossroads of the north-west, halfway between Liverpool and Manchester, and we are flanked on one side by the M6, with the East Lancashire road to the south. We are a matter of miles from overdeveloped Warrington. I do not say that to antagonise my Warrington colleagues, but the town has experienced significant development in the past 20 years, and Leigh is well placed to take up some of the extra development that the north-west is experiencing.

Public transport resources should go towards easing congestion on strategic routes, but they should also pick out the areas of greatest social deprivation. Leigh provides a perfect case study of the importance of quality transport links in preserving a town's economic, social and cultural well-being and of what happens when those links are lost.

In the '50s and '60s—perhaps you will remember this, Mr. Deputy Speaker—Leigh was a thriving industrial town, with high employment in coal mining, the textile industry and engineering of many kinds; big employers such as BICC and David Brown Tractors were based there. However, the 1963 White Paper "The Reshaping of British Railways" dealt the town a savage blow, the proportions of which could not have been imagined at the time. As a result of the Beeching cuts, railway lines passing through Leigh were closed and all the town's stations were lost. Since then, the area has suffered huge social and economic decline. The Beeching cuts were the catalyst for the loss of thousands of jobs in traditional industries and at major public facilities, such as our accident and emergency department.

That act of savagery towards Leigh by Howard Macmillan's Conservative Government was compounded by Margaret Thatcher—our town was left cut off and isolated when the worst of the Thatcher Government's cuts took effect. Following the large job losses that came with the closure of the coal mines and other heavy industries, people were simply unable to find alternative employment; indeed, they really would have had to get on their bikes to do so, because no other transport was available. A double whammy was landed on our town.

The combination of the lack of transport and the loss of employment knocked the stuffing out of Leigh, and the lack of quality transport links has held back our recovery ever since. We are now beginning to see signs of that recovery—the Wigan borough has its lowest unemployment rate for a generation—but the travel-to-work survey in the 2000 census shows that public transport has played little or no part in that. People's only option is to use buses, which simply cannot be relied on to get them to work on time in the main areas of employment: Manchester, Warrington and Bolton.

I should say at this point that in Jim Stones Coaches, Leigh has the best local bus operator in the whole of Greater Manchester, if not the north-west. Jim and his team have provided a first-class service since deregulation and they are thoroughly committed to serving the people of the town. I do not know where we would be without the service that they have provided.

To return to the main issue, however, the 2000 census shows that Leigh residents must rely on cars far more than the residents of any of the other 16 towns in Greater Manchester, with all the extra costs that that puts on people in low to medium-paid work. Only 7.9 per cent. of people aged between 16 and 74 in employment in Leigh use public transport to get to work, which is an appallingly low figure. If the Minister doubted my rhetoric earlier, that figure tells its own story about the quality of public transport in Leigh. Those cars jam the East Lancashire road, the M62 and the A49 junction at Winwick every morning.

As I said, I have independent verification of my argument from the House of Commons Library. I commissioned from it a survey of public transport provision in the 16 biggest towns of Greater Manchester. It confirmed what many people knew: Leigh is the only town without an overground train station or a Metrolink tram service. To add insult to injury, even I was shocked to find that Leigh came bottom in the list of towns ranked according to quality of bus links to central Manchester, with only three frequent services. The Library report states:

"It is clear that Leigh's bus services do not make up for its lack of tram and train services. Leigh has the smallest number of frequent public transport services with the city centre on each mode".

The report concludes that

"it is difficult to argue against the assertion that the public transport service between Manchester and Leigh is poorer than with any other similar sized town".

With the exception of Atherleigh way, opened in the mid-1980s and funded by the old Greater Manchester council, Leigh has not had any major transport investment since Beeching did his damage.

The Minister will probably be pleased that I am coming to the end of what he may regard as a long whinge, but I make no apology for it. What I have said needs to be said, and the voice of my constituents needs to be heard, because the current state of affairs is not acceptable. In conclusion then, what am I asking from the Minister and from transport officials, both in our region and in Whitehall? Longer term, Leigh needs access to rail or tram services to the east and west—to Liverpool and to Manchester. We are strategically well located, on the main crossroads between the two great towns of the north-west. In the interim, however, I hope that my hon. Friend will consider a number of specific requests.

[Andy Burnham]

First, I hope that my hon. Friend and his officials will reflect on what I have said and let me know whether they think Leigh is fairly served. I would appreciate a response to the challenge of finding an equivalent-sized town that is more poorly served by transport. As an aside, I also ask the North West regional assembly, which has been instructed by the Department to review transport priorities in the region, to consider what I have said as a contribution to its consultation.

Secondly, I hope that the Minister will clear up the outstanding planning issues affecting the Leigh guided busway as soon as possible, or at least give a commitment to do so. The problem is holding things up, and resolving a number of what I understand to be minor issues would help us to make progress. The Minister may recall that the Secretary of State gave the scheme planning approval in principle some time ago, pending work on other issues, which required further evidence. I am afraid that there is a blight on Leigh and our area in the north-west in that we have, it seems, a large number of great-crested newts, which hold back human progress in the area. I hope that the Minister can say that the issues surrounding the protection of the newts have been satisfactorily dealt with.

Thirdly, there is a genuinely unanswerable case for the Department, working with the Greater Manchester passenger transport executive, to find an immediate funding solution for the busway. Given that provisional funding approval has already been given and that it was part of the deal for Metrolink phase 2, it is not fair that the busway is now pitched back into the pot with the other schemes in the north-west competing for funding. The busway had already been picked out as a priority for progress.

Fourthly, I hope that the Minister will take an urgent look at our proposal for a rail station in the former mining village of Golborne. My right hon. Friend the Member for Makerfield (Mr. McCartney) and I are utterly convinced that a rail station there would be a well used feature of strategic importance in the region. Such a station would be our best hope of bringing a rail service to the Leigh and Lowton areas in the not-too-distant future. However, we have experienced great frustration in getting the component parts of the rail industry to engage positively with the case that we have made.

Such a station would be right on the edge of a major sporting facility, Haydock race course, which attracts thousands of visitors every year—I know, because my house is literally next door and they queue up at the end of my drive. I do not call for a station there because of my nimby considerations. The place in question is nestled in the corner between the M6 and the East Lancs road, and there is a huge sporting facility on our doorstep, so it would make great sense to have a station there. Will the Minister see whether he can get more positive engagement from transport officials on that issue?

Ironically, Merseytravel has shown more interest in the Golborne station proposal. It will soon launch a Golborne rail link bus service between the potential site at Golborne and Newton-le-Willows station in Merseyside, in the hope of building a market for rail travel in the Golborne area. Merseytravel deserves help and encouragement from other parties, not least the GMPTE, to approach the proposal with a will to make it succeed.

As I acknowledged, my speech has been something of a whinge, but I ask hon. Members to imagine sitting where I am and having to talk about public transport in Leigh; I would be laughed out of court if I claimed there had been all kinds of positive progress. The situation is not good enough and it needs to improve. I am raising the stakes today and saying that for the next few years I will keep on banging the drum until there have been real improvements.

Until my constituents have real alternatives to the car to enable them to get to their place of work I shall fight tooth and nail any proposal for a congestion charge in Greater Manchester.

11.16 am

The Minister of State, Department for Transport (Mr. Tony McNulty): I congratulate my hon. Friend the Member for Leigh (Andy Burnham) on securing the debate. When he puts his comments so eloquently and passionately, to reflect what he sees as the reality in his constituency, I do not see it as a whinge-fest. I see it as the duty of a committed constituency MP.

I can answer part of my hon. Friend's query about whether there are people in a worse position by comparing Leigh, with its population of 43,000, with Corby, which has a population of some 50,000 and does not have a railway station. I will leave to one side the rest of the question. The Under-Secretary of State, Office of the Deputy Prime Minister, my hon. Friend the Member for Corby (Phil Hope), has let me know a few times in recent years that Corby is probably the largest town with no station.

I agree with the points made by my hon. Friend the Member for Leigh about the geography of Leigh and Wigan metropolitan borough council, by which Leigh is covered. I accept his points about the town's being on the western fringe of Greater Manchester. As to Metrolink, broadly speaking, everyone certainly accepted that it would be a long time before Metrolink or trams came to either Bolton or Wigan on the western side of the conurbation.

One of the key ways in which we shall deal with public transport is through investment—sustained investment. Over the next three years we shall invest about £870 million in the north-west. That is a major investment. The investment that we are allocating to each region will, it is to be hoped, reflect their economic and environmental objectives. By the bye, over the past three years local authorities in the north-west received more investment than those in any other region, through the local plan process.

In December we announced funding of more than £620 million over the next three years for north-west local authorities. Of the £225 million allocated for 2005–06, £92 million was for Greater Manchester, including about £43 million for small-scale integrated transport schemes of less than £5 million, for transport improvements to ease congestion, increase safety and create a better environment. Wigan council, the local authority responsible for my hon. Friend's area, was given an allocation of £4.109 million.

As I said, Manchester recognises that Metrolink is perhaps not as inextricably linked to all transport spend throughout the authority's area as my hon. Friend suggests, but I understand why he said what he did. The Department has helped Wigan to invest a total of £4.1 million in schemes funded from the Greater Manchester transport infrastructure fund. That fund was set aside by the Government and Greater Manchester in recognition of the fact that Bolton and Wigan would wait a long time for links to be provided by Metrolink. My hon. Friend will know that in February the Department agreed to provide £3.5 million for the fund in 2005–06 and a further £3.5 million in 2006–07. We shall discuss with the Greater Manchester passenger transport authority, which will match that funding, how the money should be spent in Bolton and Wigan. I know that they will not get the large-scale investments that my hon. Friend thinks are needed for Leigh and the borough of Wigan to secure more public transport, but the sums are, in part, recognition of the fact that Metrolink will not come soon to Bolton or the borough of Wigan.

My hon. Friend needs to recognise that there have been some advances, albeit limited in his terms. In 2003–04, Greater Manchester spent nearly £6 million on bus priority schemes and £1.6 million on bus infrastructure schemes, implementing both the south-east Manchester multi-modal study quality bus corridor and the Leigh-Bolton QBC. Apparently I went on the A6 QBC on one of my recent visits to Manchester. I am trying to remember when and in what context, but I cannot. The Leigh-Bolton QBC was completed in 2003 at a cost of some £4.8 million, and has increased passenger reach by 16 per cent., earning time savings of between 10 and 13 per cent.—typically six to nine minutes—and the corridor has brought improved facilities and environmental improvements to Atherton town centre.

My hon. Friend will know of the night bus initiative that connects Manchester city centre to Leigh. Many of those late night journeys are now being run on a commercial basis. Some 1,700 passengers a week use the night bus. He will know, too, of the yellow school bus scheme, in which Wigan has participated, which has introduced American-style yellow school buses to serve Standish high school, among others. I understand that there are plans to purchase additional buses to serve St. Mary's Roman Catholic high school in the constituency.

I know that the biggest disappointment for my hon. Friend is the Leigh guided busway. That was one of the major schemes submitted as part of this year's local transport annual performance round. The proposal by Greater Manchester passenger transport executive to build a new guided busway between Leigh and Ellenbrook is the subject of a planning application to the Secretary of State for an order under the Transport and Works Act 1992. The order, if made, will give GMPTE the statutory powers that it requires to implement the scheme, entirely separately, as my hon. Friend suggests, from the funding process. My hon. Friend is aware that the Department had to defer consideration of that application until GMPTE had provided some important additional information on the environmental impact of the scheme, in particular more detailed survey work on the great-crested newt, which is a protected species.

Last October, GMPTE provided a substantial amount of further information, which, as part of the planning process, had to be sent to other interested parties for comment. The process of exchanging written representations on the new information concluded last month. Because the case is still awaiting statutory determination, I am unable to discuss its merits, as my hon. Friend will appreciate. However, I can assure him that every effort will be made to bring the matter to a conclusion as soon as possible. I hope to be able to make a decision once all the evidence presented for and against the proposals has been carefully considered, all the necessary work has been done by GMPTE on the great-crested newt and other elements, and all the exchange and representation between assorted parties as part of that process has taken place.

The report is now, in its entirety, with the Department for Transport, and I shall ensure that, having weighed the evidence carefully, we make a decision at the earliest possible opportunity. The other half of the equation, as my hon. Friend suggests, is the funding of the scheme.

Andy Burnham: I am grateful to my hon. Friend for that commitment. As I understand it, the information was submitted some time ago. He probably does not know the date of any Dissolution of this place any more than I do, but I hope that I can prevail on him to say that it would make sense to make the decision sooner, rather than later, given that there may be some interruption.

Mr. McNulty: Given that it is a statutory, or quasi-statutory, process, I cannot give any fixed assurances about a timetable. Suffice it to say that when I go back to the Department, I will try informally to elicit what stage we are at and when we can anticipate a decision.

Although I will bear in mind my hon. Friend's points about alacrity, I have no idea about Prorogation, Dissolution or anything else. I will not promise to do or not do something in the light of a date about which I, my hon. Friend and even the enlightened Deputy Speaker know nothing except what we read in the papers and idly speculate about with colleagues over cups of tea.

My hon. Friend will know that as part of the spending review 2004, and bearing in mind the Government's desire for greater regional involvement in privatisation, we have had to review the relative priority of major local transport schemes. I would not say as abruptly as my hon. Friend that the Leigh guided busway has been lost in the fog and smoke of the debates about Metrolink, but clearly as we move to greater regional devolution there will be finite pots of funding for each region. Perhaps there will be some additional strategic elements but, as ever, politics is the language of priorities, whether decisions are made regionally or at the centre. I unpick my hon. Friend's argument a little bit, none the less I understand the points that he made.

Difficult decisions have had to be made about the priorities of investment proposals. Let me make it very clear: we certainly recognise the merits of the Leigh guided busway scheme. That is precisely why it was given provisional approval in the first place. There is no question about the merits of the project, but since then the cost of the total quality bus contract scheme has gone up significantly, with Government contributions increasing by £17 million to £42.3 million. Given the

[Mr. McNulty]

other funding pressures in the north-west, it has not been possible to prioritise the scheme for funding in the current spending review period. That decision can, and should, be regularly revisited. The scheme has not been cancelled and we will consider it again in the light of advice on priorities received from the region.

It is important to say that in the three-year spending review and the last local transport plan settlement, an image was formed—I understand why—that if projects were not set running this year, they would somehow be put to the back of the queue, with no consideration until post 2008 and the next round of the comprehensive spending review. That is not accurate, as there will be any amount of to-ing and fro-ing, slippages and other changes in the regional pot and the projects that have been prioritised as we look at the world in 2005. It is incumbent on us and the region to review the regional prioritisation list on a year-by-year basis, even within the curtilage of the three-year spending programme. That is not to say in any coded way, "The money's there, don't worry about it", but things are not as stark as has often been suggested since the 1 December regionally focused settlement. They are not as stark as my saying, "Leigh guided busway has no chance until the next spending review." The position is far more fluid than that.

I accept much of what my hon. Friend says about Leigh and Wigan borough council being a poorer relation in transport provision for Greater Manchester. I accept his point about the peculiarities of Leigh and Wigan, given that they are on the western periphery of Greater Manchester and sit almost squashed between Merseyside, Warrington and Manchester—the crossroads to everywhere but with contacts to nowhere. I accept those points broadly, and I will look further into the points that he raises.

11.30 am

Sitting suspended until Two o'clock.

Analogue Television Switch-off

2 pm

Mr. Steve Webb (Northavon) (LD): I wanted to secure a debate on something about which I know nothing, for a change, and I thought that I would start by lowering expectations.

I am concerned about the welfare of pensioners and their pensions, which is how I became interested in this subject. I got to thinking about how there are many pensioners, particularly the older ones and those who are housebound, whose televisions are a very important part of their lives. In a few years, their telly will not work, and they might have to find the money to sort out the problem. Switching off the analogue signal might cause considerable distress if it is not handled well.

I started to become more parochial about the issue when I discovered that we in the west of England are not the first round of guinea pigs, but are in year two of Ofcom's four to five-year planned roll-out of the switch-off or switchover—call it what you will—from analogue to digital. My first move is to make a special plea on behalf of the west of England. I should say that not only do I not know anything about this subject, but I do not know my party's policy on it, either, so I have been doing some free thinking.

Mr. Don Foster (Bath) (LD): Will my hon. Friend give way?

Mr. Webb: No. I have come up with one or two ideas that I have not come across in any of the literature on the subject, so I thought that I would float them now, as this is the time in the electoral cycle for free thinking and radical ideas, and see where we go from there.

Let me start with a special plea for the west of England. The latest regional figures for those who have digital television and those who have not suggest that the south-west, which incorporates the west of England, where I live and which I represent, as does my hon. Friend the Member for Bath (Mr. Foster), had the lowest take-up of digital television. That was true a year or so ago, and I imagine that that pattern has not changed greatly.

I understand that technical considerations have dictated the sequence of analogue switch-off, or digital switch-on, to some extent, but I wonder how that could have been modified to reflect the fact that switching off the analogue signal in part of the country where digital take-up is low is more of an upheaval and causes more of a problem than it would in an area in which most people already have digital television.

Does the Minister plan to modify the sequence of switching off the analogue signal and moving to digital, or does he plan to advise Ofcom that there should be a modification of the sequence, so that parts of the country in which digital is more widespread would switch off the analogue signal first, giving the rest of us in the west a chance to catch up, which I imagine would be a less painful experience for everyone?

What about the position of pensioners and, more generally, people who are isolated? Ofcom's document, "Driving Digital Switchover", states that

"the transitional cost of conversion"—

in other words, buying a set-top box, and sorting out the aerial or the VCR—

"may remain a significant barrier for some households and risks excluding them from TV after switchover."

That is my concern. I would be interested to hear the Government's response.

The consumer expert group states in the executive summary of its report to, I presume, the Minister, in October 2004:

"Although these issues are now well-known and well-understood, the Government's existing policy does not ensure that they are addressed as part of the switchover timetable."

In a sense, this is four years too early for the west, but in another sense we need to get moving now, and any indications that the Minister can give of how he plans to tackle these obvious problems would be appreciated.

What is the nature of the problem for elderly and isolated people? As I say, television might be an integral part of their lives. They might have no real interest in CBeebies or other digital channels, and might be perfectly happy with what they have. They want to know why they will have to pay what will, by then, be £20 or £30 for a set-top box, and get someone to fix the aerial and sort out the VCR, if they have one—charges for which might run into several hundred pounds. Although it is difficult to get reliable estimates of how many people would need, say, a rooftop aerial, I know from first-hand experience that when my family went digital not so long ago, we had to have a man up on the roof because our aerial was not good enough. With the basic state pension at £80 a week, the cost of a box, a VCR and an aerial could amount to two or three weeks' pension in a bad case, and perhaps even more. I would therefore be interested to hear from the Minister how far the Government have got in their thinking.

Some of the documents that I have read refer to the groups covered by the free TV licence, and the suggestion is that the over-75s and the registered blind might be the main group. Are those the parameters that the Minister is considering? Clearly, that would cover a lot of the people I am concerned about, but there are other vulnerable groups, as the Minister will well know.

In its November 2004 report, the independent consumer panel came up with a couple of suggestions, as I am sure the Minister is well aware. The panel suggested a couple of schemes to ease the switchover to digital, and they would cost between £250 million and £400 million.

This, I guess, is where I do my radical free thinking, although it might be boring and hackneyed for all I know; however, I have never read anything along these lines before. Obviously, the spectrum freed up by the switch-off of the analogue signal is of some value, although I have no idea what the figure is. One can speculate about it, and my hon. Friend the Member for Bath may share it with us if he should catch your eye, Mr. Deputy Speaker. Clearly, it would be helpful to have the Government's latest thinking on the valuation of that spectrum and some indication of whether the first claim on it might not go to the very people who have, effectively, suffered to make it available. If the elderly and the vulnerable cannot go on watching their old telly without spending some money, and the Government benefit to the tune of, perhaps, billions of pounds, the first claim should go to those who made that possible. If people have to pay, and the Government take all the proceeds, it will almost be taxation by the back door.

Mr. Don Foster (Bath) (LD): Perhaps I can help my hon. Friend out of his misery. He will no doubt not be surprised to hear that there are huge variations in the estimates, but the most recent estimate is that about £460 million per annum could be achieved.

Mr. Webb: I am grateful, as ever, to my hon. Friend. That suggests that the schemes proposed by the independent consumer panel would swallow a substantial proportion of that money in the first year, so it would be helpful to get the Minister's thoughts on that.

The second set of issues relates to people making buying decisions about equipment now. I am still struck by the fact that the vast bulk of television equipment that people are buying is non-digital. Some of those who understand these things far better than I do have suggested to me that people should not do that and that it is not necessarily such a bright idea, because the digital technology will evolve. I am open to that suggestion, but I wonder how many people are buying cheap sets from the bottom end of the market, which will become obsolete unless they pay almost as much as they did for the telly to get them sorted out. The Government now have a sticker system to give people a bit of a clue when they buy a telly, but I still think that awareness out there is very low.

Brian White (Milton Keynes, North-East) (Lab): One problem with the wider debate is that people have talked about digital televisions, rather than digital access to homes. It is not the television that causes the problem, but the access mechanism. If the hon. Gentleman were to focus on that, we might resolve a number of the problems that he is highlighting.

Mr. Webb: I accept that distinction. However, householders who buy a cheap portable television to be used in a teenager's bedroom are buying equipment that, as it stands, will not receive a digital input. Then, a few years down the line, because they had not really caught on to it, they will have to go back to the shop to buy a box, or to get the set connected to a box elsewhere in the house. Consumers need to be made aware of such things now, so that they can make a more informed choice. I am aware, as a consumer, that I do not begin to understand it, and I have some interest in the subject. I wonder how many people will be similarly affected.

I have seen estimates—perhaps the Minister can clarify the matter—that as many as 2 million set-top boxes will be of no use when the new regime comes in, but I am not sure exactly why. That raises questions about the decisions that people are making now and how informed they are, and about how much warning they will get and whether the Government's publicity is being regionally focused.

[Mr. Webb]

I turn to some of the other issues. My constituency is not particularly rural, but because of the contours of the land parts of it cannot currently receive a digital signal. I understand that about 25 per cent. of Great Britain cannot do so. Again, I hope that the Minister will explain a little more about the transition process, as people from Thornbury and Charfield in my constituency have written letters to me, angry because they are having to pay for the BBC's digital output but cannot receive it. I understand that the digital signal cannot be boosted until the analogue signal is out of the way, so I could write back to them saying that things will be fine once the analogue signal has gone—but we cannot guarantee it. I know that I can visit a Freeview website and enter my postcode to get information on that, but I wonder how certain it will be. In other words, what will be the sequence of events for my constituents in Thornbury, who cannot receive digital? Will they buy a box once they know that BBC 2 and the other channels are to be switched off, not knowing for sure until D-day whether it was worth buying? It is possible that some will buy the equipment—they will have been told that the chances are that it will be fine—who, when the moment comes, will be among the 0.5 per cent. or whatever percentage it is who still cannot receive a digital signal after the change.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): The hon. Gentleman says that a proportion of his constituents cannot get digital, but that is not true. They may not be able to get a digital terrestrial television signal, but they can receive a satellite transmission. Although they may not wish to subscribe and pay a monthly fee, it is possible to get Freesat—although one has to look rather hard to discover how to go about getting it. Digital is available now.

Mr. Webb: Indeed. It is one of those occasions when one uses language loosely because one is not used to the field of expertise. As the hon. Gentleman said, people could take up the satellite option—it costs in the region of £150 to install—but under existing planning regulations, people in some parts of my constituency would not be allowed to erect a dish. I understand the hon. Gentleman's point; people have a choice, but they have decided not to exercise it, and will thus be at a disadvantage when compared with those who can get digital terrestrial television.

Clearly a number of groups are affected. I have already mentioned the elderly, people with poor English and those with particular disabilities. The work done on the position of disabled people and other vulnerable people by the Ofcom consumer panel is fascinating and thorough. I am used to a social security system in which one takes fairly large categories of people and passports benefits to the entire group. The most interesting conclusion of the consumer panel is that such a blanket approach is not the way forward. Instead, it talks of a more community-based, bottom-up approach, using local organisations. Although I have much philosophical sympathy for that sort of approach, there is always a danger of its being piecemeal and patchy, with people being missed out.

Again, I would be interested to hear the Minister's thoughts. Should we have a blanket approach for the over-75s, with local initiatives to pick up other vulnerable groups? What does he have in mind? The digital take-up is very poor among the over-75s. The 2003 figures show that only 16 per cent. of them had taken it up. More significant is its poor take-up among low-income households. I had assumed that the converse might be true. I assumed, for instance, that lone parents needed television, perhaps to keep the children quiet. Indeed, it is an integral part of life for many lone-parent families. I therefore imagined that digital would have a high penetration among low-income families, but the statistical evidence is to the contrary, showing that poorer households tend not to have taken up digital.

I want to mention a couple of other bits and pieces that concern me. I see that a number of hon. Members are in the Chamber, because it is an important issue for us all. Clearly, multiple-dwelling units, and the implications for people living in those, whether public sector or private sector—I strongly suspect that the latter will be more of a problem—present an issue for consideration. We can, in a sense, probably sort out the public authorities with a bit of kick up the backside, but getting private landlords to sort things out might be more difficult. I should be interested to hear the Minister's thoughts on that.

Mr. Bill O'Brien (Normanton) (Lab): Has the hon. Gentleman seen the briefing from Astra GB, which states that a substantial number of local authorities and social landlords will not allow a dish on their dwellings? He made a point about receiving the changeover via disk, but that will be denied to the relevant tenants unless there is a change in the planning procedures and the attitudes of some social landlords. Does he perceive any such change in the process, along the way?

Mr. Webb: I am grateful to the hon. Gentleman. My officials have just passed me a note, which enables me to tell hon. Members that so far only 14 per cent. of local authorities—but that is one in seven—and nearly one in three registered social landlords do not allow their tenants to install satellites. I suspect that we can deal with the public sector, but we need to get on with that, because such things will take a long time. Many local authorities may ask, "Is this a top priority for us this year? We will put it back a year." Their tenants will be at a disadvantage.

I want to do a further bit of special pleading. The documents that I have read focus on the first television in the household. I understand that, but I think that they dismiss slightly too glibly the point about the second or third telly, in the teenager's bedroom, with a portable aerial; if the Government are to obtain political consensus, and the electorate's acceptance, for the change, they need to reach out to a much larger group of people who may already have digital on the main television but will still see it as a serious inconvenience and be resistant to it.

I gather that work on televisions with portable aerials and so on is continuing, but my political sense leads me not to dismiss that aspect of the matter by saying, "Well, frankly, who cares? If they have two televisions they are probably well enough off and that does not really

matter." If we are trying to overcome resistance on the matter—and I suspect that the Secretary of State, or her successor, whoever that will be, will have to do that—we shall need to deal with that issue, to avoid some of the obstacles that might arise.

My priority is the elderly, the vulnerable and the isolated. According to a horrific statistic in research funded by the Economic and Social Research Council, one in nine people aged over 65 see family or neighbours less than once a month. Someone living in such isolation is not likely to have a friendly son-in-law who will say, "You plug this in here, and sort out that." There will be no substitute for people going into people's houses in significant numbers and just sorting things out. I hope that the Minister will reassure us that that is what is planned.

I think that this debate will run and run, but I wanted to put down a marker; to clarify whether there will be a resolution of the problems of the parts of my constituency and my hon. Friends' constituencies that do not at present have digital or terrestrial digital; and to ask about the present low digital penetration in the west of England, and why that is in the earlier batch, when that makes life more difficult; but primarily to ask about isolated, elderly and vulnerable people and to seek assurances that they do not have anything to worry about and that the Government plan to tackle those important problems.

2.19 pm

Brian White (Milton Keynes, North-East) (Lab): I congratulate the hon. Member for Northavon (Mr. Webb) on raising this important subject and coming at it from a different angle, which does not repeat the tired old arguments that we have heard before. I had intended only to contribute to the debate in an intervention about a constituency issue, but in the light of the hon. Gentleman's comments I shall make a few more remarks.

My constituency problem is that the cable provider there, NTL, has an analogue cable and refuses to switch to digital cable, thereby denying my constituents access to digital television. NTL inherited that from British Telecom, but a range of my constituents will not be able to switch to digital except—as the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) says, and as I have done—by using satellite digital. That is our only option. We cannot use Freeview because the Sandy Heath transmitter does not reach us, so our only option is satellite. How are we to stop the monopolistic practice that denies my constituents their switchover to digital if NTL, which has a monopoly in the area, will not provide a switchover to digital and the Government's policy is about competition between platforms—although I would argue that it needs to be within platforms as well?

Mr. Whittingdale: Is the hon. Gentleman aware that in Westminster, where I am—no doubt many hon. Members have this experience—NTL has taken over the old Westminster cable franchise, which does not offer television at all? Every week, I receive fliers through my letter-box inviting me to subscribe to NTL's cable television services, only to be told when I try to do so that I cannot, and that there is no prospect of my being able to do so in the near future.

Brian White: When the previous Conservative Government brought cable television into this country, the sweetener was the use of telephones, which took telephone customers away from British Telecom. Cable TV was not the money-spinner; that was the telephones. That did not apply to the two cable networks that remained with BT—Westminster and Milton Keynes—because BT was not going to nick phones from itself. Therefore, there was no incentive in those two areas for the cable companies to invest. That is part of the problem that I have identified through my constituents. It goes back to the way in which the Conservative Government set up cable companies as monopolies in local areas, and it is a fundamental problem. If one believes in competition, one should not create local monopolies. I am not surprised that the Conservative Government did that, but I shall leave the issue aside for now.

That was the history, and the hon. Gentleman is right that there is a similar problem in Westminster. So how do we move forward if the cable company will not do so? To be fair to NTL, it had a financial problem, but even so, how are we to achieve digital switchover? That is an issue for the Government. I ask in relation to the cable company, but the principle could apply to others as well: if it refuses, will we force it?

Consider the history of ONdigital, and the collapse of ITV's digital service. One of the assumptions that was made was that the aerial problem was manageable. It is not. Many aerials in the country need a massive upgrade. The technology boost to the signal has improved matters, as has the restriction on the number of channels on Freeview, but there is still a fundamental problem with the quality of the aerials and how we are to ensure that cowboys do not move into the market and cause more problems. The real issue for the Department is how it will regulate the switchover. I know that that has been identified in the programmes, but it is a key issue that should be highlighted.

There are new technologies. For example, in Finland, Nokia is experimenting with TV on mobiles. When we talk about digital TV, we tend to talk about the television box. That causes a lot of the problems, which is why I have said that we should be talking about digital access. Then wireless networks within the home to cover the remaining televisions, whether via the computer or via the analogue television, would not matter as long as the digital access point was correctly installed.

There is a problem in the United States, where the regulatory authority is mandating certain television companies in relation to the way in which the televisions are designed and manufactured. I hope that the Minister will avoid the type of problem that the film industry has forced on American TV with the copying restrictions on high-definition digital TV.

Astra has been referred to. One of the items in its letter was covenants. In my city, every new home that was built had a covenant that did not allow an aerial. It now turns out that that covenant is unenforceable. Anybody who has challenged it can get away with things, because English Partnerships and the Government cannot legally enforce the covenant that prevents satellite aerials. So, there is hope for some of my constituents yet.

[Brian White]

It is also interesting to note the way in which television viewing is changing. Children are watching less TV and using broadband and other technologies more. One of the dangers is that, when we set out on the programme of digital switchover, the patterns of TV usage were completely different from today's. The changing nature of TV watching needs to be brought into the plan more. That change will accelerate in the coming years.

Why did colour TV come in so quickly and so well? It was because of Radio Rentals. People rented their TV and could get the upgrades without worrying about having to spend money on the TV. It was part of the rental contract. Where are the rentals for broadband and digital TV? It is a market that an entrepreneur could step into and fill. We need to recognise why things worked well in the past, because we could apply that to the future.

There is also an issue about the speed of change and technological developments. The UK is ahead of the game on the issue and has a good news story to tell. The digital plan that the Department and Ofcom have put forward identifies most of the problems and identifies ways forward. Issues such as the one that the hon. Member for Northavon raised, of pensioners, need to be addressed. They can be addressed. There is time to do so. He is right that we will get there if we start planning now.

The Government programme is right, but there is one small danger, which is that if Ofcom and the Government disagree, Ofcom, as an independent regulator, has the power to ignore Government policy. That is an important point, which the Department needs to bear in mind. Overall, we are ahead of the game and what is happening in Europe.

Mr. Don Foster: I am grateful to the hon. Gentleman for giving way just before he ends his speech. I do not want to introduce a sour note into the debate, but he said clearly that he thought the plans of both Ofcom and the Government were, largely, to be welcomed. What does he think the Government's plans are? One of my real concerns is a lack of leadership from the Government on the issue. They seem to be being driven largely by Ofcom, the BBC and others and do not seem to have a clear line themselves.

Brian White: Given that we set Ofcom up to deal with such matters, I think it is perfectly reasonable to rely on its expertise. The purpose of Ofcom was to deal with convergence. We have spent a large amount of time in this Parliament talking about issues of convergence, for example introducing the Ofcom Bill and the Communications Bill. Much of the discussion of those Bills was about how to achieve digital switch-off. The hon. Member for Maldon and East Chelmsford and I had a few battles in Committee, a large number of which were about this issue. When setting up Ofcom, one of the key objectives was to give it the task to achieve that. The Government should be criticised for setting up a body such as Ofcom, telling it to get on with it and then not doing the job themselves.

The Department has given an overall strategic direction by setting the dates for digital switchover, which was the key task that many of us were pushing it to do. It is the right way forward for Ofcom to be considering those detailed issues. I am sure that we will debate the issue again and again.

In summary, there are a number of issues. I fear that the speed of change in this area is not being recognised. If we do not recognise the speed of change of technology, the way in which people are viewing TV and the way in which the industry is changing but instead think in the old ways, we will suffer from the problems that have been identified. We need to recognise the speed of change.

2.29 pm

Mr. Alan Reid (Argyll and Bute) (LD): I congratulate my hon. Friend the Member for Northavon (Mr. Webb) on securing the debate. It is on a subject that I, like him, am coming to for the first time and that, clearly, will be of enormous importance to all our constituents in a few years. In my area, Scottish Television is not due for conversion until 2009. That is two years after the guinea pigs in the borders. However, because of the vast empty spaces in the constituency, plenty of problems still arise in the highlands that do not arise in other parts of the country. For example, large swathes of the constituency—I suspect more than half of the population of Argyll and Bute—cannot receive Freeview via their set-top boxes at the moment.

One of the Government's guidelines says that, before switchover can happen, digital television should be affordable for the vast majority of households. The Government have defined the indicator of affordability as being 95 per cent. of households having access to digital equipment before switchover is completed. I went to the Ofcom presentation and I was quite concerned about some of the things that we learned there. I shall be quoting from Ofcom's report to the Secretary of State, "Driving Digital Switchover". Its projection suggests that penetration rates of digital are unlikely to rise above 85 per cent. without a decision being taken to implement the switchover.

Ofcom reports that a "substantial" number of households will need to convert their primary TV to be compatible with digital signals and "many more" households—so that is many more than "substantial"—will need to convert secondary TVs and video recorders if they want to continue using them. Ofcom goes on to report that

"Some disruption will be inevitable".

However, I am concerned that the disruption, particularly in scattered rural areas, could be much more than "substantial". Ofcom accepts that a small proportion of existing rooftop aerials and many more existing portable aerials will be unlikely to be able to receive an acceptable digital terrestrial signal. Ofcom's plan appears to rest on the assumption that areas that cannot currently receive Freeview but can receive the four main channels on analogue will be able to receive the digital signal once the analogue signal has been switched off because there will no longer be interference from the analogue signal. However, as my hon. Friend pointed out, we cannot test that assumption in advance; we can only hope that it will be correct.

The first step in Ofcom's plan, as was outlined at the presentation, is to switch off the analogue signal for one channel, which would probably be BBC2. Presumably,

there will be an advertising campaign in advance of the switch-off to advise people that they will need to buy set-top boxes to receive the digital signal, but the obvious problem is that people who buy such boxes living in areas where Freeview cannot be received at the moment will not be able to check that they work until the switchover happens.

We are expecting, through the advertising campaign, people to buy equipment that they do not need at the moment, but which they will need at some time in the future. On the appointed day, BBC2 screens will go blank throughout that region. If I were working in a TV shop, I would expect a flood of calls that day; perhaps we should all be rushing out to buy shares in TV repair businesses. There will be a flood of calls from two groups of people: those who missed all the adverts, did not buy set-top boxes and suddenly find that for no apparent reason BBC2's signal has disappeared; and those who prepared in advance but find that for some reason the untested equipment does not work.

Brian White: There will be a third group, which is the technophobes who do not have a seven-year-old kid to do it for them.

Mr. Reid: That is an interesting point.

The failure of equipment to work is likely to be greatest in those scattered rural areas that cannot currently receive Freeview because the equipment cannot be tested in advance. For those in many parts of my constituency, the nearest TV engineer will be 20 or 30 miles away. With a flood of calls all happening at once, it will be a big problem for TV engineers to travel around sorting out those problems. The situation could be even worse for people who live on small islands, where perhaps there is no one who is familiar with the new technology.

The next and final phase, after the phase in which only one analogue signal is switched off, will involve switching off the analogue signals for the other three terrestrial channels. That will clearly lead to a further flood of calls to the TV engineers. I hope that the Minister, in his summing up, can reassure us that the Government do have solutions to the problems that I anticipate.

On affordability, the Government's affordability test is that 95 per cent. of households will have access to digital equipment before the switchover is completed, but Ofcom reports that that target will not be met without a timetable being set. Therefore, there is the problem that the Government might have to commit themselves to the switchover before they know whether their target will be met and then hope that it will. As I have outlined, we will not know whether digital equipment will work in many areas until after the switchover, so we do not know how many people who can ill afford it will be forced to pay a lot of money for a TV engineer to come out and get their digital boxes or aerials fixed in order to pick up new signals.

I hope that, as my hon. Friend the Member for Northavon suggested, the Government will use some of the money that they will make from selling off the spectrum to assist people on low incomes with the cost of carrying out conversions. If they want the switchover to be affordable for people, they must give us cast-iron assurances that affordable set-top boxes will be available to people and that they will be able to pick up the digital signal in all the parts of the country that can presently receive the four main channels in analogue form.

Those are the concerns. I am not an expert on the subject, but I certainly hope that, when he sums up, the Minister will be able to respond to them with assurances.

2.37 pm

Mr. Michael Moore (Tweeddale, Ettrick and Lauderdale) (LD): At the risk of being the third one in a row, I have to say that I am another Liberal Democrat who is not an expert on this subject, but I am sure that the whole House is waiting in anticipation for my hon. Friend the Member for Bath (Mr. Foster), who will put us all right if he should catch your eye during the winding-up speeches, Mr. Deputy Speaker. That may be the triumph of hope over experience, but I am willing to go with it today.

My hon. Friend the Member for Northavon (Mr. Webb) has raised an important issue. As hon. Members have shown, it is beginning to be an issue in our constituencies and it will become much more of an issue in the years ahead. My part of the world is the south of Scotland and I would make the bold claim—although I am confident about it—that I probably represent the most beautiful constituency in the whole country. *[Interruption.]* Perhaps Macclesfield is one small exception. The important point is that, in many places, the source of that beauty is the topography—the hills and the valleys. For all that, read that those are difficult technical circumstances in which to supply television and other broadcast signals.

One local worthy recently highlighted to me that it took more than 40 years to get 90 per cent. analogue coverage for our part of the world, yet it is proposed that, somewhere between now and 2008, we will move exclusively to digital and complete the switchover in the first tranche of regions. That seems extremely ambitious, not least when important villages such as Clovenfords in the heart of my constituency currently barely receive the analogue signals for existing terrestrial channels, and when the issue of Channel 5 still dogs many of the communities across all the towns in the region. So, there has been some surprise that the Border Television region has been selected to be in the first group of regions that will transfer over. I do not want that to be interpreted as a denigration of the technical prowess of the people at Border Television or the many other engineers up and down the country who will tackle this matter, but having spoken to different people in Border Television and elsewhere, I remain concerned that there is a lot of doubt about the technical feasibility of the switchover on such an ambitious time scale. Let no one get the wrong signal from me—if Members will pardon the pun. I am not suggesting that anybody in my constituency does not want digital television services. Those of us who have the good fortune to be able to get Freeview or satellite television and the like appreciate that it is a major breakthrough. As the hon. Member for Milton Keynes, North-East (Brian White) said, it is something of which Britain can rightly be proud, and we all want it as soon as possible. However, it must be introduced in a manageable and

[Mr. Michael Moore]

sensible time frame, and, as my hon. Friends have remarked, we must take account of some key issues—not least affordability.

I have been in correspondence about that subject on behalf of different constituents over the past year or so with Lord McIntosh in the Department for Culture, Media and Sport. I am grateful to him for the detailed way in which he has sought to answer those letters and tackle the concerns of my constituents. In response to a recent inquiry, he confirmed that analogue will be maintained until digital

"is an affordable option for the vast majority of people"

and said that the Government

"are satisfied that the interests of consumers, especially the most vulnerable, are well protected".

My hon. Friends have already highlighted those issues in the guidelines and other correspondence, and I applaud the Government's intention; but I have yet to see or hear the detailed definitions of "affordable", "the vast majority" or "the most vulnerable" that will assure me that important sections of my local community are not left out. Affordability affects not only one television. The days are long gone when households might have only the one piece of equipment to be affected by such a change. It is not simply about changing the black and white telly in the corner over to colour, or getting one with teletext; in many households every room has a television, with VCRs or DVD players attached. Even now pieces of equipment are being sold that are not digital-compatible. For many who do not have a seven-year-old child, a neighbour or friend who can assist, switchover will be a big burden.

Many people are doubtful. They do not have to be technophobes; they just have to be a tiny bit sceptical about the process, given the fiasco that we endured during the Channel 5 switchover. If that is any indication of what the process will be like in the future, people are right to be worried.

Separately, I am concerned about people's ability to choose between different digital platforms. The experts present—we have already eliminated four or five people from that description—have highlighted that there are a number of platforms out there. Beyond Sky Television, and Freeview where one can get it, most people are unaware of any other options. They do not recognise the prospect of other serious options coming on stream in an affordable and accessible way soon. Many fear that only Sky will be available to them because they are not in an area that enjoys Freeview. They also remain doubtful about the boosted Freeview signal allowing them to receive those services in the future.

Mr. Russell Brown (Dumfries) (Lab): I do apologise; I have actually moved down the Room to get a better reception.

The hon. Gentleman and I share the Border Television area, and there is a contentious issue for those who seek to turn to Freeview to get the digital signal. On our side of the border, people want to see BBC Scotland. If they invest in the equipment and pick up a signal from Cumbria, for example, they will not get BBC Scotland. People will be investing without realising the reception that they will get, or the service that will be delivered.

Mr. Moore: The hon. Gentleman makes a good point, not least because we are talking about an area in which Border Television, the ITV provider, has managed to split its signal, so that on the Scottish side of the border we can enjoy Scottish news opt-outs and different programmes from the south of the border. It would be a strange and backward step for people north of the border to be denied access to the Scottish version of the BBC.

I understand that in future people will able to dial up and plug into whichever variation of the BBC they wish to have, through the Freesat alternative. However, many will object to having to have a satellite dish installed in the first place, while there will be others who are not yet aware of the opportunity. The Government and other agencies, such as the BBC and Ofcom, still have a lot of ground to cover in getting awareness of that choice fixed in people's minds. There is serious anxiety that the reality of the digital switchover, particularly in its accelerated state, will mean that people will have no choice and will have to go for Sky or, in limited areas, Freeview.

Digital television is a major breakthrough, as other hon. Members have said. The hon. Member for Milton Keynes, North-East pointed that it affects not only television, but the whole range of digital services, which are exciting and for which the Government deserve credit on pushing forward. However, I am concerned that we run the risk of falling flat on our face if certain issues that have been raised today are not tackled quickly.

It is proposed that we in the Borders will switch over to digital exclusively in three years' time. Very few people in south-east Scotland now believe that that will be possible. Whether because of the feasibility or affordability, or because of the choice that they have been given, people believe that there are still serious questions to answer and they will take a lot of persuading. I hope that the Minister will give some of the assurances that we seek and ensure that the Government heed our warnings as they plan the roll-out over the next few years.

2.47 pm

Mr. Don Foster (Bath) (LD): I congratulate my hon. Friend the Member for Northavon (Mr. Webb) on introducing a debate on an important issue, about which many people still have many concerns. Before I turn to his remarks and to the contributions that other hon. Members made, however, I refer to the comment by my hon. Friend the Member for Tweeddale, Ettrick and Lauderdale (Mr. Moore) about what a major breakthrough digital is. None of us should forget how significant it is. Put simply, digital is better. The picture, the sound and the add-ons are better than with analogue, and there are huge benefits with the electronic programme guides and interactive services. Digital is an exciting development.

The title of the debate refers to television, but let us remember that, along with America, we are definitely leading the way on the wider move to digital, including

digital radio. We should be proud of that and acknowledge the benefits. I hope that none of us is suggesting that we do not wish to move forward as quickly as possible, so that as many people as possible can benefit from the new technology.

My hon. Friend the Member for Northavon began by saying that he knew little about the topic and did not even know what his party's policy on it was. I assure him that his party—our party—is enthusiastic about the digital switchover. We believe that it offers enormous benefits and that a lot of good work has been done on it. However, our biggest concern is that there has been a lack of political will and political leadership to help us to move forward.

Brian White: The hon. Gentleman has just acknowledged that Britain leads the world in digital activities and technology, so how can he say that there has been no political leadership from the Government?

Mr. Foster: I am grateful to the hon. Gentleman for raising the question. If he will bear with me, I will give him a detailed, precise answer. I acknowledge that the question is fair.

My hon. Friend the Member for Northavon raised a number of concerns, and I look forward to the Minister's response to them. I will touch on some of the issues that he raised about the timetable. He talked about the region that we both live in being low on digital take-up so far, but high on the list for switch-off. He rightly raised concerns that have been picked up by others about the need to provide help to various disadvantaged groups such as the isolated, the elderly and the vulnerable.

My hon. Friend pointed out that we should not get too excited about how far the digital take-up revolution has spread. We all know that when the Government and others talk about take-up of about 60 per cent.—the figures vary—that refers largely only to the first and main television set in the home and does not take into account the second or third, or even in some cases the fourth or fifth. He touched on other issues, to which I will return, about houses in multiple occupation.

The hon. Member for Milton Keynes, North-East (Brian White) made some important points in a useful speech. I was amused by his exchange with the hon. Member for Chelmsford and East Maldon—

Mr. Whittingdale: I am afraid that East Maldon would be very small. It is Maldon and East Chelmsford.

Mr. Foster: I am grateful. I should know it by now, and I apologise to the hon. Gentleman and to his constituents for my failure to get it right.

The exchange was interesting. The hon. Gentleman referred to his problem getting a television service from NTL. NTL could provide him with a television service. I have it, it is an analogue service and frankly—I will get into trouble with NTL for saying this—it is not worth having. However, it is available and he could have it.

The hon. Gentleman pointed out how bizarre it was that various advertising leaflets streamed through his door advertising a service that he cannot get. No doubt, like me, he receives a large number of advertisements from Sky advertising what it can deliver but failing to take into account that, because of my local authority, Westminster, and because I am in a property of multiple occupation, we are not allowed to have a Sky satellite dish to receive Sky's services. A lot of firms waste a lot of money putting literature through doors, adding to the confusion. We need to return to the issue of how confused many people are.

The hon. Gentleman was right to draw our attention to the number of alternatives that are increasingly becoming available as platforms for the delivery of digital offerings. He referred in particular to broadband. Many of us have had briefings on that and know that within two or three years the speed is likely to be such that we will be able easily to get live streaming TV through our computers.

Brian White: It can be done now.

Mr. Foster: It can be done now, but it is not that effective. It raises additional issues about the licence fee for people who might decide not to have television sets but to rely on their computers. Perhaps that is another issue.

There is also the possibility, which we are beginning to see trialled already, of receiving TV through mobile phones. The hon. Member for Milton Keynes, North-East is right to say that we have to take account of some of the new developments in the switchover. However, I fundamentally disagree with him—this comes back to his question—about Government leadership. He implied that, because we have got on with digital and are to some extent leading the way, that brings great credit to the Government.

I remind the hon. Gentleman that, in the royal television lecture in 1999, the right hon. Member for Islington, South and Finsbury (Mr. Smith), then Secretary of State for Culture, Media and Sport, told us that it would be possible to achieve switchover by 2010. That date has now been dropped because, I argue, we have not seen leadership from Government. We have seen a number of other bodies, particularly Ofcom and the BBC, at work in that area. However, there has been real confusion in the Government's mind about how things will go forward. I asked the Government in September 2004 why Ofcom was offering new licences with the 2012 date in them and whether it had pre-empted anything that the Government might say. *The Independent* reported the Department's response, saying:

"The DCMS said Ms Jowell referred to 2012 in a speech she gave in the Commons in July."

That implied that she had given a date in July, so I checked precisely what she said in her statement to the House:

"While the broadcasters have not reached a full consensus on the optimum timetable, some—including the BBC—have suggested that 2012 may be the most appropriate date for the completion of switchover."—[*Official Report, House of Commons*, 22 July 2004; Vol. 424, c. 82WS.]

That is hardly a ringing endorsement from the Secretary of State of the idea that 2012 is Government policy.

Indeed, much more recently, on the day the Secretary of State announced the Green Paper on BBC charter renewal, it was clearly stated that she was giving major responsibility for building digital Britain to the BBC. It

[Mr. Foster]

appeared to me, at least, that she was asking the BBC to write a blank cheque. There was no clarity about the level of responsibility that the BBC would take or about how much licence fee payers' money it was expected to spend.

Brian White: The hon. Gentleman will obviously remember the ITV Digital disaster, which was based on some crazy decisions by its board. He will also remember the rescue of digital carried out by the BBC, which should be praised for what it has done to promote digital through its services. At one point, it was easy to think that the whole thing would go down the pan, and the BBC deserves credit for rescuing digital from the disaster at ITV.

Mr. Foster: The hon. Gentleman is absolutely right, and there is no doubt that the BBC will, and should, continue to play an important role. Indeed, its technological developments have been important not only for the corporation and its programmes, but for a number of public service and commercial broadcasters, and we would all do well to recognise that. It is fine to require the BBC to play a leading role, and I have no problem with that, but I do have a problem when neither the parameters for that responsibility nor the financial envelope within which the BBC is expected to operate are clearly laid down.

Several issues have been raised. My hon. Friend the Member for Argyll and Bute (Mr. Reid) rightly expressed concern about the potential for people in his constituency to lose out. He and other colleagues mentioned the confusion in the minds of many people. He said, tellingly, that there will presumably be an advertising campaign. I say to the hon. Member for Milton Keynes, North-East that, with such a large number of people currently buying new television sets and new equipment, we need much greater clarity about what they should be looking for. My hon. Friend the Member for Northavon talked about stickers on the telly, and that is a move in the right direction, but there is huge confusion in people's minds when they buy a digital television set about whether it will deliver.

Brian White: Will the hon. Gentleman give way?

Mr. Foster: I will in a second. The hon. Gentleman rightly said that we should be talking about the input, and before he intervened—he can happily do so again—I was about to say that he was 100 per cent. right. Unfortunately, a large number of those who have been buying digital television sets simply have not got that message and have been buying things that may not be helpful to them for quite some time. I think he agrees that I have covered the point.

My hon. Friend the Member for Tweeddale, Ettrick and Lauderdale raised a number of concerns about technical feasibility in his area, although he was in no way knocking the skills of the people there, and he rightly pointed that out. He asked whether it would be possible to resolve the technical problems under the very tight and, as he put it, challenging timetable for his area. Like my hon. Friend the Member for Argyll and Bute, he took up the remarks of my hon. Friend the Member for Northavon about affordability. Several such issues have been raised in reports, not least the Ofcom consumer panel's November 2004 report, which states that there is an urgent need to consider who the disadvantaged groups will be who might lose out and what support they will need. The panel drew particular, but not exclusive, attention to the over-75s.

Although the overall envelope of financial help might be in the region of £250 million to £400 million to provide such people with support, it is worth reflecting that the panel estimates that the cost of providing such support to those aged 75 and over will be between £134 million and £270 million. Of course, others will have to be considered.

There are concerns about whether we are driving forward enthusiasm for take-up and dealing with the technophobes without 7-year-old children, as the hon. Member for Milton Keynes, North-East put it. I assume, from the way in which he said that, that he does not put himself in that category, so if he wants to pop around to my flat afterwards to tune my video in, I would be grateful; I have been trying to get it right for two months.

My hon. Friend the Member for Northavon raised a particularly important issue, which was picked up by others: houses in multiple occupation. The question of what options are available has already been asked. An option for some is to get Freeview, but it is not available to people who do not have access to Channel Five, such as many of my constituents in Bath, so that is not an option.

The second option is Freesat, which costs money—£150, give or take. That is an option for many, but not for those who live in private property covered by planning legislation that does not allow a satellite dish. Those who rent property from a registered social landlord or a local authority are completely stuck unless the landlord or authority has got their act together and done something about the situation.

It is important that we acknowledge those issues. Above all, I want the Government to give clearer leadership and to announce their preferred date, rather than the one to which everybody else says that they should agree.

3.2 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I, too, congratulate the hon. Member for Northavon (Mr. Webb) on securing the debate. He was honest enough to say that he did not know much about this subject when he first examined it. However, that is the same for the vast majority of the population. One of the problems is that few people know anything about it, yet the timetable set by the Government is coming up fast. Analogue switch-off may start in just three years, yet little has been done to prepare for it, and there are number of problems attached to it, which have been mentioned.

I have considerable concerns about analogue switch-off and what it will involve, but I am an enthusiast of digital television. I have been a Sky satellite subscriber for many years, and now subscribe to Sky Plus, which is an extraordinary technology. For anybody who acquires Sky Plus, or a PVR—personal video recorder—life is never quite the same again, because of the extra choice that it

provides: hundreds of channels; the possibility to interact; and in the long term, the possibility of high-definition television, which has not yet arrived in this country but could represent a whole new dimension.

I am also a Freeview box owner, principally because I have been unable to obtain the television service from my cable provider. Therefore, I am aware of the limitations on Freeview. Even though I live in central London I cannot get Channel 5 on Freeview because, I am told, it is on a lower multiplex.

To complete the picture, I am the enthusiastic owner of two digital radio sets. Nobody has yet mentioned digital radio. It, too, represents a technological development that is beginning to take off, and it raises questions to which I shall be interested to hear the Minister's response. Do the Government plan, eventually, to turn off the analogue radio signal?

Having set the picture and, I hope, made it clear that I am in no way averse to the technology, I recognise that many people do not necessarily want more choice. They are content with their analogue service, and are at best alarmed by and at worse positively opposed to the suggestion that that service will cease and that they will be compelled to move over to digital take-up.

I suspect that when the idea was first mooted, its attraction for the Government was financial. I remember that, four or five years ago, in the heady days after the 3G auction, this was regarded as a pot of gold that would be available to the Treasury and might well pay for half the public spending programme. At that time, there was real enthusiasm for pushing ahead as fast as possible. I do not think that that is any longer the case. Indeed, there is considerable dispute about the net benefit that will accrue to the economy as a result of switchover. The Government have given us a figure of between £1.5 billion and £2 billion, but the consumer group that reported to the Department for Culture, Media and Sport cast considerable doubt on that figure. It pointed out that the cost was measured only in terms of those viewers who currently do not have access to digital TV and will, therefore, incur costs in making the necessary changes, including acquiring set-top boxes, whereas the benefit was measured in the overall bonus to the economy from the whole population acquiring digital television. It was not comparing like with like.

On top of that, there is considerable doubt as to whether the Government's estimate takes full account of all the costs involved. For instance, they have said that the net penalty cost of forced conversion is £25. However, it is not yet possible to obtain a box for £25, and considerable extra costs might be involved. For that reason, the consumer group concluded that the cost-benefit analysis greatly underestimates the penalty costs for consumers of switchover by underestimating the costs and overestimating the benefits. It went on to say that

"the methodology appears to be flawed and it ignores many consumer costs"

and it recommended that

"a parallel consumer cost benefit analysis should be developed."

That is urgently needed. If we are to take this huge step, we need at least to be convinced that the benefits outweigh the costs.

I have a number of other concerns. First, as I said, the Government have completely failed to persuade those who are aware of their policy that it is a desirable policy. A survey for the Department of Trade and Industry of 4,000 viewers found that more than 70 per cent. are angry about switch-off and suspicious of the Government's motives. More than 3 million householders said that they would refuse to buy digital equipment and half of them said that they would maintain their defiance even if they had to give up TV completely. So there is a huge amount to do if people are to be persuaded that it is a good idea. To do that, we must have answers to a lot of the questions that have been asked. At the moment, we have digital penetration of about 55 per cent. The Government originally said that it was unthinkable to go ahead until digital penetration had reached 95 per cent. It then became apparent that we could not get up to 95 per cent. unless we switched off the analogue signal in order to convert the transmitters to digital terrestrial television. However, that requires the leap of faith that has been referred to. It means that viewers will have to have set-top boxes sitting on their televisions ready for the time when the off-switch is pulled, in the confidence and belief that they will, on pressing a button, have access to DTT.

However, this is not just a matter of set-top boxes. There are a host of other problems. The Government's figure of 55 per cent. digital penetration is encouraging and undoubtedly that figure is growing, but as has been mentioned, that 55 per cent. refers to the main household television set. As I have said, my main household television set is digital, but I have three more, which are analogue. I do not think that I am all that unusual in that.

Therefore, the vast majority of those households that are already classified as digital households will incur significant extra costs in converting their other television sets to receive digital transmission. In some cases it may not even be possible. Of my three extra sets, two have portable aerials on the top; it does not seem likely at the moment that it will be possible to convert them.

There will be a significant extra cost and possibly a significant loss of consumer benefit when switch-off happens. People may well have to incur substantial extra expenditure to continue to receive television on all the sets on which they currently receive it. It is not, therefore, all that surprising that people are unconvinced that they should incur a cost simply to continue to receive what they now receive without paying.

It is estimated that about one in three households need to change aerials and downleads. Around one in five television sets is portable or uses a portable aerial, and reference has also been made to the problem of people who live in multiple-dwelling units. Astra has put forward a good case on why an integrated system with a mast to allow DTT reception, a dish to allow satellite reception and a digital audio broadcasting aerial to allow digital radio reception is desirable. However, in many cases that is not possible at the moment. That, too, needs to be dealt with if we are to maintain the position, and the Government's declared objective, of allowing everyone who currently receives analogue television to receive digital television when switch-off happens.

[Mr. John Whittingdale]

Affordability has also been mentioned. Some work has been done to suggest that those on the lowest incomes are likely to incur the greatest costs. Recommendations have been made about the necessity of offering a financial package. The Ofcom consumer panel has produced a useful report, to which the hon. Member for Bath (Mr. Foster) referred, about the potential size of the necessary package of financial assistance, which, in total, as he said, may amount to between £250 million and £400 million. That is another cost that must be compared with the potential benefit that we are told will accrue as a result of switch-off.

Much more information needs to be given to consumers. The stickers with little ticks on them, which are being placed on television sets, somehow suggest that the Government are telling people that it is a good idea to buy an integrated digital TV set. However, many people, as the hon. Member for Milton Keynes, North-East (Brian White) suggested, do not think that it is a good idea to buy an integrated digital TV, because that means locking oneself into the present technology and, if it advances, having to buy a whole new television set rather than a new box. The Government need to consider whether they are offering people the right advice.

Mr. Don Foster: Does the hon. Gentleman agree—I am sure that he has done his research and talked to people—that, bizarrely, buying a new integrated digital set is often also more expensive than buying the kit separately?

Mr. Whittingdale: That is probably the result of the fact that at the moment demand for integrated sets is relatively low, but it is certainly true. Therefore it is difficult to see any reason why someone should want to buy an integrated set.

There have been many references to the fact that we lead the world in the take-up of digital television. That is true. Of those who can principally claim credit for that—there are two, and they do not include the present Government—the first is Rupert Murdoch, who launched satellite and then digital satellite in this country, and the second is the previous Conservative Government. I recall serving on the Committee that considered the 1996 Broadcasting Bill, which ushered in digital terrestrial television. That television, it is fair to say, had some teething problems. Nevertheless, the previous Conservative Government were the ones who paved the way for it.

Ofcom has announced a timetable, which will start very shortly. In last week's Green Paper, the Government placed considerable responsibility on the BBC, yet all the questions that have been asked in this debate have not been properly addressed. Analogue switch-off is classified as a brave decision for a Minister to take. It is desirable that we get there eventually, but I have considerable doubts about the timetable that we are following and whether it is sensible to compel consumers to switch to digital terrestrial television when they might not want to do so. We need to consider the issues much more carefully, but the Government have not provided answers to the many questions that have been asked.

3.16 pm

The Minister for Sport and Tourism (Mr. Richard Caborn): I, too, congratulate the hon. Member for Northavon (Mr. Webb) on securing the debate and on his work as vice-chairman of the all-party group on poverty. As he said, that work was one of the major reasons why he secured the debate today.

I do not know the origins of digital television, but we would all agree that digital switchover will bring significant benefits to the wider economy of the United Kingdom as well as to consumers, from both the extension in coverage of digital terrestrial television and the considerable number of new services that will use the freed-up spectrum that it will offer.

Since 2001, the Government's objective has been to work with public service and other broadcasters, industry and consumers to develop a collective strategy for digital television, which includes ensuring that all households have access to affordable digital television services.

The prices of set-top boxes and integrated digital televisions have fallen to the level at which switchover is affordable for the vast majority of households. Although take-up is healthy—at the last count, it was about 55 per cent., according to Ofcom figures—it cannot be left to the market alone if we are to achieve switchover.

The Ofcom report, "Driving Digital Switchover", expresses a belief that the digital take-up rate will approach 80 per cent. by 2012 and will rise very slowly afterwards. The vast majority of viewers will need only a source of good information to help them through the switchover. I take on board the comment made by many hon. Members that we must convince them that switchover is right. We are, however, fully aware that some people will need much more information. They may need help to understand what they have to do to install their boxes and check their aerials, and help to understand how to use their new equipment, and we acknowledge that a few might also need financial assistance, as the hon. Member for Bath (Mr. Foster) said. I will talk about that shortly.

The Government are committed to ensuring that everyone who can currently receive the main public service broadcasting channels—BBC 1, BBC 2, ITV, Channel 4, S4C, Channel 5 and teletext—in analogue form will be able to receive them on digital systems on switchover. That is the object of the exercise.

Ofcom has indicated that switchover could be completed in 2012, and has published an indicative regional order to that effect. A final decision on switchover will need to take account of the impact on everyone, not least on the most vulnerable consumers.

Mr. Don Foster: The Minister is absolutely right to say that the Government need to decide, among other things, the precise date of the switchover. He will know that I, and I suspect others, have received a letter from the chief executive of Ofcom who says quite categorically:

"We will, by late Spring/early Summer be at the point where operational decisions and political decisions must come together"

for various reasons.

"In short, a decision crunch point is approaching when a political decision—either to go ahead with switchover or to postpone it indefinitely—needs to be taken."

May we have an assurance that the Government will make that decision and announce it by the deadline of late spring or early summer?

Mr. Caborn: That is our intention. However, I am sure that the hon. Gentleman will agree with something that the debate has shown clearly. As he said, we can go for dates, but if we are not reassured that we will deliver a service to everyone, including the vulnerable, it would be a mistake to start giving out dates. The first question that must be asked is, "Can we deliver the service?" We as a Government must be sure that we can give clear political leadership. The issue is not just about dates, which are important but just one part of the debate. We must be reassured that the technology is in place and that we can deliver.

This afternoon, I want to try to lay out how we believe that we can deliver the technology to the people that the debate has been about and central to—vulnerable people. Once we are reassured on that point, I will be much more assured about giving dates. That is also the case as far as the Secretary of State is concerned. Ofcom and the BBC do not have the responsibilities that Government have to deliver the service to all sectors of society. That is a political decision of the Government. It is one that we will make when we believe that we have all the information. We think that that is important. What has been useful about the debate is that it has brought that into political focus.

At the heart of the Government's plan is the key role that the BBC will play in switchover. We agree with the BBC's view, expressed in "Building Public Value", that it should have a lead role in the switchover. We will ask the BBC to help establish and manage the organisation that will co-ordinate the implementation of switchover. We will also ask it to take a lead role in public information campaigns, telling consumers what will happen and when and what consumers need to do. That has been clearly emphasised in the debate.

We know from reports from Generics, the consumer expert group, and Ofcom that some people will need considerable help at switchover. We therefore agree with the consumer expert group and Ofcom's independent consumer panel that the vulnerable consumer should be assisted throughout that stage of the switchover. We will also ask the BBC to help establish and fund schemes for the most vulnerable consumers. We are not able to announce details of who will get help at this stage, but we continue to work with the charities that deal with vulnerable households and will set out our proposals in conjunction with the BBC. So, there will be a wide consultation in the area. Details will be set out at the time of an announcement.

Whatever we do, we must ensure that the public have an awareness and understanding of switchover. Broadcasters, and the supply chain to them, will hold the primary responsibility for ensuring that everyone gets all the information that they need about the switchover process. However, the Government will continue to take responsibility for communicating their switchover policy. In November 2004, the Government launched a public awareness campaign that aims to use the mainstream media to educate the media and the public about switchover.

The switchover logo has been referred to, the development of which is a crucial part of the support. The logo indicates digital-ready products and services and reliable information about switchover. So far, 20 manufacturers and more than 200 retailers, representing more than 2,300 retail outlets, and a number of aerial installers, as well as Top Up TV, have signed up to the use of that logo. We are making progress. Information leaflets are readily available at all major stores, including Dixons and Comet. We are also working with charities on plans to ensure that everyone, including those who are hard to reach, get the right information and support. We are working with shadow SwitchCo, the switchover organisation that is being set up by broadcasters and the supply chain to ensure that communication and marketing plans reflect the needs of consumers. We understand that it plans a proactive information campaign at both the national and the regional level. There is surely no clearer message to focus people's minds than the Government's announcement that confirms the timetable of that switchover.

As I mentioned, the Government will confirm the timetable once all remaining issues are resolved and we are satisfied that the interests of consumers—especially, I repeat, the most vulnerable consumers—are protected. One of those interests is the precise coverage requirements. That comprises the number of transmitters to be converted, modes and power combinations. On 9 February, Ofcom published a consultation paper setting out options on how best to deliver substantially the same coverage with digital terrestrial as with analogue transmission. That includes details of the benefits of particular options for availability and trade-offs that would be needed. It has invited responses by 21 March.

Ofcom also published a technical briefing paper on 9 February setting out the proposed regional order for switchover by 2012 as part of its wider spectrum management responsibilities. The order in which the regions will be switched off is based on technical criteria that have been agreed between broadcasters, multiplex operators and Ofcom. The specific dates of the process remain, of course, a matter for Government. The switchover process involves a number of different parties with different interests. For switchover to be successful, there needs to be in place an organisation to manage the process and see it through, hopefully, to a successful completion.

Both the BBC's and Ofcom's reports into switchover supported the idea of a SwitchCo organisation to take forward the switchover project. SwitchCo has been set up as the primary body charged with ensuring the successful achievement of switchover in the United Kingdom. It will need to build constructive relationships with the industry to educate consumers on the benefits of switchover, and allow regions plenty of time to prepare. The structure of the new organisation is being developed and will involve public service broadcasters, multiplex operators and representatives from the supply chain.

Mr. Webb: I am very grateful to the Minister for giving way as I know that he has only a couple more minutes. However, could he clarify the specific point about people who cannot currently receive digital terrestrial? Will they be expected to buy digital equipment in the hope that on the day that the plug is pulled, it will all be fine? What will happen if it is not?

Mr. Caborn: They are issues that have to be worked through. I want to answer some of the specific questions that have been asked if I have time, but I should like to conclude.

The Government are committed to switchover: the question is not "whether" but "when". Switchover is in the UK's interests, and everybody agrees with that. The Conservative Opposition can smirk about that, and giggle and laugh, but we are genuinely trying to manage the system responsibly. We are at the leading edge of technology in this country and intend to stay there. In that position, some difficult questions have to be resolved, but we shall try to do that in the most common-sense and transparent way possible. Giggling from a sedentary position does not help.

The cost-benefit analysis published on 10 February showed the quantifiable benefits of switchover to be around £1.1 billion. Ofcom figures for digital television penetration were estimated to have reached 55 per cent. of UK households. Based on Freeview projections and Sky's figures, that is almost certain to top 60 per cent. of households. However, only 73 per cent. of UK households can access digital terrestrial television services. That figure cannot be increased before switchover, but the analogue switch-off should be seen as not a switch-off, but a switch-over.

I shall quickly respond to some of the specific questions that were asked. In the south-west, take-up is low because digital terrestrial coverage is limited. We need the switchover to happen before we can remedy that. Lack of Freeview is a major issue during the charter review, and will continue to be considered.

We accept that flats will be a challenge. We are working with the industry and the Chartered Institute of Housing on guidance for the housing sector, and I hope that we can resolve some of the questions that have been raised on the matter.

We are looking at the Ofcom plan for voluntary help, and we shall announce who will receive voluntary help and what help they will receive. On the spectrum valuation, that will be released only in 2012 when switchover is complete. Spectrum release can be used only for broadcasting. That may change but we have made cautious assumptions about future worth; we do not think that it is possible to fund switchover costs from the future proceeds.

On covenants, Astra has raised the matter and we have asked it to give us further evidence but we are still not convinced that there is a real problem in that area. On aerials, we have found that in the technical trials that have been done in Wales, the aerials stand up quite well. Switchover signals will be within the aerial groups and at a higher power. Some people will need to upgrade, but much fewer than some of the figures that have been quoted in the media. We believe that on NTL issues, switchover will create competition: all those who receive analogue will get digital at switchover. We hope that Freesat will emerge so that people will have a choice other than Sky as a free-to-view satellite option.

Mr. Deputy Speaker (Sir Nicholas Winterton): Order. I am afraid that we have run out of time.

Police (Greater Manchester)

3.30 pm

Mr. Graham Brady (Altrincham and Sale, West) (Con): I am grateful for the opportunity to raise a subject that is of great significance and concern to my constituents. I am delighted to see the Under-Secretary of State for the Home Department, the hon. Member for Slough (Fiona Mactaggart), in her place. I understand that the Minister for Crime Reduction, Policing and Community Safety, the hon. Member for Salford (Ms Blears), cannot take part as she is a Member for a Greater Manchester constituency.

It is one of the ironies for the Greater Manchester police that the preponderance of local MPs who have held ministerial office in the Home Department apparently does not help us in communicating the realities of the policing situation in Greater Manchester to the Government. Until recently, we had the right hon. Member for Stretford and Urmston (Beverley Hughes). We now have the hon. Member for Salford and the Under-Secretary of State for the Home Department, the hon. Member for Wythenshawe and Sale, East (Paul Goggins), and until recently the hon. Member for Leigh (Andy Burnham) was the Parliamentary Private Secretary to the Home Secretary. When the chips are down, Ministers appear determined to ignore the real problems that we face in Manchester.

I realise, of course, that Greater Manchester's problems are not unique. Yesterday, the chief constable of Nottinghamshire, Steve Green, was reportedly blaming the Home Office's culture of targets and form-filling for his force's inability to keep up with serious crime. He told the *Daily Mail* that he could not simply switch more police to murder investigations because if he cut the number of officers doing clerical work he would lose money from the Home Office's crime fighting fund.

Incidentally, I note from the Bassetlaw *Crusader*, a newspaper that I read every week, that Mr. Jonathan Shepherd, our excellent parliamentary candidate in Bassetlaw, has highlighted the 740 additional police officers that a Conservative Government would put in place in Nottinghamshire.

Closer to home, Peter Aaronson, one of my local superintendents, spoke last week about a "frightening" rise in the number of guns on the streets of south Manchester. After 16 shootings during the course of one month, he was quoted in the *Manchester Evening News* as saying,

"I've never seen anything like it".

Yesterday, in response to the chief constable of Nottinghamshire, the Minister for Crime Reduction, Policing and Community Safety said that the Government are committed to reducing red tape for the police. She stated:

"We have already increased the number of civilian workers and announced plans to create the equivalent of 12,000 more police officers".

I am sure that the Under-Secretary will offer similar statistics today.

My purpose today is to try to persuade Ministers to confront the yawning chasm that is opening up between their words and the daily experience of those who have

to make our police services work. Indeed, a few weeks ago the Greater Manchester police authority wrote to the Home Secretary saying:

"Put bluntly, we are facing reducing the number of operational police officers and making support staff redundant in the light of the unusual and unfortunate circumstances facing the Force and Authority."

The letter set out some of the major reasons for that difficulty.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Is it not the case that, as a result of the Government's—

Mr. Deputy Speaker (Sir Nicholas Winterton): Order. I am afraid that an Opposition Front-Bench spokesman is not allowed to intervene in an Adjournment debate. Such debates are a private matter between the Back-Bench Member and the Minister. I have to rule the hon. Gentleman out of order: he cannot intervene.

Mr. Brady: Thank you, Mr. Deputy Speaker. I am sorry that I cannot give way to my hon. Friend. I am sure that his intervention would have been excellent.

Mr. Deputy Speaker: The hon. Gentleman could have intervened from the Back Bench, but he cannot do so from the Front Bench.

Mr. Brady: That is extremely helpful to all hon. Members. *[Interruption.]*

Mr. Mitchell: Will my hon. Friend give way?

Mr. Brady: I am delighted to give way.

Mr. Mitchell: I am most grateful to my hon. Friend for giving way. Is not the burden of the point that he is making on behalf of his constituents that, intended or not, as a result of the Government's policies his force may have to reduce front-line policing? By contrast, following the election manifesto commitment to an increase of 40,000 police officers across the country over eight years, the Conservative party is committed to ensuring that that force has at least 2,200 more police.

Mr. Brady: My hon. Friend demonstrates huge versatility in making that absolutely core point. The experience of my constituents under the Labour Government is that front-line policing may be cut, whereas they know that it would be increased considerably across Greater Manchester under a Conservative Government. I am grateful to my hon. Friend for making that point so clearly.

As the police authority has pointed out, the major reasons for its funding shortfall are increases in the costs of employment, the fact that Greater Manchester is hit harder than most other forces by increased pension costs, increases in the costs that it has to bear for private finance initiative projects that now have to be funded by the force, and a variety of other exceptional factors. The police authority's concern was repeated by the chief constable, Mike Todd, who stated in the *Manchester Evening News* on 18 February:

"I am extremely disappointed about the likely outcome of the budget settlement. It is bad for GMP, bad for policing and bad for the people of Greater Manchester.

This will be the second year running that we have had a poor budget settlement, and it will not even be possible to continue what we have been doing this year.

We have worked extremely hard to improve the performance of GMP".

He concluded by stating:

"This will now be put in jeopardy."

That was the chief constable making the point in his own words.

The *Manchester Evening News* rightly picked up on the issue in its editorial and clearly made the point that the present Government's election pledges were being called into question by the local policing situation. As it happened, the editorial was adjacent to an article by Andrew Grimes with the excellent headline, "Is it time to put Tony out to grass?" I am sure that it made interesting reading, and it was an appropriate juxtaposition in the context of broken election pledges.

Mr. Todd warned that Greater Manchester police may have to make redundancies for the first time in their 30-year history. In response to comments from Home Office Ministers, he said that it would be naive to imagine that redundancies in support staff would not impact on front-line policing.

On 19 February, the *Manchester Evening News* reported that the Minister for Crime Reduction, Policing and Community Safety had said that she expected Mr. Todd to get on with the job and put more bobbies on the beat. That is all very well. We would be delighted to have the chief constable get on with the job, and we all want more bobbies on the beat, and I am sure that the chief constable wants that as well, but he cannot do those things, given the resources and the situation that he is faced with as a result of Government policies and what the Home Office is doing.

My constituents, who worry about crime and particularly the frightening levels of violent crime and gun use, are faced with a war of words between the chief constable and the Minister with responsibility for policing. The Minister says that everything is fine. The chief constable says that the force faces cuts in front-line policing. I mean no offence when I say that I am more inclined to believe the man who is charged with delivering policing in Greater Manchester, and I think that the people of Greater Manchester know who to believe as well.

The evidence is already mounting. Greater Manchester police recruitment, which was previously 100 officers a month, was cut to 30 officers a month, and there is a complete freeze on recruitment this month. The cuts in the Centrex training budget have forced Greater Manchester police to take on more of the cost of training their own officers. I welcome community support officers as long as they are an additional resource and are not used to replace fully trained front-line police officers, but the community support officers already in place are now being funded from the Greater Manchester police budget, not directly from the Home Office. The Home Office wants more community support officers, but long-term funding will come from existing budgets, which will put yet more pressure on the budget for fully trained police officers.

Far from reducing the red tape, the new stop-and-search requirements and the changes to the national recording of crime are increasing the burden of form-

[Mr. Brady]

filling and bureaucracy. Even with cuts in recruitment, a £500,000 cut in street crime overtime and the withdrawal of funding for local crime-fighting initiatives, GMP still face a significant shortfall. That comes at a time when there are unparalleled challenges in dealing with violent crime and when Greater Manchester police have a regional and national role in fighting terrorism.

The Minister knows that the Opposition understand the importance of policing. That is why the Conservative party has pledged to recruit 40,000 more police officers, more than 2,200 of whom would be in Greater Manchester. That has been taken up by my Conservative colleagues who, after a resounding victory in June—on which I know the Minister will want to congratulate them—are running Trafford metropolitan borough council. The council will hold its own debate on the crisis of police resources in Greater Manchester and I am sure that, as a result, it will want to press Ministers to resolve matters in a way that avoids cuts in front-line policing in Greater Manchester. My colleagues, Councillor Alex Williams and Councillor Stephen Ogden, are playing a significant role in that, as is Mr. Damian Hinds, who is the prospective parliamentary candidate for Stretford and Urmston.

The Minister, in her reply, must accept that it is not good enough just to tell my constituents and Greater Manchester police that they have never had it so good. We constantly hear statistics, whether on funding or the number of officers, and receive endless good-news press releases from the Home Office, but the reality that is being experienced on the ground—the reality that we heard about yesterday from the chief constable in Nottinghamshire and that has been expressed by my chief constable in Greater Manchester—is very different.

I hope that when the Minister replies she will accept that there is a real problem that could lead to cuts in front-line policing. Most importantly, I hope that she will set out, in clear, measurable terms, how the Home Office proposes to reduce the burdens of cost and bureaucracy and to ensure that Greater Manchester police continue to have the resources that they need to protect my constituents. We do not want to hear that everything is fine because we know that it is not. What we want to hear from her is some real reassurance that cuts in front-line policing in Greater Manchester can be stopped and that the security and safety of my constituents can be guaranteed.

3.43 pm

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): I congratulate the hon. Member for Altrincham and Sale, West (Mr. Brady) on securing the debate on police resources in Manchester. I know that police resources have been the subject of much local debate over the past month. This is a useful opportunity to set the record straight and show the extent of Government support for, and investment in, local policing. The Government are committed to providing the resources that the police need to do their work effectively and to fulfil their commitments.

Since 2000–01, expenditure on policing supported by Government grants across England and Wales has increased by 39 per cent. or £3 billion. That is not the picture that the hon. Gentleman was painting. Crime has fallen by 30 per cent. since 1997, using the British crime survey figures, which are universally accepted as the most accurate. Overall levels of crime fell by 11 per cent. in the year to September 2004. The risk of becoming a victim of crime is at its lowest since the British crime survey records began.

Mr. Andrew Mitchell: The hon. Lady said that the British crime survey is the most authoritatively accepted measure of crime. Will she accept that that simply is not the case? The survey does not include many aspects of violent crime; nor does it include murders or the fastest growing areas of crime, including juvenile crime. Surely she should look at recorded crime. Does she not agree with the leader of her party, who, when in opposition, made it clear that he was interested not in the crime survey but in actual recorded crimes?

Fiona Mactaggart: Of course we should look at recorded crime, and although we cannot get a long-term series of figures because of the changes in recorded crime, one of the things that those figures do is show where we need to make our effort in dealing with crime; one of those areas is violent crime, which is why we are focusing on it. The common experience of crime is most accurately shown by the British crime survey, which surveys victims of crime. If we are to put the victim at the heart of our criminal justice system, which is what we should be doing, we should use figures that accurately capture the experience of the victim.

I am pleased that the Opposition did not seek to divide the House on the police funding settlement for 2005–06, because it was a good one. It was, indeed, better than predicted by many, including people in Greater Manchester. Within that settlement, Greater Manchester police got £412.5 million in general grants, which is an increase on the previous year of 4.9 per cent., or £19.3 million, including an extra £800,000 from the amending report, which makes for an overall increase of 5.1 per cent.

That is substantially higher than the 3.75 per cent. funding floor increase guaranteed for all police authorities, and it is above the police pay increase of 3 per cent. and non-pay inflation of about 2.6 per cent. In addition, there is over £32 million in specific grants for targeted funding and a further £10.9 million in capital provision. Of the £32 million in specific grants, more than half is from the crime fighting fund specifically to help to maintain record police officer numbers.

The situation is significantly better for Greater Manchester police than it was during the previous year when their grant was a broadly standard rate increase in common with other police authorities. Some claim that 5.1 per cent. is insufficient, but I am confident that it is a favourable outcome for Greater Manchester police.

The budget set by the police authority of £493.9 million for 2005–06 is an increase of £25 million or 5.3 per cent. We have provided the necessary resources to enable police authorities to produce an increase in activity to sustain the increased police

numbers that we have advanced, and to deliver the improvements in policing. We have also asked the police service to make efficient use of its resources by making value-for-money improvements of over £1 billion—about 3 per cent. per year starting in 2005–06.

The police service has a good record of achieving efficiency gains in recent years, and collaborative procurement is one of the key themes of the tripartite police efficiency strategy. I congratulate Greater Manchester police on saving over £600,000 from regional collaboration on the purchase of body armour. It is through such initiatives that further resources can be released for front-line policing efforts. Releasing officers to the front line is an important element in the police efficiency strategy, and GMP have carried out a best value review which will help to identify opportunities for such redeployment in the force.

Mr. Brady: I am grateful to the Minister for giving way, and for acknowledging the excellent work that has already been done by Greater Manchester police in achieving the efficiency savings that have been asked of them; they are doing far more to that end. She is now talking about the importance of getting more police officers out on the beat and out of administrative support functions. Surely she has heard what the chief constable said: he has to do the reverse. Because he may have to make support staff redundant, police officers will be going off the beat, back into the offices, not fighting crime where they are meant to be. Has she not heard that point?

Fiona Mactaggart: I do not predict that that will happen. If we consider the number of police who are available to the chief constable, we see that GMP have sustained that number through the use of the crime fighting fund. Indeed, that was an important part of our strategy to ensure that there will be police on the street.

I can see that the hon. Gentleman is asking who should be trusted. It is a sensible question, because he has referred to his party's commitment to put 2,200 more police on the streets. I cannot yet square that with its commitment to make cuts, as that commitment would cost around £90 million a year. However, let us leave that aside and not poke holes in the Conservatives' fantasy figures; instead, let us consider the record.

Let us consider the Conservative party manifesto in 1992. It said:

"We are continuing to increase police numbers. There will be 1,000 extra police officers this year."

I looked at the figures for police officers in that year: there were 7,061. I looked at the figures for 1993: there were 7,060. The 1,000 extra police officers that were promised turned into one fewer.

Let us take a more recent figure, as the hon. Gentleman seemed to want to do when I referred to the 1992 manifesto. Let us consider the words of his former Prime Minister, John Major, on 13 October 1995:

"So, Chief Constables, begin to plan".

This was his offer to chief constables, such as the chief constable of Greater Manchester. He continued:

"Because in the overall arithmetic of this year's public expenditure settlement we have found the resources over the next three years to put, not 500 but an extra 5,000 police officers on the beat."

Again, I looked at the figures. John Major did not stay in power for the following three years, but nevertheless the Budgets set then were operated by the Labour party—to our cost, frankly—in government. In 1995, there were 7,037 police officers; in 1996, 6,938. Did the number go up the following year, which, as I am using the March figures, was also fully under a Conservative Government? We should remember that we were promised an extra 5,000 officers over three years. In 1997, the figure was 6,922. The following year, under the Labour Government, the numbers began to creep up, and there were 6,949 officers.

Who is to be trusted? The hon. Gentleman's party has a consistent—

Mr. Brady: Will the Minister give way?

Fiona Mactaggart: I will when I have finished this sentence. The hon. Gentleman's party has a consistent record of making promises and not only not achieving them but doing the precise opposite.

Mr. Brady: I am sure that my constituents and others will be fascinated at the Minister's trip down memory lane, whether it is accurate or not. They will also recall that following 1997 police numbers have not risen inexorably, although recently there has been an increase.

Surely the crucial point is what is happening now and the mismatch between what Ministers say, what they promise and what happens in services for all our constituents. We are clearly seeing a stark difference between what the chief constable finds in operational terms and what Ministers say he should find. My question was about whether people should trust Home Office Ministers today or the chief constable who actually has to do the job. I hope that the Minister is not suggesting that Mike Todd cannot be trusted when he says that he may have to make cuts.

Fiona Mactaggart: No, I did not say that and I do not believe that Mike Todd will have to make cuts, although I do believe that there will be a challenge—that is the point, is it not? We have discovered that one reason why, in the early years of a Labour Government, our commitments did not immediately translate into front-line police numbers was that we did not establish a clear mechanism to guarantee that the extra investment would turn into extra officers.

That is precisely why we made the crime fighting fund work as it does and why it gives the power to ensure that the resources translate directly into officers. The crime fighting fund pays for 643 recruits and is making a real difference in Greater Manchester, which has also enjoyed an increase in police support staff of 662 since March 1997. Even though there has been a 39 per cent. increase in police budgets since the election, there will be challenges for front-line police officers. However, we have sought to give them the tools to meet the challenges effectively.

The hon. Gentleman referred to the important example of gun crime and bureaucracy. The biggest increase in gun crime is with replica guns, a significant problem that must be tackled. We have given the police an unbureaucratic and effective tool for dealing with

[Fiona Mactaggart]

gun crime, by including in the Anti-social Behaviour Act 2003 an arrestable offence of carrying an imitation firearm in public without a reasonable excuse. In addition, we have introduced a minimum five-year sentence for possession of an illegal firearm. Both measures have given the police effective tools to help them to deal with gun crime.

The hon. Gentleman rightly pointed out that the most powerful way we have helped the police force to deal with red tape is through video identity parades. If one talks to police officers, they will all say that they spend hugely less time nowadays managing identification parades, because of the video identification parade electronic recording scheme, known as VIPER.

The hon. Gentleman referred to stop and search, and yes, some additional bureaucracy is involved in counting the incidence of that. That is because if stop and search is to be an effective policing tool, it must enjoy the confidence of all our communities. We have asked police officers to record stop and search in order to make it the effective policing tool that it is when it does enjoy that confidence.

I was in Reading today, visiting someone in whose shop a crime had been committed, and talking about his experience as a witness and how the police responded to him. As I was there, I walked past two police officers patrolling that side street in Reading. Knowing the area well, I must confess that I was struck by that example, because five years ago those officers would not have been there. We have more police on our streets than at any time. Of course there are challenges to the management of the police, but we have more than 8,000 police officers in Manchester, backed up by additional community support officers.

The extra resources that we have given to Manchester are not, and never will be, enough for the individual officer to say that he can deliver the perfect police force. However, that officer has had a substantial increase in resources, which, along with the resourcefulness that he and his team can show, will enable him to continue to ensure that there are more police officers on the streets of Manchester and that they continue to increase the effectiveness with which they police the community that they serve.

Medway Queen

4 pm

Jonathan Shaw (Chatham and Aylesford) (Lab): In every constituency there are many examples of great people and great buildings. In my town great people have built great ships, including; in 1765, Nelson's flagship, HMS Victory. It follows that we in Medway are passionate about our maritime history, and that is what this debate is about—our maritime history. It is about a unique ship that took working people on excursions and holidays, saved 7,000 men from the Nazis, and would now be lost to the nation if it were not for another great set of people, the Medway Queen Preservation Society. Our ambition is to see the Medway Queen restored, so that she can once again sail the River Medway in all her glory.

I know that my right hon. Friend the Minister and his Department value our ships. Following consultations, our noble Friend Lord McIntosh recently announced the intention to set up a national historic ships unit that will advise the Government on policies and priorities and co-ordinate with those directly engaged in the preservation of ships to promote public interest in our maritime history—laudable aims that we all support.

One important response to the consultation was the desire for the unit to engage fully with small craft and not to become preoccupied with the preservation of large ships. I hope that my right hon. Friend will be able to comment on that issue, or write to me if he is unable to comment today. I expect that he will tell the Chamber that there are thousands of ships and many worthy causes, and that there will simply never be sufficient funds to restore all of them. He will rightly say that there must be a better way of co-ordinating policy, so that grant-giving bodies such as the Heritage Lottery Fund are better informed when considering applications. That is right, but part of the thinking behind policy must be about the uniqueness and history of the craft, and, as the Government have rightly said, the consideration of the public interest.

I am fully aware that my right hon. Friend does not have a cheque book in his pocket today, and nor will he have one tomorrow. Making grants is the job of independent bodies, but they will be informed by Government policy, and in securing this debate that is what I seek to influence.

The Medway Queen is a paddle-steamer. She was built in 1924, in Troon on the banks of the Clyde, for the New Medway Steam Packet Co. as part of its Queen Line fleet. She was a fine vessel and a model example of Scotland's shipbuilding at its best. I say that because we in Chatham know a thing or two about shipbuilding. Her passenger load was 800 with a top speed of 15 knots. Today, she is the only surviving paddler of her type. The Medway Queen has survived, and that is remarkable given the number of attempts there have been to blow her up, scrap her or sink her. However, despite her remarkable record of survival, given her current state she cannot survive for much longer without financial support.

The Medway Queen was one of many pleasure steamers operating at the time. The ship's regular route was from Medway to Southend. From Chatham she called at Sheerness and Herne bay before reaching her

destination on the Essex coast. She also sailed up and down the Thames, to Clacton. That was her life for 15 years from the day on which she was commissioned, apart from occasional repair at the Acorn shipyard, where the finest and most skilled boilermakers in the land attended to her needs.

After war broke out in 1939, the Medway Queen carried children who were being evacuated from Kent to East Anglia. She joined the Royal Navy as a minesweeper, serving for the duration of the war in the 10th minesweeping flotilla in the English channel. By then she was HMS Medway Queen. In 1940, like many small ships, Medway Queen took part in the evacuation of our troops from Dunkirk. She distinguished herself by rescuing 7,000 men. On her seventh trip across the channel, she was badly damaged and reported lost. However, as has become her hallmark, she survived. During those seven trips she gained four awards for gallantry, having shot down three enemy aircraft. She became known as the heroine of Dunkirk—a paddle-steamer shot down enemy aircraft; a paddle-steamer saved 7,000 men.

After the war, the Medway Queen returned to her commercial service on the River Medway. In the 1960s our access to cars and changes in holidays meant that paddle-steamers were becoming redundant. Many were broken up, and the Medway Queen was sold for scrap. There was a public outcry and, once again, she survived. She became a maritime clubhouse on the Isle of Wight. However, by the 1980s the Medway Queen was unused and deserted and once again the breaker's yard beckoned. Yet in 1984 a group from Kent brought her back to Chatham dockyard, intending to restore her. Sadly this group was unable to carry through its intention and she sank, lying abandoned in the River Medway—a seemingly tragic end to a wonderful ship that had once graced the same river but was now filled with tonnes of mud. In 1985, the Medway Queen Preservation Society was formed and became the owner of the ship. It spent the next two years removing the mud and patching the hull so that she might be refloated. A full and professional maritime survey was carried out and the results were promising. She was refloated and moved to her present site at Damhead Creek in the estuary of the River Medway. That is the potted history of this unique craft.

It is 20 years since the preservation society started its huge project. The setbacks along the way have included the ship sinking, the destruction of the visitor centre, including irreplaceable archive material, by vandals just last year, and two rejections from the lottery, the last one being particularly painful. Despite all that, the preservation society has continued because of the huge public support for the project. Everybody in Medway knows somebody who has a story about the Medway Queen. She is held in great affection.

It is important for me to pay tribute to the members of the GMB union. With their help, a new funnel was built in 2002 by young apprentices from the Appledore shipyard in Devon. The lads used parts of the original funnel and riveted them to the new one. Most recently, the unveiling of the new paddle took place with the help of south-east Co-op. Those are just two examples of public interest being aroused, and young people being involved in maritime skills, thanks to the Medway Queen.

As I said earlier, last year's lottery rejection was painful. The society was bidding for £6 million from the Heritage Lottery Fund in order that the hull could be restored to its original riveted specification. A cheaper option of plating the hull was advised against, so the MQPS produced a professional business plan that cost tens of thousands of pounds. It did that because that was what the HLF appeared to be recommending.

I know that there is not enough money for every project. However, when people give their time and effort, not to mention raising funds—which is hard work, as we all know—they should be given clear guidance from the lottery as to what is expected. If necessary, they should also be given help. Otherwise, the criticism of the lottery that it is accessible only to well connected and professional types will continue.

It appears that all is not lost, continuing the theme of the Medway Queen's survival. Shortly after the rejection, Mr. Stephen Johnson, a director from the lottery, said on a local radio station that the lottery was keen to assist the Medway Queen. There have been meetings, a grant has been applied for and the society will work up a cheaper option for the hull, namely a plated one. That was referred to earlier but was rejected. The society has not been discouraged, has made the application and is waiting to hear. The application is for a project management scheme to provide the detail on whether plating the hull can be achieved; it will still cost in the region of £2 million.

The society has been told by the south-east Heritage Lottery Fund that it will be given every assistance in applying for the grant. I hope that that is the case, because the Medway Queen's restoration will be a project for all people. Older hands from the skilled group of retired craftsmen who attend to the ship every Thursday will be able to show younger hands skills that we need to preserve, not just for this ship but many others in our nation.

I conclude with an extract from J.B. Priestley's "Excursion to Hell":

"But now—look—this little steamer, like all her brave and battered sisters, is immortal. She'll go sailing down the years in the epic of Dunkirk. And yet our great-grandchildren, when they learn how we began this war by snatching glory out of defeat, may also learn how the little holiday steamers made an excursion to hell and came back glorious."

The Heritage Lottery Fund said that the Medway Queen was not of sufficient historical importance to warrant a grant last time. Well, the ship helped to shape the nation's history. At Dunkirk, 7,000 souls were saved, so let us save the Medway Queen.

4.12 pm

The Minister for Sport and Tourism (Mr. Richard Caborn): I congratulate my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw) on securing this important debate. After hearing his contribution, if I had the cheque book in my pocket, I would sign one for him straight away. He spoke passionately about a subject that I know is close to his heart, and it is important that the Chamber hears such messages coming from a constituency. I hope that the advice that is given can be heeded, not just in Government but in other quarters.

As my hon. Friend said, the Medway Queen had a particularly distinguished record in evacuating British troops from the beaches of Dunkirk in 1940. It is

BEST COPY AVAILBLE

[Mr. Richard Caborn]

appropriate that we are recalling that now in 2005, when we are celebrating the 60th anniversary of the end of the second world war. The Medway Queen saved some 7,000 men not only from the beaches but from the sea, thanks to the courage and tenacity of her crew. I know that some of the men saved still remember vividly, and often recall, how they were rescued.

After the war the Medway Queen settled into the less adventurous but important role of a pleasure steamer. Sadly, the great ship had the indignity of hitting an underwater obstruction and sinking in the River Medina in the early 1970s. She was tied up at Chatham where her decline and neglect have been sad to witness. I pay tribute to the Medway Queen Preservation Society, which my hon. Friend has congratulated, which was formed to save the ship and secure her future. The society's devotion and commitment and that of the ship's owner, the New Medway Steam Packet Company, bring the story of the proud ship right up to date. Thanks to the work of volunteers, the Medway Queen is now at least afloat in a safe berth in Damhead Creek at Kingsnorth in Kent.

I appreciate that the owners and the preservation society face a huge task in restoring the ship to full working order; there is no doubt about that. I confirm to my hon. Friend that the Government do not provide direct funding support for the acquisition, movement or conservation of historic ships, other than by providing grant-in-aid to museums that we sponsor which have vessels of historic significance in their collections.

However, we are committed to delivering a national policy on ship preservation which preserves the best of our maritime heritage. In February, we announced the creation of a national historic ships unit. That unit will, for the first time, formally advise the Secretary of State and the Heritage Lottery Fund on historic ships, their funding needs and their investment priorities. We expect the unit to be up and running by April 2006. Capital funding for historic ships projects will continue to be dealt with by the HLF and other public or private grant-giving bodies.

In July 2004, as my hon. Friend recalled, the HLF considered a major grant application from the New Medway Steam Packet Co. for £6.7 million towards full restoration of the paddle-steamer. The HLF's trustees recognised the heritage importance of the Medway Queen and the role that she played in British history during the Dunkirk evacuations. They also praised the enthusiasm and commitment of the company and its members. However, the trustees felt that the high cost of restoring the ship, and the level of rebuilding necessary, would not represent value for money in terms of heritage and the long-term viability of the ship. The HLF also felt that a couple of their key criteria for awarding grants—sufficient public access and opportunities for learning—had not been demonstrated.

In August 2004, Heritage Lottery Fund staff met representatives of the New Medway Steam Packet Co. to explore whether there might be scope for a more modest project, funded by the HLF, that would play a part in securing the ship's long-term survival. As a result of their discussions, the company has identified an alternative approach, which could provide a renewed hull and, potentially, a new weather deck. Completion of that work could secure the ship in the medium term and provide the company with a platform for further fundraising to complete the full restoration over time.

Heritage Lottery Fund staff have continued to provide advice on developing the project, resulting in a recent application to the fund for a project planning grant of £31,500 to enable the New Medway Steam Packet Co. to complete detailed survey work, a conservation and management plan for the ship and other technical approvals needed to underpin the restoration of the ship. The HLF received the application on 21 February and, subject to a full assessment of the proposals, a decision should be made in three months. As my hon. Friend recognised, some progress is being made and the way forward is now clearly identified.

The Heritage Lottery Fund will remain the principal source of funding for historic ships. Its trustees make decisions independently of the Government; it is not open to Ministers to intervene or seek in any way to influence its decisions. The HLF has a role to play and it is engaging in that role enthusiastically, giving advice to the New Medway Steam Packet Co. The company's relationship with the HLF does not guarantee funding, because there are always so many competing bids for the available funds. However, we hope that the new national historic ships unit will provide an authoritative source of advice for the HLF and for those engaged in the preservation of our maritime heritage. My hon. Friend clearly outlined how that has impacted on our nation over the years.

I congratulate my hon. Friend again on his support and commitment to this project. He represents an historic constituency that is famous throughout the world for its history and record of shipbuilding. In this 60th anniversary year of the ending of the second world war, I am grateful to him for giving us the opportunity to discuss the future of one of the ships that played such a distinguished and magnificent role in that war.

Question put and agreed to.

Adjourned accordingly at nineteen minutes past Four o'clock.

Westminster Hall

Wednesday 16 March 2005

[MR. FRANK COOK *in the Chair*]

Water Charging (Northern Ireland)

Motion made, and Question proposed, That the sitting be now adjourned.—*[James Purnell.]*

9.30 am

Mr. Deputy Speaker: I warn hon. Members that I feel it appropriate that we should apply the new ruling of Mr. Speaker on debates that centre on an area or region that Opposition winding-up speeches be limited to five minutes each. Those speeches will therefore commence 20 minutes before the conclusion of the debate at the latest.

Mr. Peter Robinson (Belfast, East) (DUP): I am grateful for the opportunity to raise the expected impact of water charging in Northern Ireland. In the absence of devolved government, there is unquestionably a democratic deficit, and people feel it most acutely on issues such as this. Few issues in recent years have generated more interest and concern among the people of Northern Ireland than the proposal to introduce water charging. The public reaction, as reflected at public meetings, in the press and in the attitude of people throughout the community, has been universally critical—albeit to varying degrees—of the Government's approach and the way in which they intend to move forward. No one will be more aware of that than the Minister. As I shall show later, I have some sympathy for him in one respect, in that he picked up a ball that was left for him by the pro-agreement parties in the Executive. However, he did run with it with great enthusiasm.

For all sides in the debate, it is important that the subject is debated openly and honestly. I fear that the Government are in too much of a hurry, and many will accuse Northern Ireland Office Ministers of allowing themselves to be bullied by the Chancellor of the Exchequer and, as a result, of not approaching the consultation process with as open a mind as they should have done. Tangentially may I say, Mr. Cook, that the Minister, as he presses ahead with his wider water reform agenda, should perhaps learn the lesson of that? I strongly advise him not to rush ahead with the project. The issue is not remotely close to having been sufficiently ventilated in public. The debate should continue and further debate and discussion will bring about a better outcome.

It is important that water charging is placed in its proper context: the under-investment in infrastructure over the past 30 years and the approach taken by the last Executive. My party has sought over many years to warn people of the consequences of the course that the Government have followed and to educate people in the evolving debate. We have published policy papers and proposals. In "Water Charging: Exposing the Government's tax-raising agenda—An alternative way forward" and our "Triple Tax Threat" policy document, we set out our position on those matters. We have dealt with the issue responsibly and constructively. The Government, however, seem intent on proceeding with their plans regardless of the views of the people of Northern Ireland. A return to devolution will not necessarily result in any easy answers or solutions, but at least we would have an opportunity to make our own decisions and take responsibility for the choices that we make. At the moment, Mr. Cook, the debate—

Mr. Deputy Speaker: Order. I hesitate to stop the flow of the hon. Gentleman's speech. However, I would be remiss in my duty if I did not remind hon. Members that in establishing this parallel Chamber, the House consciously took the decision—in its wisdom or otherwise—that when the Chair in Westminster Hall was occupied by one of the four senior members of the Speaker's Panel, they should be addressed as Deputy Speaker.

Mr. Robinson: Thank you, Mr. Deputy Speaker.

I was saying that the debate is characterised on one hand by a Government who are free to propose as they please, without fear of any electoral consequences, and on the other by local parties that can oppose as they please without the fear of having to take any responsibility. That is not a healthy situation in a democracy, and nor is it likely to lead to the best debate or the best decisions.

I have no doubt that the best way to deal with the situation is an early return to devolution to allow locally elected politicians to sort it out. Some have suggested that parties in Northern Ireland are happy to see direct-rule Ministers taking such difficult decisions so that if and when devolution returns, we can claim that our hands are clean. Let me make it clear, at least on behalf of my party, that that is not the case.

If I were in government today, I would take the same approach that I advocated publicly and privately when I dealt with the issue as a Minister in the Department for Regional Development. I say that because it is interesting to see how some parties are now taking a rather different approach from the one that they took during devolution. Revisionism has been taken to a new level and transformed into an art form by some of them, but I shall come back to that point.

Whatever the nature of the debate about water charging, there can be no doubt—nor, I suggest, any argument—about the need for significant investment in water services. Investment is vital for both the provision of water and the treatment of waste water. When I became a Minister, I was appalled by the state of the infrastructure, which was a consequence of it having been starved of funds for decades. Without the necessary investment, serious health issues will arise and environmental damage will inevitably be caused.

Investment is required to meet European directives and prevent massive fines for the UK, although I rather suspect that the Treasury would remove such money from the Northern Ireland block. Northern Ireland Ministers would probably then reduce DRD spending, so the cycle would continue. We also require investment for the developments that must proceed. We have already heard discussion in the Department for Environment, Food and Rural Affairs about curbs on development as a result of the waste water problems in the Province. The consequences of that would be

[Mr. Robinson]

massive for jobs in the construction industry, so the matter must be tackled with a view to the massive investment needed.

We should also remember the circumstances that brought about the infrastructure deficit in Northern Ireland. There were 30 years of terrorism—you need not concern yourself, Mr. Deputy Speaker, because I am not going down that road. However, it needs to be said that much-needed resources were directed to the fight against terrorism and away from vital infrastructure. Given the responsibility of direct-rule Administrations over that period, it is unreasonable to ask the people of Northern Ireland to make up the shortfall.

A significant element of any water charge will go towards upgrading infrastructure, which is required because of the lack of investment in the past. People in Northern Ireland undoubtedly feel aggrieved at having to pay to put right a situation that others allowed to deteriorate. People especially resent having to pay twice for their water. People in Northern Ireland will recall that in the decade before 1999, water services were funded from the regional rate through an hypothecated charge. The pro-agreement parties in the Executive bear a significant responsibility for the position in which we now find ourselves. The Minister will be aware that the break in the linkage was contrary to the advice given by the Department when I was in charge of it—indeed, when I was performing his role in July 2000.

David Burnside (South Antrim) (UUP): Is there any problem facing Northern Ireland that is not linked to the failure of the Belfast agreement?

Mr. Robinson: Save the weather, probably not. I will look closely to see whether there are any other issues. The agreement had a massive impact on the way in which the Government operated. That was why we made critical changes to structures, especially regarding accountability.

Mr. David Trimble (Upper Bann) (UUP): Not one word was changed.

Mr. Robinson: The right hon. Member for Upper Bann (Mr. Trimble) is talking about the Belfast agreement. We were in the business of burying it, not changing it. He wants it to continue in its original form. However, I shall not be dragged in that direction.

The Minister will be aware that in July 2000, my permanent secretary, Ronnie Spence, and I met the then Minister of Finance and Personnel, Mr. Mark Durkan. We argued that the linkage between water and the regional rate should be retained. The DFP Minister and pro-agreement members of the Executive did not take my advice, as a result of which there was no identifiable way to show that the householders of Northern Ireland were paying for their water, and of course the Chancellor pounced. If the link had been maintained, the Treasury could not have ambushed us.

The short-term implication of the Treasury's decision was to remove any clear justification for an above-average increase in the rates, and the longer-term consequence was to allow the Chancellor to step in and press for water charging in Northern Ireland that was additional to the regional rate. At the meeting with Mark Durkan, I argued strongly against breaking the link for those reasons. I advanced such an argument on numerous occasions thereafter while I was in office, including directly with the then First Minister on 10 June 2002. I also put my views on the public record. My position today is the position that I took privately and publicly and advocated while in office.

It is hardly surprising that people believe that they continue to pay for water through the regional rate, given that there was no reduction in the regional rate when the link was broken. That leads to the inescapable conclusion that, despite the visible link having been broken, people continue to pay for water services through their rates. Indeed, as there is no Barnett provision for water, the regional rate must bear the burden for water services.

When I was a Minister at the DRD, my view was straightforward, as my position on taxation has been throughout my political career. I have been in favour of the lowest possible taxes in exchange for quality services. I have followed such a policy at local government level and in the Northern Ireland Assembly. Indeed, my record at Castlereagh borough council and the DRD speaks for itself. I was opposed to the break between the regional rate and the funding of water services. When the Treasury demanded that Northern Ireland should have a separate water charge and become self-financing, I argued that that could be done by identifying, reflecting and separating the contributions towards water services that were already paid within the existing rates bill and reducing the remaining segment accordingly. Any increase would be required only to fund additional investment, which could be offset by the savings that officials told me were possible in the Water Service and the introduction of a developer's contribution.

It is interesting to see how some parties that took an opposing view at the time have repositioned themselves—resistance to higher taxation appears to be infectious for some when not in government, especially at election times. Only a few years ago, when wearing a different hat, someone who now voices opposition to higher taxation talked about

"necessary substantial increases in locally based revenue in the next few years".

That was a statement by Mark Durkan in 2001. Others pointed out that we would have no credibility with the Treasury

"unless we accept that we have to address the level of local revenue."

That is an Executive paper from the then First and Deputy First Ministers and the Minister of Finance and Personnel in 2002.

In a policy document on the subject, the Ulster Unionist party stated:

"It is widely recognised that Northern Ireland has the lowest household rates in the UK. Central Government is no longer prepared to sustain subvention at current 'Barnett' levels unless the Executive takes steps to address the rates imbalance with the rest of the United Kingdom. Water Charging is the largely accepted way of doing so."

It will not be a surprise to note that that policy document seems to have been removed from the Ulster Unionist party website, for one reason or another.

The Social Democratic and Labour party, whose members are going around the Province campaigning against water charges, took a very different approach when it was in office. The SDLP Minister of Finance and Personnel, Sean Farren, spelled out his position in April 2002 when he said:

"while it may be unpalatable, we may also have to accept that if we want better public services here we will have to pay more for them . . . This will mean looking hard at the rates and at the financing of our water and sewerage services."

There is some merit in putting on public record the advice that I offered the Executive on this matter in May 2002:

"I am open to better suggestions arising through the consultation process but it is hard not to recognise the advantage of Water Service costs being isolated as part of the Regional Rate bill with only the new infrastructure being charged additionally to the Ratepayer and then only if needed after savings have been made, from amongst other things, bureaucratic extravagance. This alternative offers a desirable outcome which (1) clearly identifies the source of income for water services; (2) provides for much needed additional funding for water infrastructure; (3) avoids having to unnecessarily burden the Ratepayer; and (4) enables hypothecation of revenues raised to fund Water Service".

In such circumstances, there would be no substantial increase in local taxes, and the existing arrangements would be appropriate for assessing water charges.

Some local parties have been disingenuous about their approach, but I do not believe that the Government have been entirely straightforward on the issue, either. In support of the introduction of water charges, they put forward a number of arguments that, on examination, cannot be defended. The first is that people in Northern Ireland do not pay for their water. From my remarks earlier, it is clear that this argument cannot be sustained. Given that, to all intents and purposes, no money is given to fund water services in Northern Ireland by the Treasury, the only way that it can be paid for is by people in Northern Ireland through regional rates. The Government may argue that insufficient money is then spent on other public services in Northern Ireland, but they cannot argue that people do not pay for water.

The second Government argument is that this measure is required by EU law. That contention does not withstand scrutiny if one looks at the relevant EU directive, the water framework directive of 2000, which states:

"Member States shall ensure by 2010 that water-pricing policies provide adequate incentives for users to use water resources efficiently, and thereby contribute to the environmental objectives of this Directive."

In the absence of compulsory metering, the Government's proposal does not provide adequate incentives to use water resources more efficiently. Indeed, if the water charge is based on the value of a person's home, there is no incentive whatever to use water efficiently, so it is clear that that cannot possibly be a real argument for bringing forward the type of charging suggested. I would ask the Government to reflect on the matter; the Republic of Ireland complies, or purports to deal, with the directive in a much more flexible way, as I think the Minister would agree.

The third argument that the Government put forward is that people in Northern Ireland do not pay enough in local taxes. In my opinion that contention entirely misses the point. The level of local taxes in Northern Ireland has no impact on the rest of the United Kingdom. Self-evidently, the higher the local taxes, the more local spending power is available. Different council tax levels and varying levels of service apply in neighbouring councils in Great Britain, so why should there be some over-riding reason for the Government to decide this matter for the people of Northern Ireland?

Rate-capping may have been a feature in the past in Great Britain, but the notion of a minimum level seems somewhat novel; in fact, it is absurd. Where else would central Government be asking politicians to increase local taxes and shun efficiency? I have consistently argued, both in office and since then, that savings and efficiencies are a much better way to free-up resources for vital spending than unnecessarily raising rates and taxes.

All the arguments advanced by the Government are fundamentally misconceived. The only argument for a separate water charge turns on the implications of the new system of resource accounting. That was highlighted in the letter from the Chief Secretary to the Treasury to the Secretary of State for Northern Ireland in July 2002. The implications of not signing up to self-financing water services are likely, due to technical rules, to be damaging to our spending power in Northern Ireland. However, that is not an argument for higher taxation overall; it is only an argument for dividing and administering the existing level of payments differently.

Unless the Northern Ireland Executive make a commitment to self-financing arrangements for water services, Northern Ireland will lose spending power, beginning with tens of millions of pounds each year and leading to hundreds of millions. I have always believed that it is important that the choices, and implications of those choices, should be put before the people of Northern Ireland. Indeed, as the Minister responsible I wrote as early as March 2002 to Sean Farren, the then Finance Minister, and stressed the importance of setting out the context and implications of the choice.

Mr. Trimble: I am glad to hear the hon. Gentleman refer to the impact of resource assessment budgeting. He is right to say that that is a significant factor. However, as I understand it, he is arguing that one digs out the hitherto hypothecated water element in the rates and brings it to a level that will provide self-sufficiency in water services. Does he accept that the implication of that is that the money hitherto raised through the regional rate that went into other services will no longer be available and he will find himself with less money for other services, or having to raise more money through the regional rate to fill the shortfall?

Mr. Robinson: No, I certainly do not. That is a bogus argument. The right hon. Gentleman clearly does not have an accounting degree. If the money is already paying for water and sewerage services in Northern Ireland, it is not paying for other services. Identifying that amount of money, which is already being used for that purpose, does not take it away from any other service; it simply identifies and administers the process differently.

Although the manner in which any water charge is applied is important for those who will have to pay it, the size of the overall burden is an even greater issue.

[Mr. Robinson]

These issues cannot be viewed in isolation from other changes in local taxation in Northern Ireland. Some in Northern Ireland are campaigning under the banner of "Can't pay, won't pay." My slogan and my argument are different: I say that we are paying and should not pay twice. We should reclassify existing local taxes, identify the water charge element, uncouple it from the regional rate and present it as a separate charge, and reduce the regional rate accordingly.

However, in the circumstance that the Government face us with, we can either keep our purity and opt out of discussing the new arrangements that they have suggested or we can take advantage of the legal practice of pleading in the alternative. Taking that position, I must conclude that defining the fairest method of payment to employ is not simple.

My colleagues and I have suggested that people should have a choice between basing the charge on the value of their home or opting for voluntary metering. Contrary to some newspaper letters that are being mysteriously orchestrated at the present time, we put forward that position before, even, the Northern Ireland Assembly elections and it is contained in our policy document. That position allows householders to choose what is best for them in the circumstances in which they find themselves.

The General Consumer Council for Northern Ireland has done a lot of good work assessing the impact of water charging and has produced statistics that have helped to inform this debate. To the Government argument that people in Northern Ireland pay less in local taxes than those in Great Britain, the GCC points out that householder expenditure already forms 12 per cent. more of gross household income than the UK average—without adding the expected higher rates and water charges.

Rev. Martin Smyth (Belfast, South) (UUP): The hon. Gentleman was talking a few moments ago about "Can't pay, won't pay." Does he distinguish between those who have been developing that campaign along the lines that they have done in the past and those who have been living in moderate housing that was bought when they were working in ordinary employment? The value of such houses has gone up tremendously. With the increase in rates and now their water rate such people would find it utterly impossible to pay.

Mr. Robinson: I am not being critical of those who campaign under the slogan "Can't pay, won't pay," I just believe that it is misconceived and that they are already paying. As for people in deprived backgrounds, the statistics produced by the GCC strongly support the argument that the hon. Gentleman advances. Indeed, an average water charge of £340 would increase weekly expenditure to £389.34, which means that it would equate to 86.9 per cent. of gross household income and would widen the gap with the rest of the United Kingdom.

Mr. Nigel Dodds (Belfast, North) (DUP): My hon. Friend raises an extremely important point. Is it not a fact that the Government have referred to the increased expenditure on businesses in Northern Ireland in terms of energy and insurance costs, and so on, but have not paid any attention to the higher costs for domestic ratepayers and householders? That is one of the issues that he rightly highlights.

Mr. Robinson: Yes, of course, I agree with that. It is somewhat unusual, is it not, for a Labour Government to be championing the cause of business against the individual consumer? Perhaps the fact that there are no Labour candidates in Northern Ireland has some impact on that position.

To return to the point I was making, essential weekly household expenditure would equate to 47.8 per cent., which would again widen the gap with the rest of the United Kingdom. The figures I have provided give a much more realistic sense of the impact of water charges than the bald comparisons of local tax levels. The GCC estimates that 169,926—or one in four—households in Northern Ireland are at risk of water-affordability and poverty problems. I hope that the Minister takes in that statistic and understands the hardship and anguish that it represents; one in four will suffer from water poverty.

Of even greater concern is the fact that 27 per cent. of households that are on housing benefit and receive rate rebate, which are currently protected from the cost of water in their rate bill, will have to pay water charges, albeit at a slightly reduced level. Whereas those people could escape the water charge while it was included in the regional rate, they cannot escape it under the Minister's proposals. Before the Government go much further with their current plan, it is critical that they think again about the impact of water charges on householders in Northern Ireland. To fail to do so would have serious consequences for Northern Ireland householders as well as for the workability of the proposals.

Before Christmas, while the other parties posed and moaned about water charging and the threat of increased taxation, my colleagues and I attempted to do something about it. During the talks process leading to the Government's paper on a comprehensive agreement, we sought to address the issue on the basis that I set out earlier. Although the Government were not flexible on some aspects of our proposal, we were working towards an outcome that would have led to the Treasury agreeing to allow Northern Ireland to continue accessing the reinvestment and reform initiative borrowing facility while pegging the regional rate for the phasing-in period of the water charge.

The deal, which was in the final stages of negotiation but not completed, would have saved householders hundreds of pounds over the next few years, and involved freezing the regional rate, reducing the district rate by applying Barnett consequentials, and leaving the new Executive to apply whatever level of a resource element they determined to reduce further the district rate. In addition, we sought to lengthen from three to five years the phasing in of water charging. That would have further reduced its impact. The matter was still under negotiation when Sinn Fein, unable to adapt to democratic politics, walked away from the table. That meant that the conditions in which the Government would have activated the proposal were not realised.

Along with the proposal to set up a £1 billion fund to tackle the ageing infrastructure, the Executive would have been well placed, after introducing efficiencies and

developer contributions, to produce a much more acceptable way forward. It might not have been ideal in every respect, but within the constraints set by the Treasury, it represented a significantly better deal than the one presently being served up. I urge the Minister and the Government to pick up on those elements of our discussions, and I hope that rather than foisting this unbearable burden on the people of Northern Ireland, they might revise their existing plans.

David Burnside *rose—*

Mr. Deputy Speaker: Order. With Mr. Speaker's regional rule in place, 37 minutes remain for Back-Bench contributions before the first of the two Opposition winding-up speeches. If a similar situation pertains after the next contribution, I shall review that rule and perhaps revert to the original.

10.3 am

David Burnside (South Antrim) (UUP): I look forward to taking part in this debate under your chairmanship, Mr. Deputy Speaker. I am sure that you and all hon. Members are looking forward to the Minister responding to some of the questions and points that will be raised in the debate, unlike his ministerial colleague, the Under-Secretary of State for Northern Ireland, the hon. Member for Brent, North (Mr. Gardiner), who appears to think that one does not have to answer questions raised in Adjournment debates.

As the hon. Member for Belfast, East (Mr. Robinson) has already pointed out, there is great concern about the Government's proposals for the reform of water and sewerage charges. Unfair is not a word that I usually use in politics, but the proposal is unfair for the general population of Northern Ireland. If I may, I will open my remarks not with the words of right-wing David Burnside, Unionist Orange bigot from South Antrim, but with those of the equality impact assessment that was commissioned by the General Consumer Council for Northern Ireland. It stated that a property-based charge based on capital value will have a negative impact on Protestants, Unionists, married couples, the elderly and their carers. It continued that Protestants are likely to bear a disproportionately greater burden of the domestic and sewerage bill than their representation in the wider Northern Ireland community would indicate. Unionists are also likely to bear a disproportionately greater burden of the domestic and sewerage bill than their representation in the wider Northern Ireland community would indicate. There will be a negative impact on the elderly and those with elderly dependants. Perhaps the Minister would comment on that.

No allowance has been made in the Government's proposals for the most vulnerable in our society. What about pensioners who survive on low incomes but remain in their family home? What about families in receipt of family tax credit? How will they afford to pay for water charges under the new proposals? The Government's proposed 25 per cent. discount for low-income households in Northern Ireland is inadequate to address affordability issues. Will the Minister acknowledge that it would cost £40 million per year to provide full protection for the most vulnerable households? Will he therefore give an undertaking to go back to the drawing board and to come back with a fairer, more affordable suggestion that will not put additional pressure on already vulnerable ratepayers?

We all realise that Northern Ireland's rates, with their different historical background, are considerably less than the equivalent in England, Scotland and Wales but, as the hon. Member for Belfast, East has already pointed out, the income and expenditure profile in Northern Ireland is entirely different. Our household expenditure forms 12 per cent. more of our gross household income than the UK average. If water charges were added, at an average of £340, equating to £6.54 per week, it would increase our weekly household expenditure to £389.34. That would mean that household expenditure equated to 86.9 per cent. of gross household income, widening the gap with the rest of the UK.

Moreover, ratepayers in Northern Ireland face an additional significant hike in their household bills over the next few years. The regional rate, currently at 55 per cent. of the rates bill, will increase by 9 per cent., 9 per cent. and 6 per cent. respectively over the next three years and district rates are also likely to increase with the impact of waste management costs on local councils. The Government must therefore take into account the question of affordability. It is widely recognised that there is growing customer debt. It is estimated that a quarter of county court judgments in England and Wales are for water companies pursuant to water arrears.

Water arrears are currently at £893 million in England and Wales. The cost of the debt burden adds an average £10 to water bills, a further penalty for those who pay. There is something badly wrong with the system. If that were transferred to Northern Ireland on a pro rata basis, it would equate to arrears of at least £29 million. That would have to be borne by higher bills for those customers who can afford to pay. Some 169,926 households—one in four—will be at risk of water poverty.

What is the Government's current estimate of the administrative cost of recovering bad debt through the courts? These are questions that the Government seem never to have answered before. It is expected that many consumers will contest or appeal their new valuation. The Water Service will become the unofficial appeals mechanism for rates, imposing additional burden and costs on it, which, again, will inevitably be passed on to consumers. Who will pay for the administrative burden and delay in collecting water charges?

The only time limit is from the EU directive, which stipulates 2010. Given the obvious implementation problems, why are the Government rushing these proposals through by 2006? No health impact assessment has been conducted, despite the obvious links between poverty, debt and poor health, including stress and mental health factors, which are clearly identified in the Government's own "Investing for Health" strategy. Why not?

There are alternatives. As the General Consumer Council for Northern Ireland eloquently said, they must be "fair, affordable and sustainable". The Treasury has refused to extend to Northern Ireland the so-called green dowry—I suppose that that is something given away on St. Patrick's day—that was given to water

[David Burnside]

companies in Great Britain prior to privatisation. The Treasury should pay to bring Northern Ireland's water and sewerage infrastructure up to the standard of its modern equivalents, instead of the burden of the cost being passed on to local ratepayers. It should fill the gap where the necessary infrastructure and capital investment was not made in the past. The cost of road drainage should not be embedded in a domestic water charge; road users should assume the cost. Further developers could pick up the costs of additional development and infrastructure, instead of existing consumers.

Metering is an open subject in this debate. What consideration have the Government given to it? It appears to have been all but ruled out before any assessment has been made about how it could affect local people. Further discussion is needed on the possibility of introducing a metering system with built-in protection of water allowances to protect those who cannot afford to pay.

I own a farm in north Antrim, and I wish briefly to address how farmers will be affected. We already have meters on our agricultural land, and farmers are going to lose their domestic allowance. I would like the Minister to comment on that increased cost to them.

The Minister of State, Northern Ireland Office (Mr. John Spellar): In order to assist me in my reply, may I ask the hon. Gentleman whether he is proposing voluntary or universal metering? Also, what basis does he want there to be for the charging under metering? Is he proposing marginal cost or average cost for differentiating between those who are metered and those who are not?

David Burnside: My personal view is that optional metering would be the fairest system. Provision could be made for metering to be possible in all new-build housing in Northern Ireland. However, allowances would have to apply, regardless of whether there is a metering system.

Mr. Spellar: May I press the hon. Gentleman? Should there be average costing, so that if someone uses 50 per cent. less water, they pay 50 per cent. less, or should the marginal cost of delivering the extra water be the measure?

David Burnside: The costing would have to be pro rata. There is no way of rating other than to have a pro rata system.

The water reform proposals currently under debate in the Province have not won either a consensus of political support, or support from consumer organisations or representative bodies. We are not time-limited. We need more debate, more information and more clarity, so that we can consider all the issues and try to come to an agreement as to the way forward. The matter was not agreed when the Executive were operational at Stormont; no progress was made then. I believe that it is sometimes right in politics not to rush ahead and make radical changes that will be regretted in years to come. We are limited by the EU directive to 2010. Let us have a longer and broader debate. There are options.

The Government's current proposals will not provide a secure financial basis for future funding without imposing additional increases on consumers, and subsequently increasing the numbers of those who cannot afford to pay. The water reform programme mistakenly places costs on consumers only. It ignores the "polluter pays" principle, as well as the Government's social responsibility to provide adequate protection to those who are vulnerable, as they have done in the recent rating review relief proposals. The Government must go back to the drawing board and look again fundamentally at their proposals.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP) *rose—*

Mr. Deputy Speaker: Order. Any Member seeking to contribute to the debate now should be well informed on what has gone before. If that is the case, I will call Jeffrey Donaldson.

10.14 am

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): I appreciate the opportunity to speak, and I am sorry that I was not here for the beginning of the debate but my flight from Belfast was delayed. I congratulate my hon. Friend the Member for Belfast, East (Mr. Robinson) on securing the debate on an issue that is very important to the Democratic Unionist party and, I know, to my constituents. As I have been going around in recent months talking to people, I have no doubt that there is widespread concern within the community about the introduction of water charges in Northern Ireland. We have debated the origins of that, but let me be absolutely clear in echoing what my hon. Friend said—that the DUP has consistently opposed the introduction of water charges in Northern Ireland. At no stage have we given our support to such a proposition, and we have very real concerns about the Government's proposals and the manner in which the Minister intends to implement the water charging system.

I was interested in what the hon. Member for South Antrim (David Burnside) said about the introduction of pro rata charging. When he was pressed by the Minister, he said that it would be based primarily on cost. I would point out to the hon. Gentleman that 80 per cent. of the cost is on infrastructure, and only 20 per cent. of the cost is on actual usage. We should be careful about going down that particular route, because we would end up with most of the water charge being a fixed-rate charge based on infrastructure and a very minimal percentage of the charge based on householders' actual usage.

As I talk to people about water charges, a number of concerns arise. I talk to pensioners living on their own, for example, who are very concerned about how they will be able to afford the additional levy. The Department has shown a degree of subterfuge in suggesting that it is time that Northern Ireland started paying for its water, like the rest of the United Kingdom. However, the reality is that we in the Province pay for our water through both the domestic and regional rate system. It is not correct to suggest that Northern Ireland does not pay for its water: we pay for actual usage by a distinct charge measured within the rates, and for the infrastructure through the regional rating system. Will there be a compensatory offset against the regional rate

for the element that we already contribute for our water system in the Province if the Government proceed with the water charge against the will of the people of Northern Ireland and the wishes of Northern Ireland's political parties?

I accept that there is a need to invest in the water distribution system; there is no doubt that, over the years, the system has been neglected. A figure that is often quoted is that some 40 per cent. of the water supply leaks out of the system. Something should be done about that, and there will be a cost for it. However, I and the DUP are far from convinced that the Government's proposals in the form of water charging are the best, most effective or efficient way of charging.

Returning to the issue of householders, I mentioned pensioners living on their own. They are concerned that they will have to pay a water charge that will be equivalent, for example, to that paid by a family of three or four people living next door. There is a degree of unfairness about the Government's approach to water charging. Unless there is some means of measuring usage, it is very difficult to assess what individuals and households will actually use, and what a fair distribution of the cost will be. That is why water charges are not the best means of addressing the problem, if the problem is the need to invest in infrastructure, because they create inequalities and people feel that they are being treated unfairly.

Huw Irranca-Davies (Ogmore) (Lab): The hon. Gentleman rightly puts forward his party's opposition to the charges. Is his party also engaged in the consultation that is currently taking place to try to learn from the experience of the UK, where we have seen increases in water charges and the whole question of affordability has arisen? Is he engaged in that consultation with the Department for Environment, Food and Rural Affairs, Ofwat, Water Voice and Water UK to try to deal with the question of affordability? There is a window of time in which Northern Ireland can learn from the experience of the UK, where water affordability has become a serious problem.

Mr. Donaldson: I thank the hon. Gentleman for his intervention. Unfortunately the Department in Northern Ireland is just pressing ahead; it is keen to impose the water charge on Northern Ireland as quickly as possible. There has been some consultation, but I do not believe that we have taken adequate time to learn from the experience of the rest of the UK. I believe that we could learn from that experience.

Recently, Mr. Deputy Speaker, I had the opportunity under your chairmanship to raise an issue about education in an Adjournment debate. I made the point then that we could learn from the experience of England and Wales in terms of our education system. I believe that we could also learn from the experience of England and Wales in terms of the imposition of water charges.

There is another good reason for delay. I believe that the issue is too important to be dealt with under direct rule, and that it should be put on hold until such time as the Assembly is reinstated. I hope that that will happen quickly, with a voluntary coalition comprising those democratic parties that are committed to peaceful means, and that that coalition can then address this issue, in a way that is more reflective of what people in Northern Ireland want and that is in the best interests of Northern Ireland. I urge the Minister to hold back rather than push the measure through and impose it on Northern Ireland against the wishes of the people. We should look at other examples, and at best practice, and we should examine situations where those measures have not worked and the costs have increased for the consumer.

Mr. Peter Robinson: For many years, the Department has been looking at examples, such as Glas Cymru. In fact, during my time in office, we brought over the Scottish regulator. I am sure that the current Minister has continued with those contacts, all of which showed that significant savings could be made within the system in Northern Ireland. Is that not what should be done? The costs should be reduced by efficiencies rather than the Government forcing up the cost of local taxes in Northern Ireland.

Mr. Donaldson: I thank my hon. Friend for his intervention. He will be aware that during the negotiations before Christmas we proposed the establishment of an efficiency commission in Northern Ireland that would look at public expenditure across the whole ambit of public services in the Province, identify where savings could be made, and then apply those savings to infrastructure improvements. That is why I believe that the Government are putting the cart before the horse; they are spending the money before we have saved the money and, instead of looking for efficiencies, they are imposing another tax on ratepayers in Northern Ireland that people feel is unfair and unjust.

Huw Irranca-Davies: The reason why I made my earlier point is that Water Voice and the other representative consumer organisations in the UK are arguing not against water charges per se, although there are questions about the rapid rises that have occurred, but for joined-up thinking to be rapidly developed between them and the Government to address the question of affordability. Water UK makes the point that although we rightly focus on affordability,

"Socioeconomic groups who can afford their water bills feature significantly in the companies debtor file. In addition a high proportion of debtors have moved in the last 4 years . . . Evidence suggests more people"—

who can afford it—

"are now de-prioritising water debt in preference to satellite TV and mobile phones."

It is right that we focus on those who cannot afford to pay, but it is also right that we chase those who choose to escape payment. Does the hon. Gentleman agree?

Mr. Donaldson: I thank the hon. Gentleman for that information. He will appreciate that we in Northern Ireland are coming at things from a different perspective. If we had 10 or 20 years' experience of water charges, we would be considering how to improve the system. Perhaps if the hon. Gentleman were in our position of not having water charges, he might look at the matter from our perspective, from which we are asking, "Do we need these water charges? Is there not a more effective and efficient way to raise the funding

[Mr. Donaldson]

required for infrastructure improvements, without creating a new tax and putting an extra burden on the ratepayer?"

The hon. Gentleman is right. I believe that the situation will lead to further debt, which is a huge problem in Northern Ireland, as it is in the rest of the United Kingdom. Do we really want people's tax burden and debt to increase yet again—particularly in respect of those on low incomes, the elderly, pensioners, and so on? Will the Government increase the old-age pension to take account of the increased water charge? I doubt it.

Mr. Gregory Campbell (East Londonderry) (DUP): On the issue of affordability and those who are least able to pay, will my hon. Friend comment on the fact that a disproportionate number of people on low incomes are in social housing? Those people find that a significant amount of their rent and rates—usually all of it—is paid through housing benefit. However, under the proposed water charge they will still have to pay 75 per cent., unlike the other charge. More people in the lower income bracket will be in debt as a result of the implementation of the water charge.

Mr. Donaldson: I thank my hon. Friend for his helpful intervention.

We are a party of low taxation. We do not believe that taxation is the best means, on every occasion, of raising money for investment in infrastructure. I urge the Minister to think again about the proposal, because there is not widespread support for it in Northern Ireland. The Minister, who wears another hat and has responsibility for political development, has always upheld the principle that if we are to have something in Northern Ireland—whether in the political realm, or otherwise—there should be widespread community support for it. However, this Government continually impose on Northern Ireland policy initiatives, commissions and all kinds of things that are not representative of the community, do not reflect its views and are against people's wishes.

I urge the Minister to hold back, put the proposal on hold, allow the Assembly to consider the matter at greater length when it is reinstated, consider other areas where the water issue has been addressed, and see whether greater efficiencies can be made in Government, leading to savings that could be invested in our infrastructure, including the water distribution network. It is wrong to proceed in this manner. I have no doubt that this issue will be prominent in Northern Ireland as we face a general election. The DUP's position is clear. We oppose the water charges and believe that the Minister should think again.

10.28 am

Mr. Nigel Dodds (Belfast, North) (DUP): It is a pleasure to follow my hon. Friend the Member for Lagan Valley (Mr. Donaldson). I endorse heartily what he said.

I congratulate my hon. Friend the Member for Belfast, East (Mr. Robinson) on securing this debate on an important topic, which is the subject of considerable debate, anxiety and concern among many of our constituents. They face the prospect of higher regional and district rate bills and now the imposition of water charges, which will combine to bring about a massive increase in household taxation in the coming years. It is right that we should press the Minister again on these matters and raise the concerns of our constituents.

My hon. Friend the Member for Lagan Valley made a general point about the Government's approach to such major issues in Northern Ireland. I am struck by the fact that time and again, when I meet direct-rule Ministers and take delegations to meet them, I am told that it is difficult to move things forward or take decisions about specific matters because they are awaiting the restoration of devolved institutions and the Assembly and because it is right and proper that elected representatives in Northern Ireland should take such decisions. In general, that is a rational and sensible approach, but on certain policy areas it completely goes out of the window. Instead of saying that it is right and proper for locally elected politicians to take some decisions, they impose decisions against the wishes of not just the majority of politicians, but politicians and elected representatives right across the community. We can cite several examples of that.

Recently, a higher education order was rejected on a cross-party basis—all parties except Sinn Fein voted against it. It was defeated in the Northern Ireland Grand Committee, yet the Government continue to proceed with it.

Another example is the matter before us today: there is large-scale, cross-party and cross-community opposition to, and concern about, the Government's proposed imposition of water charges. However, they are proceeding by setting aside that opposition and imposing the new regime. I entirely concur with my hon. Friend the Member for Lagan Valley that the headlong rush to introduce such charges should stop and that time should be taken to consider some of the proposals and ideas that have been put forward today by hon. Members, not least my hon. Friend the Member for Belfast, East. In his detailed and excellent speech, he outlined several options available to the Government.

The General Consumer Council for Northern Ireland indicated in its submissions that it is right to take time to consider the matter. I urge the Minister to give a degree of hope to the hard-pressed ratepayers and householders of Northern Ireland that he will take time to study the matter further, rather than proceeding by ignoring the collective voice of Northern Ireland Members.

Lady Hermon (North Down) (UUP): Will the hon. Gentleman reflect on one aspect of the situation that is especially important in North Down, where there are a number of farmers? He referred to the General Consumer Council's submission to the Department for Regional Development on water metering, so he will know that the council highlighted the significant and damaging effect that water charging will have on rural communities, and especially farmers. They already have a low income and have been hard-pressed for many years. Does he agree with the Ulster Unionist party that farmers would be hit especially hard by water charging?

Mr. Dodds: Since most of those hard-pressed farmers are supporters of the Democratic Unionist party, I am more than delighted to hear that the hon. Lady agrees with us on the matter—on that basis, we can certainly agree to agree.

Reference has been made to a number of sectors of the population that will be more hard-hit than others, but generally what struck me about the GCC report was the fact that there will be swingeing increases across the board in Northern Ireland when one takes into account not only the impact of higher water charges, but the increases in the regional rate and the fact that district rates will have to go up by a considerable amount to take account of the greater costs of waste management. Some of the figures given in the report indicate that by 2008–09, not taking into account the increase in district rates, the rates bill of a terraced house in the constituency of my hon. Friend the Member for Belfast, East could have increased by 88 per cent.. In south Belfast, rates for a semi-detached house could go up by 77 per cent. In Hollywood and Strabane, rates for terraced houses could go up by 263 per cent. and 127 per cent. respectively.

It would be unacceptable to impose such increases on the people of Northern Ireland. I cannot believe that any hon. Member from any part of the United Kingdom would accept for one moment that their constituents should have to face that triple whammy: increases in the regional rate due to the review that is taking place; increases in the district rates due to increased charges for waste management; and the imposition of water charges.

All that amounts to a looming financial crisis for many households in Northern Ireland, particularly if the valid point made by my hon. Friend the Member for East Londonderry (Mr. Campbell) is taken into account. He said that the most vulnerable households—those in the poorest category—will still have to pay 75 per cent. of the water charges under the Minister's proposals. Under current procedures and regulations, a large proportion of their rents and rates is taken care of, so such people do not face large bills for them. However, people in the poorest category will have to pay 75 per cent. of the water charges under the proposals, which will cause untold difficulties and hardship for many of them.

Fuel poverty is a major problem in Northern Ireland. As the Minister has responsibility for social development, he is trying to address the problem, although I and many others believe that he should go a bit further and put more resources into it. It is incredible that although many people in Northern Ireland—far too large a proportion of our population—are in fuel poverty, if the Minister has his way, the Government will deliberately impose a regime that will result in many people being put into water poverty. That simply cannot be allowed to stand.

In conclusion, I urge the Minister to delay, take stock of what has been said and come forward with proposals that will not lead to swingeing increases in domestic household bills that people will simply not be able to pay.

Lembit Öpik (Montgomeryshire) (LD) *rose—*

Mr. Deputy Speaker: Lembit Öpik, give me five.

10.37 am

Lembit Öpik (Montgomeryshire) (LD): I certainly shall, Mr. Deputy Speaker.

I congratulate the hon. Member for Belfast, East (Mr. Robinson) on securing this debate and support the contributions made by the hon. Members for South Antrim (David Burnside), for Lagan Valley (Mr. Donaldson) and for Belfast, North (Mr. Dodds).

It is ironic that the Government spend so much time seeking consensus in Northern Ireland and then ignore it when they find it. It is disgraceful, for example, that tuition fees are being imposed despite the unanimous opposition from Opposition parties and all right hon. and hon. Members from Northern Ireland. The fact that the Government lost the vote on that issue in the Northern Ireland Grand Committee but carried on forcing tuition fees on the Province makes people feel that the Government are more interested in imposing their political dogma than in listening to the democratic wishes of politicians and the public in Northern Ireland.

It seems that we are faced with exactly the same problem when it comes to water charging. Water privatisation in Northern Ireland is proving as iniquitous as the poll tax. As the Northern Ireland Assembly is suspended, Ministers in Westminster seem intent on introducing additional charges for water and sewerage services. As we have already heard, ratepayers in Northern Ireland already pay for water and sewerage services through their rates. The new charges would come on top of the payments made through the regional rate.

For all the reasons already outlined, it is obviously grossly unfair to expect the people of Northern Ireland to pay twice for the same services. They are being asked to pay for the decades of under-investment in the infrastructure under direct rule. Ratepayers are not responsible for the diversion of funds and the under-investment in infrastructure for 30 years.

Huw Irranca-Davies: Will the hon. Gentleman give way?

Lembit Öpik: I have very limited time.

Mr. Spellar: Go on, give way.

Lembit Öpik: Okay, briefly.

Huw Irranca-Davies: There is consensus on the Opposition Benches—it is in opposing any charges on any one of their constituents, and I might do the same in opposition. However, in other UK regions there has been massive investment in infrastructure and it has paid dividends. The question must be about affordability as opposed to the principle of where the charges should go, because people will have to pay them.

Lembit Öpik: While investment in water and sewerage services is crucial, the people in Northern Ireland are not responsible for the under-investment. The Government's consultation has been a charade—a farce—that had a predetermined outcome. I do not accept the hon. Gentleman's position, because nobody in Northern Ireland is happy with what one could call the tap tax. It is unfair and will lead to some of the most vulnerable in

[Lembit Öpik]

society being unable to afford a basic human necessity. In direct response to him, I would say that the Government have tried to make a false comparison between what households in Northern Ireland pay and what those in Great Britain pay.

The Government tell people that the average English household pays a certain amount for its water, but they do not tell people that that is for privatised water and that the Government spent millions of pounds of taxpayers' funds to upgrade the system before selling it off. They ignore several facts. Household income in Northern Ireland is 19 per cent. below the UK average, nearly twice as many households there rely on benefit than in the rest of the UK—21 per cent. of households, compared with 12 per cent.—and Northern Ireland households also pay 26 per cent. more for fuel, light and power than the rest of the UK.

There need to be built-in safeguards to protect people whose water consumption is necessarily high. Under the Water Act 2003, the Secretary of State has a duty to protect the consumer interest and specifically to have regard to disabled people, the chronically sick, the elderly, the poor and those residing in rural areas.

I accept the need for improved water and sewerage services, but the ratepayers of Northern Ireland are not to blame for historic under-investment. Home owners have paid their rates. It would be a cruel injustice if they were expected to pay twice—first through their regional rate contribution and secondly through new charges—for those essential services. The present proposals are completely unfair, and the Liberal Democrats will resist any attempt by the Government to introduce them.

Mr. David Lidington (Aylesbury) (Con) *rose—*

Mr. Deputy Speaker: David Lidington, give me five.

10.42 am

Mr. David Lidington (Aylesbury) (Con): I congratulate the hon. Member for Belfast, East (Mr. Robinson) on securing this debate. I agree very much with what he said about this matter being an illustration of the democratic deficit in Northern Ireland. As he pointed out, it would be to everyone's advantage if people directly elected by voters in Northern Ireland were in a position to take responsibility for the complex and difficult decisions that must be made about the future of the water industry in the Province.

It seems as if there is unanimity in the Chamber about at least one point: there will have to be a great deal more capital expenditure on water provision in Northern Ireland. There are three drivers to that. The first is the decrepit nature of much of the current water network. The second is the forecast increase in demand as people become more prosperous, as lifestyles change and more water is consumed, and as we have a greater number of households in Northern Ireland for a largely static population. The third is the directives coming from the European Union that will force Northern Ireland, along with the rest of the United Kingdom, to improve the environmental quality of water discharges and the treatment of water through the sewerage system. The money must be found from somewhere.

My questions to the Minister will follow up some of the points made by the hon. Gentleman about the nature of the reform proposed by the Government and the likely impact that it will have on particular parts of Northern Ireland society. Will the Minister comment on the Government's time scale? They have always said that they will start to introduce water charges from 2006. That is surely dependent on their having available a robust database of property values derived from the revaluation that has been going on. There have been various reports in the Northern Ireland media that the Government may be contemplating deferring the introduction of water charges. It would be helpful if the Minister would say whether that is the case.

The hon. Gentleman put to the Minister an alternative model for funding the water service: in effect, a hypothecated taxation system. When I looked at page 21 of the Government's assessment of the proposals, it seemed to me that that option was ruled out primarily because they believed that it would lead to increased costs to customers, but that that conclusion depended on the existing budgetary rules from the Treasury remaining in place. We have seen in recent weeks that Treasury rules can suddenly become very flexible over the classification of road maintenance when that suits the Government's convenience, so I ask the Minister to spell out in more detail why the Government have rejected the alternative option.

I go along with the hon. Gentleman and other Northern Ireland Members in saying that the more savings that one can find from the Water Service and elsewhere in Government to offset the costs of capital investment, the better. Some significant savings in the Water Service are built into the Government's plans, but could there be more? Similarly, as the Government are talking about a developers' charge through the Office of the Deputy Prime Minister and the Department for Environment, Food and Rural Affairs, are they contemplating that proposal for Northern Ireland too?

On the level of charges, have the Government thought enough about certain groups? I am thinking of pensioners who are above the housing benefit level but on fixed incomes, and of large industrial users of water, such as the textile industry and food processors. They will be very vulnerable to foreign competition as a result of any increase in their costs. For them, the competitiveness test in the Government's assessment seems to be a bit of a joke, because it expressly rules out of the definition of competitiveness any assessment of the impact of new charges on their competition with external competitors; it considers only whether there will be an effect on new entrants to the existing domestic market. In addition, what is the position of hospitals? The Government's assessment states that hospitals can expect significant increases in their bills, but I have seen no quantified estimate published anywhere. I hope that one will be published soon.

I shall make two brief points in conclusion. First, how will charges be enforced against non-payers? There is an increasing problem of bad debt in Great Britain. I can think of some parts of Northern Ireland where enforcement will be difficult. How does the Minister propose to deal with that? Secondly, why is he not using either Ofwat or the Scottish regulator in his consideration of the regulation of Northern Ireland's water system, as it seems, on the basis of the

Government's documentation, that it is only the matter of legislative time that stands in the way of applying that existing store of expertise to the Province?

10.48 am

The Minister of State, Northern Ireland Office (Mr. John Spellar): The hon. Member for Aylesbury (Mr. Lidington) raised a number of detailed points with which I shall try to deal, but I may have to reply to some in correspondence. I welcome the opportunity to respond to this Adjournment debate and I congratulate the hon. Member for Belfast, East (Mr. Robinson) on securing it.

When devolution was suspended in October 2002, we made clear our determination to bring about an early return of devolved government to Northern Ireland. However, that has not, as yet, been possible. One of the most difficult issues that we inherited from the Executive was the need to find a better way to finance water and sewerage services—that is one thing on which I think everyone can agree. An incoming Assembly and Executive would be in a position to change their minds, but not the arithmetic, as I hope to show during my response.

This year, water and sewerage services in Northern Ireland are costing more than £380 million—more than £1 million every day. I have not put much weight in my arguments over the last couple of years on the framework directive but, across Europe, higher standards are being introduced to improve the quality of the water that we drink and to reduce pollution in our rivers, on our beaches and in the sea. That imposes costs on the system while, at the same time, increasing demands are being placed on services in Northern Ireland. The modern lifestyle, as has already been mentioned, requires greater use of water. In addition, the welcome increase in demand for housing in Northern Ireland means that we have to cater for about an extra 200,000 homes that are expected to be built in Northern Ireland over the next 20 years.

All of that is costly. In 2003, it was estimated that the water and sewerage infrastructure would need £3 billion worth of investment over the 20 years until 2023. Some of that investment is already taking place. The spending proposals contained in the budget published by the Secretary of State in December 2004 allocated £735 million for investment in the water and sewerage infrastructure between 2005–06 and 2007–08. That will mean that about £1.1 billion will have been invested in the infrastructure in the five-year period up to 2007–08, and that more than a third of the £3 billion investment that I identified will have been provided before domestic consumers are asked to pay the full water charge.

It is worth re-emphasising the need to sustain investment. Water and sewerage services need sustained and reliable investment over long periods, which is difficult to achieve while the Water Service is within central Government and subject to the normal three-year financial planning periods. It has been accurately shown elsewhere in the UK that the water industry needs long-term planning and reliable revenue streams if it is to be efficient and effective.

The problem in Northern Ireland has been that the Water Service has had to compete for public funds with health, education and transport, unlike in England, Scotland and Wales. That may explain why there has been a legacy of under-investment in water and sewerage infrastructure, as several hon. Members have noted. Let me address the suggestion that that legacy should be financed by the central Exchequer. It is true that there has been under-investment in infrastructure, but that has been a feature of all regions in England and Wales, and not only in the water industry. We have all been living off the Victorian legacy.

It has also been mentioned that when English water companies were privatised in 1989–90 they received what was known as the green dowry. That was off-set in large part by the proceeds of privatisation—some £6 billion—which provided a benefit to all UK taxpayers. The Northern Ireland Water Service was not privatised, so the green dowry arrangements did not apply. However, Northern Ireland's spending power was increased by some £50 million a year to compensate for the fact that privatisation meant that water and sewerage services would, from that time on, be outside the scope of the Barnett regime.

It is also true to say that although there may have been under-investment in the water and sewerage infrastructure throughout the 1990s and up to the present date, Northern Ireland's share of public expenditure has been higher per person than in England, Scotland and Wales.

Lembit Öpik: I find it curious that the Minister is defending the policies enacted during the privatisation of water, whereas I clearly remember the Labour party being fiercely opposed to those privatisation plans in exactly the same way expressed by Members representing Northern Ireland today. Why the 180° U-turn?

Mr. Spellar: I am in no way defending the situation; I am describing it and the position that we are in now. Hon. Members need to say why they believe that UK taxpayers should pay for Northern Ireland's under-investment, when the UK taxpayer did not pay for the legacy of under-investment in England and Wales. I almost detected the implication from the hon. Gentleman that he thought that the voters of Montgomeryshire should pay for that under-investment, or perhaps the voters of Scotland or England. I am not sure that that would be acceptable.

That dilemma was recognised, if not by the hon. Gentleman, certainly by the Northern Ireland Executive before suspension in 2002. They reached the conclusion that there was no realistic prospect of the Treasury providing additional expenditure on the necessary scale. Indeed, it is worth quoting exactly what the Executive said in their rating policy review document, published in May 2002. They concluded that there was

"no realistic prospect that this funding requirement will be met from the Executive's routine public expenditure budget, because that would imply unacceptable constraints on the funding of other public services such as health, education and transport".

They went on to say that it was not

"realistic to expect the Treasury to provide additional expenditure on this scale, as that would in effect mean that this large bill would be falling on UK taxpayers in a context where households"—

in Northern Ireland—

"are contributing much less than those in similar circumstances in England, Scotland and Wales."

[Mr. Spellar]

That was a recognition of the reality, so I give full marks to those who try to change that reality, but we cannot do so, and it has not changed.

As an incentive to introduce self-financing arrangements, the Treasury offered to treat the non-cash costs of water services as fully additional to Northern Ireland's normal allocation of money for public services, thereby removing the responsibility for funding those costs from the Northern Ireland departmental expenditure limit, managed by the Executive. The Executive considered that before suspension, and it is worth noting that the draft budget for 2003–04 to 2005–06 that they presented to the Assembly in September 2002 did not make provision for the non-cash costs that would have been necessary had the Executive rejected the Treasury's offer. So, although it is true that the Executive had not made a firm commitment to introducing water charges, that was one of a number of signals that clearly showed the general direction in which they were heading.

We have to give careful consideration to how we might best develop and maintain the water and sewerage services that Northern Ireland needs for the 21st century. Having examined the limited alternatives, we are satisfied that the Executive were on the right course, and that water and sewerage services should become self-financing.

I am mindful of the time, so I shall move on quickly to the second issue: where should those costs fall? One question is in which area. In line with practice both in Scotland and in England and Wales—although there are variations between the two—we have taken the value of property to be the best indicator. That will mean that those who live where property is more valuable will end up paying more; that is the essence of any rateable system.

Metering is important, too, because that also determines where costs fall. About 80 per cent. of the cost of delivering water to households is fixed, irrespective of how much water is delivered. Only 20 per cent. is variable, depending on the amount delivered. That is particularly the case in Northern Ireland because it does not have the situation that prevails in, say, parts of eastern England, where additional reservoirs and new facilities may need to be provided. If we have a pro rata reduction, as suggested by the hon. Member for South Antrim (David Burnside), those in better-off households will effectively receive a subsidy from those in poorer households. However we cut the amount of money, we come to the point when someone has to pay, and it is really a case of where the costs fall.

On the question asked about rateable value, we are clear that we will have in place the mechanism for sending out bills and collecting money by October 2006. The rateable values are due to be published. We will be working from the common database, so no one in the Northern Ireland Water Service will be in the firing line on appeals and so on. Those values will be published in April 2006. We will also have to get the necessary enabling legislation through, in order to ensure that the Government company and new framework are in place. We believe that we can do that in the timetable that I set out.

We believe that we have taken the right decision. We are following the principles enunciated by the previous Assembly and Executive, and we believe that what we are doing is necessary for delivering a proper water service for Northern Ireland.

Alzheimer's Disease

10.59 am

Sandra Gidley (Romsey) (LD): I am grateful to have the opportunity to raise this subject with the Minister, although I am slightly disappointed that the Under-Secretary of State for Health, the hon. Member for South Thanet (Dr. Ladyman), who I was told would respond and who made pronouncements in the press on the subject over the weekend, is not here to answer questions. However, I am sure that the Minister is a more than adequate substitute.

The requer* has been made simply because of the widespread consternation about the recent revised guidance from the National Institute for Clinical Excellence on the treatment of Alzheimer's. I raise that subject because I have been bombarded with letters from constituents and local health professionals. Some 52,000 people in the UK who currently benefit from these drugs are extremely concerned about the future availability of their treatments. Indeed, there is a lobby of Parliament today on the subject.

Lady Hermon (North Down) (UUP): Will the hon. Lady give way?

Sandra Gidley: I am sorry but I only have time for one intervention and that has been agreed beforehand.

The reaction that I have received so far is that the decision by NICE smacks of ageism and that the mechanism for calculating cost-effectiveness is deeply flawed. As with most things, it is useful to take events in a logical sequence, so I want to start by reminding the Minister of the guidance produced by NICE in 2001. Technology appraisal guidance 19 dealt with the use of donepezil, rivastigmine and galantamine for the treatment of Alzheimer's. At that stage, NICE said:

"The three drugs ... should be made available in the NHS as one component of the management of those people with mild and moderate Alzheimer's disease ... as long as the patients conformed to certain criteria."

Other conditions were laid down at the time and they included assessment and diagnosis in specialist clinics. Only specialists could initiate treatment, the carer's view of the condition should be sought, patients should be reassessed two to four months after reaching the maintenance dose of the drug and the drug should generally be continued only if there had been some improvement. Guidelines also covered when the drug should be discontinued.

No one appeared to have any quarrel with that. It seemed that NICE came up with a system that should ensure that those in need received the drugs, which were not prescribed unnecessarily if there was no proven benefit. NICE deemed that the drugs were effective but acknowledged that they did not work for everyone. When it came to cost-effectiveness, NICE acknowledged in 2001 that some of the methodologies were subject to uncertainty and acknowledged that the estimates of the cost per QALY—quality-adjusted life year, which is impenetrable to most people—covered a wide range of values. This is an important point and I will return to the thorny subject of QALYs later. NICE also acknowledged in 2001 that

"cost savings on later institutionalisation are not well established, and quality of life is not easily measured."

Since then, more studies have taken place and the use of these drugs has been recently reviewed. Contrary to all expectations, the preliminary guidance now says:

"Donepezil, rivastigmine and galantamine are not recommended for use in the treatment of mild to moderate AD."

I believe that this is probably the first time that NICE has reversed a decision in such a dramatic way. It goes on to say that people currently on the drugs should be able to continue until it is considered appropriate to stop but it appears to have effectively halted the use of the drug in new patients.

I have been bombarded with letters saying that these drugs could be withdrawn as early as July. We all know that once there is a diminishing number of patients on a drug, there comes a point when the drug company will find that it is not cost-effective to carry on manufacturing it. It is not immediately clear on reading the reports why things are so different now because, in parts of the report, NICE appears to be saying that the drugs are effective. Nor is it clear why the cost per QALY is now more important and the reasoning behind the costs is opaque.

I should like to remind the Minister of the Select Committee on Health's 2001–02 report on NICE. One of its recommendations was that there should be greater clarity over criteria for evaluating clinical and cost-effectiveness. It recommended that

"NICE should consider the wider societal costs and advantages of particular treatments and in particular the wider costs and benefits to the public purse of reduced benefit dependency and improved ability to work both for patients and their carers".

The Government said that they agreed with the recommendation and that the Treasury would

"be issuing new guidance on economic appraisal which will broadly meet the Committee's point"

and would be discussed with NICE. Our current argument about NICE suggests that that guidance might not have been issued, although I suspect that it was issued, but in a form that does not deal with the situation that we are faced with today.

Mrs. Annette L. Brooke (Mid-Dorset and North Poole) (LD): I am sure that, like me, my hon. Friend has received representations asking, "What kind of society are we if we are not prepared to spend £2.50 a day to give people with dementia and their carers a better quality of life?" Does my hon. Friend agree that that qualitative aspect, and the preventative aspect with regard to delaying more expensive care, must be brought into the equation?

Sandra Gidley: My hon. Friend raises a good point, which was reflected in the press coverage over the weekend, when the Under-Secretary of State for Health, the hon. Member for South Thanet, seemed to cast some doubt on the criteria used. I will return to that.

The cost issue becomes even more confusing. The estimates of the costs per QALY range from £2,000 to £139,000, depending on the length of treatment and which set of assumptions are made. For reasons that are

[Sandra Gidley]

far from clear, it also appears that more weight has been attached to some studies than others. For example, much weight appears to be attached to the AD2000 study. The logic behind that seems to be that that study must be more reliable than some others because it was not funded by a drug company. That is not a sensible conclusion. Some drug company trials are excellent and others are not so good, and that is also the case for more independent trials. Therefore, it is the science that must be looked at, rather than who sponsors it.

I am concerned about this, because experts in the sector have questioned the methodology of the AD2000 trial, to which a lot of weight is given. I have been sent a copy of a submission to NICE from Dr. David Wilkinson, who is a consultant in old-age psychiatry at Moorgreen hospital in Southampton. He was one of the clinical physicians on the inquiry panel. He raises a number of problems with the study. He states that the criteria were flawed because anybody who would benefit from the drug donepezil was automatically excluded from the trial and had to be treated elsewhere. Also, the recruitment was insufficient to provide detailed results; 3,000 people were supposed to be used, but only 565 were recruited, and only 20 remained at the end of the third year. He questions the implementation, too, because he says that he knows from direct experience that the measures were not carried out to ICH GCP—International Conference for Harmonisation good clinical practice—standards. He concludes by stating:

"It was therefore a series of one-year studies with an ever-diminishing number of highly atypical patients infrequently tested by unskilled raters with consequently a great deal of missing data which by their own admission was just made up for the final analysis."

That is quite damning. I am happy to send a copy of the submission to the Minister, so he can read it in more detail.

Dr. Wilkinson also says:

"Despite claims that no long term data were available the data from two robust one year placebo controlled studies showing significant benefit in cognition and function were rejected in favour of shorter term studies."

He also claims that assumptions were based on improvements gained in six-month trials and extrapolated, but with no reference to those who were discontinued from treatment.

It is interesting that Professor James Rafferty, the chair of the appraisal committee of the AD2000 study, was one of the authors of the study. He is hardly likely to criticise his own work. That raises questions about the impartiality of NICE with regard to this particular investigation.

The reaction to the NICE preliminary guidance has been remarkable in its unanimity.

The Minister of State, Department of Health (Mr. John Hutton): I did not want to intervene, but may I ask a question? Is the hon. Lady alleging some impropriety on the part of NICE in the way it has conducted the appraisal? That was the gist of her last comment.

Sandra Gidley: My point is that, in the review, NICE should have taken into account the fact that one of the key authors of the study on which it placed so much weight was chairing the committee. There is a case for somebody else chairing the review, and I would be grateful if the Minister considered the points that I am making. I will send him a more detailed breakdown of my argument, which I do not have time to go through today. However, I was concerned when I read the comments. I believe that NICE is generally a good thing and feel worried if anything questions its impartiality or objectivity.

The reactions to the guidance have been almost unanimous. The Alzheimer's Society refers to it as "alarming reading" and makes the point that it is worth spending £2.50 a day on drug treatments for dementia. It also claims:

"The models that NICE use do not allow a monetary value to be put on the things that mean the most to people receiving drug treatments, so they simply ignore them ... Conventional pharmacoeconomics cannot be applied to drug therapies for dementia. QALYs inherently discriminate against older people and thus raise particular problems for calculating the costs of dementia."

One reason for the discrimination is that the calculation of QALYs usually takes earnings into account, and because the drugs are most frequently prescribed for older people who are not earning, the figures are highly skewed. We definitely need a different model when we consider the position of older people.

Help the Aged is

"concerned that NICE have not taken into account the substantial gains in quality of life resulting from effective treatment with these drugs".

The Royal College of Psychiatrists

"strongly disagrees with the assumptions and methodology of the health economic analysis that led NICE to these conclusions".

The college repeats some of the points already raised. It says that the economic modelling used by NICE is unrealistic and not based on the use of drugs in clinical practice, and that alternative treatments, such as anti-psychotics, will actively do harm. One feature of dementia and Alzheimer's, if untreated, is often an increase in aggressive behaviour, so we will end up using drugs that are regarded by most people as a last resort and that have been described as a chemical cosh.

Three physicians from the Memory and Assessment Research Centre have written to me pointing out the possible long-term impact of withdrawing the drugs. They point out that the only proven treatment option will be lost and that there will be a two-tier health provision for Alzheimer's, because some patients will demand private prescriptions, meaning that only those with the ability to pay will benefit from them. There is a perception that AD patients are simply being abandoned by the NHS. More alarming, many think that memory clinics will close and services for people with AD will be decimated because managers will take the easy decision to close facilities as there will be no treatment options. NICE and the Government will be guilty of ageism and will lose international credibility, and an even larger burden will be placed on our already overstretched care services.

BEST COPY AVAILBLE

I will admit that I was delighted to see the press coverage over the weekend—"U-turn over Alzheimer's", for example. The Under-Secretary of State for Health, the hon. Member for South Thanet, is alleged to have said:

"I can understand why the public are so worried. If you have someone in your family with dementia and you have drugs which do work then you are going to find this decision baffling. I want NICE to look at the methodology they have used, which a number of experts have called into question. It may be that once they have looked at extra evidence they will come to a different decision."

A statement from the Department of Health seemed to confirm that, although it was in stark contrast to the defiant stance adopted by the Secretary of State for Health last week.

The Observer said:

"Dr Stephen Ladyman made clear that he will ensure the proposals are overturned."

Much as I want to see the proposals overturned, the statement rang alarm bells, because I always understood that NICE was an arm's-length body and was immune from ministerial interference. Today's debate is a useful opportunity for me to seek clarification from the Minister about what form the intervention will take. The press release said that the submission was to be published on the NICE website. I looked hard at that last night and could not find where submissions were published. Will the right hon. Gentleman commit himself to publishing the submission on the Department of Health website, so that everyone can access it?

The Under-Secretary of State was also quoted as wanting NICE to examine the methodology that it used. It would be helpful if the Minister could inform the Chamber what advice has already been given or what advice is planned to be given about the methodology that should be used instead. If NICE adheres to the recommendation, as is its right, will he confirm that individual consultants should still be able to prescribe the drugs if they wish to, or will he devise alternative means of making drugs such as Beta Interferon available?

I end my speech by referring to a letter from a specialist community nurse who works at a local memory clinic:

"My work involves me exclusively in the initiation of these treatments and their follow up monitoring and review. I see first hand the hundreds of lives enhanced by their introduction. I see the sometimes remarkable improvements in a patient's cognitive and social abilities, the restoration of their former personalities and the return to some semblance of normal life for families disrupted by this tragic disease."

To my mind, those words describe what must seem like hundreds of tiny miracles. That picture is repeated throughout the country. The House and the public need to know what the Government will do to ensure that such miracles are allowed to continue.

11.16 am

The Minister of State, Department of Health (Mr. John Hutton): I am grateful to the hon. Member for Romsey (Sandra Gidley) for giving me the opportunity to respond to her debate. I am sorry that I am not the Under-Secretary of State for Health, my hon. Friend the Member for South Thanet (Dr. Ladyman), but I shall do my best to substitute for him.

As Ministers, my hon. Friend and I understand the sensitivity and importance of such matters and the need to achieve the right decision at the end of the process in October. It is important to put on the record a couple of matters to which the hon. Lady did not refer. I have been in correspondence with constituents, as she will have been, about the importance of treatment and drugs. At present, about 290,000 patients could receive the drugs, but only one in six people actually receive such medication. She suggested that, if the drugs were not available, that would mean the wholesale dismemberment of Alzheimer's disease services in the national health service. She referred to the closure of clinics and the transfer of resources. I must say to her, with all respect—and I have a lot of respect for her—that that statement is a grotesque distortion of reality. I hope that, on reflection, she will reconsider her words.

I turn to another important point. I did not detect from the hon. Lady's remarks that the document to which she referred is a draft for consultation. Throughout her speech, one would have gained the impression that the draft was a final decision by the National Institute for Clinical Excellence. That is a million miles away from the real position. She referred to several important and learned organisations that have expressed concerns about the draft guidance published by NICE. Those bodies should make sure that NICE has access to their views, and I am sure they will. As it has shown previously when a contested draft guidance paper has been produced for consultation, NICE is willing to revisit the basis of its initial proposal. It took such action with the proposed draft guidance on macular degeneration, with a view to making sure that its evidence is the best and reflects fully the available clinical, medical and scientific research. The hon. Lady assumed throughout her remarks that a decision has been made to withdraw the treatment that is provided. That is not the case. I am glad that she is acknowledging my remarks.

The Government are committed to improving the standard of care for those with dementia. The national service framework for older people that we launched four years ago sought to promote good mental health in older people and high-quality treatment and support for those with dementia and depression. The national service framework aims to ensure that older people have access to integrated NHS and local authority mental health services, providing effective diagnosis, treatment and support for those with mental health difficulties and their carers. I believe that we are making real and solid progress in that sector.

As Neil Hunt, chief executive of the Alzheimer's Society, said in November last year:

"The tide is turning—fewer people are told that dementia is just old age and more people are receiving the support and treatment that they need."

I hope that the hon. Lady welcomes that positive comment from Mr. Hunt.

In 2003, to support implementation of the national service framework, the Secretary of State for Health announced that, as part of the eighth wave of its work, NICE would produce a clinical guideline on the care of those with dementia, including the use of Alzheimer's drugs. NICE is scheduled to issue a consultation version of that clinical guideline in spring 2006.

[Mr. John Hutton]

Hon. Members will be aware of NICE's recent review of guidance on the use of drugs for Alzheimer's disease and the publication of its draft guidance for consultation. The hon. Lady spent much time referring to that. NICE suggests that the use of the Alzheimer's drugs covered by its 2001 guidance can no longer be considered clinically effective or cost-effective, and that they should not be offered to new patients by the NHS. The draft technology appraisal produced by NICE and issued on 1 March is a consultation document. The consultation period closes on 22 March.

The hon. Lady asked me on what basis NICE took the decision to issue that advice. NICE has said that the reason for the proposed change of advice is the availability of more recent evidence on clinical effectiveness. She has sought to challenge that, as she is entitled to do.

NICE will carefully consider all the responses to the consultation—I am sure that the hon. Lady will make a response—before issuing its final guidance in October 2005. Until then, the original 2001 guidance from NICE should be adhered to and patients currently being prescribed Alzheimer's drugs should continue to receive them.

I remind the Chamber of a point with which I hope that many hon. Members would agree: NICE has a strong track record and has built an international reputation for its work on clinical effectiveness and cost-effectiveness. Indeed, its methodologies have been commended by the World Health Organisation. Since NICE was established in 1999, it has issued 88 technology appraisals and 25 clinical guidelines, benefiting many thousands of patients.

However, I know that questions have been asked about the methodologies that NICE has applied in preparing its revised appraisal for Alzheimer's. It is right that such issues should be aired and that they are logged formally with NICE during the consultation period, so that it can consider their implications for its final guidance. I hope that all those with an interest will share their views with NICE during the consultation. My hon. Friend the Under-Secretary has been communicating with lobby groups and expert bodies to ensure that they submit all the available evidence of efficacy and explain to NICE any reservations that they have. The Department of Health will respond to the consultation, as is its normal practice when NICE issues draft guidance.

The Department of Health's response will touch on some specific areas that I know are of concern to the hon. Lady. It might help if I highlight some of those specifics. For example, we shall ask NICE whether it is content that the wider impact of those drugs, particularly on carers, is given appropriate weight and is adequately reflected in the guidance. We shall also ask NICE whether it believes that its appraisal fully captured the evidence on the effectiveness of those drugs in improving cognitive functioning, and the extent to which any such benefits may persist beyond the short term. In addition, we shall raise other issues, such as the potential costs and side-effects of alternative medications such as anti-psychotics, which might be prescribed for the behavioural and psychiatric symptoms of dementia should the existing Alzheimer's disease drugs be used far less extensively. Our response will also highlight the inter-relationship between those drugs and wider services for Alzheimer's disease such as memory clinics.

That is not, of course, a comprehensive account of the Department of Health's response to the NICE consultation, but I wanted to assure the hon. Lady that we understand the issues that are being raised and that we will, as always, use our own consultation response to highlight issues that we believe to be important.

Sandra Gidley: I thank the Minister for the broad outline, but will he indicate how the public will be able to access that response? That does not seem to be clear at present and there is bound to be a lot of interest.

Mr. Hutton: I was just coming to that point. The hon. Lady asks if we are going to publish our response to the consultation. Yes, of course we will. It will be published on our website and we will put a copy in the Library, so that she and other hon. Members can see it. I do not feel that it is appropriate to go through every nook and cranny in my response, as we do not have enough time, but I wanted to give her the sense that we share some of her concerns. We intend to publish our response fully in the appropriate way.

It is worth pointing out that, in doing so, we are not questioning NICE's processes or its track record in providing good quality, evidence-based advice to the NHS. Nor do we seek, as some press reports suggest, to overrule the national institute or to direct it to reach a particular conclusion. The hon. Lady expressed concerns that we might be preparing to do that. I hope that she is reassured.

I said that NICE is developing comprehensive guidance on the provision of dementia services in the form of a new clinical guideline. Clearly, it is important that the guideline links coherently with NICE'S final assessment of drugs for Alzheimer's disease. We will wish to discuss with NICE how the timing of those two pieces of work is best managed, so that patients, carers and clinicians have access to a single suite of advice covering the management of the condition.

The hon. Lady rightly, and for good reason, confined her remarks primarily to the draft NICE guidance. In the two or three minutes left to me, I would like to widen the debate slightly. It is important that we look at other issues surrounding the care and treatment of people with Alzheimer's disease. In that context, we should not forget the role of families and carers supporting those with dementia. The majority of people with dementia are cared for at home, which can be an incredibly demanding and exhausting task for the carers.

We were the first Government formally to recognise the contribution and concerns of carers. In 1999, with carers and the organisations that represent them, we developed the national carers strategy. We also introduced a carers' grant to support councils when providing breaks and services for carers in England. The grant has been steadily increased every year, and it has provided an extra £325 million over the past five years. It is worth £125 million this year, it will be worth £185 million next year and, in the last local government finance settlement, we confirmed our commitment to continue the carers' grant until the end of financial year

2007–08. Local authorities have been able to use the money to give carers help with taking breaks from caring, and to give them ongoing support with caring. That was a hugely important step.

There is another context to the debate, which was raised when the hon. Lady expressed concern about resources. In July 2002, the then Secretary of State for Health, my right hon. Friend for Darlington (Mr. Milburn), announced a wide-ranging package of measures radically to reform services for older people. By 2006, compared with the resources available today, another £1 billion a year will be spent on social services for older people. The package focuses on six main themes: faster assessment, stabilising the care home sector, an expanded range of services, easier access to community equipment, increased choices for older people, and more support for carers. All those services are of relevance to older people with dementia.

Sandra Gidley: All those services are welcome, but will the Minister acknowledge that the biggest problem facing people with Alzheimer's may be the difficulty of obtaining continuing care funding? Their needs often involve a lot of personal care, which is not funded. As a result, people feel discriminated against because they believe that their needs are related to the health condition.

Mr. Hutton: Again, we have tried to address those issues. The hon. Lady will be aware of the ombudsman's ruling on the application of the rules on continuing care. We are working hard with the NHS to ensure that the outstanding cases are processed speedily and efficiently.

It is worth bearing in mind the fact that the NHS spends considerable sums every year on providing continuing care. In that context, continuing care does not cover personal and nursing care only. It covers the entire cost of accommodation, including the board and lodging of the person, and rightly so, because the NHS's responsibility is to provide the health care that people need. If a person's needs have been assessed as being predominantly health related, it is the NHS's job to fund that care. Meeting the concerns of the health ombudsman in dealing with the backlog of cases will cost the NHS about £180 million—

Mr. Deputy Speaker: Order.

11.30 am

Sitting suspended till Two o'clock.

Prison and Probation Services

2 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): A little over 15 years ago, a local magistrate was selected as a prospective parliamentary candidate for an east midlands constituency. At that time, the prison population was somewhat under 40,000, and some of those prisoners had been sent down by him. During a long 30-month campaign as a loyal Labour activist, he was ultra-critical of the then Conservative Government, as Britain was imprisoning more people per head of population than any other country in the European Economic Community. If someone had told him that the prison population would double in a decade and a half, he would have been saddened. If he had been told that rapid growth would occur during two back-to-back Labour Governments, he could not and would not have believed it.

The constituency was North-West Leicestershire, and the candidate, who is now the MP, was me. I am therefore particularly pleased to have secured this debate on the future of the prison and probation services. Both halves of the topic are of considerable interest and concern to me. I will deal in some detail with probation but speak more briefly about the Prison Service, as I believe that others wish to catch your eye, Mr. Deputy Speaker, on that matter.

The Home Office announced in early 2004 that it was creating the National Offender Management Service. At first, it appeared that NOMS would merge the prison and probation services, but it is now clear that, rather than being merged, the probation service is to be dismantled in order to create an American-style corrections agency based on the 10 regions of England and Wales. That centrally driven change will erase local accountability, adversely affect crime prevention initiatives and undermine co-operative work with other criminal justice agencies. I believe, and am sad to say, that the drive behind the change is an ideological commitment by my Government to privatisation. There has been no prior consultation with stakeholders or parliamentarians about the proposals. No business case has been produced to justify the changes or the introduction of market forces. Scores of parliamentary questions asking for the details of the organisation remain unanswered, and the blueprint for NOMS changes weekly. An internal programme risk register says that the probability of the project running into real difficulties is high or very high.

It is critical that probation work remains part of a single service. Research shows that case management, which is to be retitled "offender management", is most effective when it is closely integrated with intervention. The proposal for NOMS splits those two basic functions, and in so doing it can only reduce the effectiveness of probation service work at a time when the service is performing better than ever before. The very existence of the probation service is based on the belief that prison sentences should be reserved for those who have committed the most serious offences and who pose the highest risk of harm, and that the majority can effectively be rehabilitated in the community. The creation of NOMS with its regional bureaucracy and its emphasis on punishment may put that basic philosophy at risk.

[David Taylor]

The probation service provides the court with a range of community orders that reflect the seriousness of the offence, risk of harm, risk of further offending and individual need. Staff work with individuals to reduce their reoffending and to protect the public. A failure to comply with the supervision leads to breach action through the courts and can result in a prison sentence. All that work is underpinned by values of self-determination and the potential for change. The aim is to deal with people in constructive ways that do not degrade or damage them further. Providing support and advice on related problems such as the lack of basic skills, accommodation and unemployment is also key to the work of the service.

The whole concept of NOMS and its design need rethinking. The Home Office has produced a blueprint for NOMS whose key elements are the separation of offender management activity from the provision of intervention and services—the two strands will be managed separately—a clear purchaser and provider split between regional offender managers as commissioners and a range of organisations as providers, and a central spine of accountability and responsibility on offender management. That statement is seriously flawed, and lacks any element of vision or values.

A vision statement should clearly express the objectives of an organisation in a way that builds commitment and clearly reflects its values. In stark contrast to the current statement of purpose for the Prison Service and the current aims of the probation service, backed up by its values, the proposed vision for NOMS does not meet those criteria. It is silent on the objective of the rehabilitation of offenders; on core values and principles; on achieving diversity and treating people with humanity; on supporting staff; on the principle of openness and transparency; and on the need for an approach based on partnership and collaboration.

Instead, the proposed vision is preoccupied with the establishment of a competitive market and the separation of commissioners and providers. There is an absence of sympathy with the current practice and historic development of the probation service. Aspects of the vision and its accompanying mission statement are, frankly, disingenuous. For example, the declared mission statement for NOMS refers to

"working together to reduce reoffending",

yet the NOMS vision dispenses with the principle of partnership working and introduces instead the concept of "developing a competitive market". Rather than "breaking down the silos", as referred to in Patrick Carter's report, new and deeper silos are to be constructed and introduced.

Despite a reference in the principles to

"prioritising work with offenders that clearly demonstrate effectiveness",

there is a complete absence of a professional "what works" approach to the establishment of NOMS. Instead, it is being established on the basis of a set of unproven and undemonstrated assertions and dogmas, with no business case yet produced. The proposed vision for NOMS does nothing to address the uncertainty and low morale experienced by staff during its chaotic introduction. It only compounds further the lack of openness and transparency with which NOMS is being introduced: it has been the subject neither of proper parliamentary scrutiny nor any legislative process.

Julie Morgan (Cardiff, North) (Lab): Does my hon. Friend agree that some increased uncertainty is caused by the fact that the probation service has been so recently reorganised? In my area, a new probation service area was introduced as recently as 2001.

David Taylor: I fully accept that point. I am in regular contact with a number of probation officers in my area, and I know of the trauma that has been endured because of those changes. A further such change now, with a lack of consultation, is not to be desired. The NOMS statement also compounds the disregard for the interests, concerns and views of staff, which my hon. Friend mentioned. In the consultation exercises last year, many people opposed the dismantling of the probation service, and they have been ignored. That compounds the lack of principles and values underpinning NOMS to inspire commitment and pride from staff, as well as the lack of clarity about the future direction and governance of NOMS.

There are alternatives that would deliver the Government's objectives, which I share—enhanced end-to-end sentence management, an increased role for community sentences in the sentencing process and, most importantly, a reduction in reoffending. The staff and their trade union representatives believe that such aims could be better met by developing models that enable structural reorganisation within the existing 42 boards, as my hon. Friend mentioned, which should continue to employ both offender case managers and intervention staff.

Such reorganisation should enable the commissioning of further services and contestability to be done with a clarity of roles, building on the spirit of partnership rather than of competition. It should enable the probation service to remain as an integrated service with a continuing identity with its own director general, supported as appropriate by the NOMS structures of the Home Office and the national probation directorate. Finally, it should also build on the model of the youth offending teams and the model now being introduced in Scotland for prisons and local authorities to require criminal justice agencies to work together locally.

I turn now to contestability, which used to be a two-word quality, highly prized by sportspeople, beauty queens and politicians. When it is welded into a one-word new Labour concept, however, it should be treated with scepticism. The Government say that they are not interested in using the private sector for its own sake, but there is not a scrap of evidence that the private sector can deliver public services more effectively or cheaply than the public sector; the very reverse is true. The community and voluntary sector, on the other hand, has an existing relationship with the probation service and operates with the same public sector ethos as the national probation service itself. A mixed economy involving the community and voluntary sector already exists, and it is by far a preferable option to privatisation.

The weasel word "contestability" was introduced in the document "Reducing Crime, Changing Lives". The Government are fighting shy of such terms as "privatisation" or "outsourcing"; in a separate context, I raised that point in Deputy Prime Minister's questions today. It is unsurprising that the Government are fighting shy of such terms, given privatisation's failure to deliver in the past. Contestability is a flawed model that will result in more expensive, poorer-quality services from non-accountable providers.

The current NPS facilities management contracts are an example of how the use of the private sector has led to increased costs for poorer service standards. The service has discovered to its cost and detriment that private companies owe a first loyalty to their shareholders rather than to their public sector clients and the broader population. There is no evidence whatever that the private sector has been able, for example, to run prisons more cheaply than the public sector. I shall return to that point briefly later.

Providing a cheaper service would have to be, as it always has been, at the expense of labour standards in a two-tier work force. The Government's failure to extend protection against the two-tier work force beyond best value authorities raises suspicions in my mind that NOMS may try to deliver cheaper privatised services by driving down employment standards on outsourced contracts.

We should fight contestability as a route to privatisation on the following grounds. It would fragment integrated service delivery, because all public services use cross-subsidy and integration to share risks and the cost of delivery across diverse populations and communities. Moreover, the private sector is unlikely to bid for NOMS services that have higher than average supply costs, such as rural services, because without cross-subsidy, they cannot be made profitable.

We should also fight contestability because public services such as probation are not commodities; they exist to support the social and economic well-being of communities. We should fight it because public-private partnerships cost more than conventionally funded projects; they borrow at higher rates than the public sector, demand higher rates of return—typically, the rate is 19 per cent. for one prison at Bridgend—and they have high set-up costs involving solicitors, accountants like me and others. Furthermore, they involve a convoluted procurement process and escalate in both scale and cost.

We should fight contestability because the high cost of private finance initiative projects often leads to an affordability gap for the procuring authority, and that gap is often met by reductions in services and capacity. I shall quote briefly comments made by one member, whom I know well, who works in a hostel setting. He sets out his frustration at the abject failure of hostel arrangements to deliver a quality service:

> "It is clear from the way the facilities contract is not working, and the fact that it is not cost-effective, that privatisation is not the answer to our problems. But how can we make the powers-that-be see this?".

Those powers-that-be include the Minister.

If that is the future under contestability, quality of service is under real threat. The artificial split of the probation service into purchaser-provider functions is utterly irrational. The service should remain as a coherent whole and be given proper investment for growth—particularly for hostels and other interventions. The quality of service is under threat because the proposed purchaser-provider split will be expensive to set up and problematic and costly to manage, and it will lead to problems for communication, integration and risk management. We need a strong, efficient and effective probation service. The NOMS proposals do not provide a basis on which to achieve that. The consultation timetable has to be reset and the NOMS review's terms of reference widened to allow alternatives to be explored.

I turn to the future of the Prison Service. The publication in January 2004 of the Government's response to Patrick Carter's review of correctional services has effectively thrown the Prison Service into limbo. More than 14 months later, the service and those working in it remain uncertain about what lies ahead. All those working in and around the criminal justice system continue to acknowledge the great improvement made in recent years by the Prison Service in standards, decency and performance. That has been done through partnership, not through the perpetual use of threats from Ministers—although not, I hasten to say, from the Minister present today—and senior civil servants. Those programmes facilitated improvements in the Prison Service, through partnerships and co-operation, not threats, to a level where there are no failing prisons in England and Wales. The threat of market-testing establishments is not necessary and is being used only to achieve a Prison Service for profit ethos.

Let us consider prisons and the purchaser-provider model. A fundamental aim of the ideologically based concept of the National Offender Management Service experiment, on which its future success or failure is based, is the control of the prison population. In April 2004, the prison population reached an historical high of more than 75,000, which is just below its working operational capacity. On 11 March 2005, the population had returned to those historically high levels and stood at 75,479, although the capacity had increased to cover the predicted population increase. Nevertheless, as a magistrate, I have visited numerous prisons and I know that grossly overcrowded establishments remain.

The most fundamental component of the accepted Carter recommendations is the introduction of a purchaser-provider model for the delivery of prison places. For that to be achieved, the purchaser must have an element of choice in deciding where to purchase the service that they require, otherwise there is not a genuine market. With the prison estate as overcrowded as it is, a purchaser-provider model cannot and should not be introduced, because the element of choice does not exist. It is widely acknowledged by everyone working in the criminal justice system that the prison population needs to be managed. For many people, the question is whether we need NOMS to achieve that, and for the vast majority of those people, the resounding answer is no.

I turn to the future funding of Her Majesty's Prison Service. It is widely accepted that for a number of years the service has been overcrowded and under-resourced. Since the end of last year, the prison population has increased by more than 2,000. Despite the apparent failure of the chief executive of NOMS to achieve his primary aim of reducing the prison population, he has

[David Taylor]

more than once outlined his intention to reduce growth in funding for the Prison Service in future. No organisation can achieve its goals if it is starved of the necessary funding. Martin Narey intends to freeze Prison Service funding. In that context, we should look at early-day motion 603, which was tabled by my hon. Friend the Member for Walthamstow (Mr. Gerrard), who will no doubt refer to it himself.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I am listening carefully to the case that the hon. Gentleman is making and I agree with a lot, if not all, of what he says. Does he agree that this is an unprecedented time of uncertainty in the Prison Service and that the Government are forcing it to freeze budgets and recruitment, to stop decorating and maintaining prison cells and to take cells out of operation when the prison population is still increasing?

David Taylor: The Prison Service would not fare well under the major public sector cuts that are anticipated should the hon. Lady's party be elected. However, to deal with her point directly, the Government see budget capping as an incentive for greater diversion to community sentences, which is worth while, as is reviewing the nature of the offences committed by people in prison.

To deliberately and with forethought starve the public sector of the funds that it needs to deliver the service that is expected is unacceptable. This year, we have already seen mothballing of usable prison places and regimes and programmes curtailed due to a lack of resources. A continuation of Martin Narey's stated plans will inevitably lead to the Prison Service failing to achieve ministerial targets, through no fault of its own. To date, after almost 15 months, the chief executive of NOMS has not published the detailed business case to prove that the formation of the new service was necessary.

In November 2004, the Home Office admitted that a detailed business case was being prepared and it was said that a draft was to be placed before the NOMS programme board on 22 November. Despite numerous calls by Members of Parliament for publication of the business case for the creation of NOMS, it has still not been made available. The NOMS programme accelerates into chaos with blithe disregard for events.

In 2004–05, the cost of establishing the correctional service headquarters is in excess of £105 million, which is a huge increase in non-front-line delivery costs. There will also be a requirement for more than 50 staff in each of the regional offender manager sites. The costs of those extra staff will further deplete the resources of front-line services. It is not surprising, when the estimates are considered, that NOMS declined to provide the business case, to which I referred, to justify the continuation of the project on value-for-money grounds.

The glaring weaknesses of PFI seem apparent to all but Ministers. Public-private partners profit from people; the trend in PFI contracts has been to reduce the salaries of staff delivering public services and to cut jobs. Privatisation has led to a two-tier work force in which new starters on contracts receive much lower salaries and benefits than transferred staff. It has led to pensions that are not properly protected under TUPE. Unacceptably, equality suffers under privatisation: many public sector private contracts are delivered by a class of women workers who have no decent occupational pension scheme and who work on inferior terms and conditions. PFI has also led to private companies making unacceptable profits. A National Audit Office report showed that Group 4 and Carillion boosted their expected profit from the Fazakerley prison contract by 75 per cent. Refinancing produced £10 million for them, of which only £1 million was paid back to the Prison Service. That is another example of the private sector putting profits before public service.

It may be apparent from some of my remarks that I do not have a great deal of confidence in the brave new world into which the Government are pitching the probation and prison services. I look forward to my hon. Friend the Minister telling me in detail next Tuesday at 1 o'clock in Room O in Portcullis House why I am wrong. In all seriousness, I have a great deal of confidence in, and respect for, the Minister answering today's debate. I know him reasonably well and his reputation is rightly high. In his earlier political life, he was dubious about high prison populations and the role of the private sector in the delivery of public services. As his route from Manchester and Sale to Marsham street clearly took in Damascus, he will no doubt explain to the Chamber the background to this second conversion of a man named Paul, albeit in the wrong direction.

2.22 pm

Mr. Neil Gerrard (Walthamstow) (Lab): I am grateful to my hon. Friend the Member for North-West Leicestershire (David Taylor), who introduced the debate, for securing it and bringing this subject to our attention. I shall try not to repeat too much of what he said, because I agreed with virtually all of it. I had hoped that we might be having a similar debate at about this time on the Management of Offenders and Sentencing Bill, which was introduced in the other place, but so far it does not even have a date for Second Reading. It therefore looks highly likely that it will not be proceeded with this side of the general election, which puts the debate off even further.

One of my major concerns, which I share with my hon. Friend, about the process that we are going through in establishing NOMS is the lack of debate in Parliament. I make no criticism of my hon. Friend the Minister for that. He has been generous with his time in meeting me and other hon. Members present. Through the justice unions parliamentary group, he has made every effort to meet and talk to us and we have been very grateful, but there has not been a wider debate in Parliament. The number of hon. Members who have signed the early-day motions on this subject shows that there is considerable concern, but there has not been an opportunity for a full debate.

I am also concerned that, although we have not had a full debate, the reorganisation and restructuring and the setting up of NOMS are moving on. A chief executive was appointed some time ago. More recently, regional offender managers have been appointed, even though they have no regions to manage as yet. Some, I understand, are continuing to do other jobs and will do

for the foreseeable future—perhaps for another year or two—as well as taking on the regional offender management role.

Even though I have probably spent more time on this subject than most other subjects in the House in the last year or so, I am still confused about exactly what is happening to the structures, who is responsible for what, what the relationship really is between the regional offender managers and the probation boards, and the future of the boards themselves.

In July last year, the Minister announced that, in the light of the consultation exercise that had taken place since January and the publication of the Carter report, he had decided not to do away with the 42 existing probation boards, but that he was still going to bring in regional offender managers. In making the decision not to do away with those boards, he used the phrase "at this stage". That seems to leave open the possibility, at the very least, that at some point in the future those probation boards will cease to exist.

Mr. David Drew (Stroud) (Lab/Co-op): The Minister will know this because he kindly organised a meeting with the south-west appointment to NOMS where I raised the very point that my hon. Friend is talking about. Members of my board have written to me questioning their present and future role. So, there is a real problem. I am sure that he would say that things are similar in his area.

Mr. Gerrard: That is the case. I have certainly spoken to members of probation boards who find themselves in a situation of considerable confusion. They are not really sure yet quite what the relationship with the regional offender managers is supposed to be. If the ROMs are involved in making decisions about budgets, what does that imply? Who is actually the employer? Legally, as I understand it, the probation boards are the employers of the probation service, but if someone else starts to make decisions about budgets, performance and innovation, it is far from clear to me quite what that will mean for the boards in exercising their responsibility as employers. From talking to people who work in the probation service and the Prison Service, it is absolutely clear that there is a huge amount of uncertainty and worry among staff over their future and where their services are going.

My hon. Friend the Member for North-West Leicestershire pointed to the issue of contestability. I know that the Minister will tell us that contestability is not privatisation. We have had that conversation several times. However, I have to say to him that, from the point of view of the people out there who are working in the service, it feels very much like privatisation. There is no question but that that is what it feels like to staff. If the probation service is to be split into purchaser and provider, and work is to be put out to tender, that feels very much as if some of it will be privatised. There is no question but that the talk about market testing of prisons certainly implies the possibility—if not the probability—of private providers taking over.

I recall being involved—I think in 1993—in the first debates in the House about the introduction of private prisons in the UK. I certainly recall the comments of the then shadow Home Secretary—I think that his constituency was Sedgefield—and the opposition that we put forward from the Labour Benches to privatisation. My hon. Friend pointed out what has been happening in the Prison Service.

David Taylor: I am interested to hear the provenance of the remarks that my hon. Friend just mentioned. Another remark from the same source would be something along the lines of "What matters is what works." One therefore draws the inference that if something does not work, it does not matter and we should revert to the normal model. Is that not a reasonable line of logic?

Mr. Gerrard: That is logical. There is also a logic that says that if things are working and going well, why restructure them? If it is not broken, why try to fix it? Given that not a single prison in the public service is classified as a failing prison, why market test? In 2003, the National Audit Office reported on the operational performance of private prisons. It said that the experience of that performance had been mixed: some private prisons had delivered; some of the best private prisons compared with the best prisons in the public sector and that the worst prisons at the bottom were performing at least as badly as public sector prisons.

The NAO acknowledged that private prisons had brought some innovation into the way in which they recruited and used their employees, but said that there was little difference in daily routine. It concluded that the use of private prisons was not a guarantee of success. I have seen no real evidence to back up the statement that the existence of private prisons has had an dramatic effect on how non-private prisons operate. It was said that private prisons have been one of the factors in driving up performance in the public sector. I cannot recall seeing reports of detailed research into such matters.

My hon. Friend referred to prison numbers. That is clearly a huge problem and it is not unique to the United Kingdom. What is happening to prison numbers in many countries is interesting. I recently saw statistics that stated that, from November 1998 to June 2004, in countries where prison numbers could be counted with some reliability, numbers had increased from 8 million to 9 million. Between 1992 and 2004, there had been an increase in the prison population of more than 50 per cent. in 50 countries. The United Kingdom was one of those countries, but the other countries ranged from Argentina, Australia, Cambodia and Spain to Singapore.

David Taylor: A subset of the large prison population that will be of importance and relevance to my hon. Friend's constituency is the larger number of young black men in prison than at university. Should we not be trying much harder than we are as a society and a Government to work with non-custodial sentences and divert people from criminal and antisocial activity?

Mr. Gerrard: That is absolutely right. There are disproportionalities in the prison population in respect of young black men. A worrying trend is the increasing number of young Asian men who are ending up in prison, often through drugs offences. We must be aware of the number of people who are in prison on remand.

BEST COPY AVAILBLE

[Mr. Gerrard]

Recently, there has been a drop in the remand number, but it is still large and adds to the pressure inside prisons. As my hon. Friend said when referring to such pressures, it seems that money is being diverted into setting up the new centralised structures for NOMS, so we are ending up with prisons having unused accommodation. We have prisons with wings that are being refurbished, but the money is not there to bring them back into use with the result that other parts of the same prison are overcrowded. The number of overcrowded prisons is still large. How far does spending money on setting up new bureaucratic structures deal with such problems?

We must consider what contestability or privatisation does to staff morale. There is no doubt that, when there has been privatisation, staff terms and conditions are affected. The research that was done on private prisons showed that prison officer pay was on average between 24 and 32 per cent. lower in the private sector than in the Prison Service, and that a Prison Service pension was between 10 and 13 per cent. more valuable than a pension available to someone employed in the private sector. We have already seen those effects in the prisons, so it is no wonder that prison officers are concerned about more market testing. It is also not surprising that people in the probation service, having seen what has happened in the Prison Service, have started to vent concern about what will happen to them if a purchaser-provider split and privatisation come into parts of that service.

The Minister has said to us before that people should not be too worried because there will be a growing market with more work and that the Government want to do more through the probation service and services associated with it. No one whom I have spoken to in the probation service or Prison Service has any problem with the idea of co-operating more closely or working with drugs agencies that are not necessarily in the public sector. What they are worried about is that their jobs will be put out to tender, and there is no question but that that has an effect on staff morale. We have seen real improvements over recent years, and there are serious questions about what we are doing to staff morale at the moment.

My hon. Friend mentioned the business case for NOMS, which we still have not seen, and we do not know when or if we will see it. That again raises some major questions about what is happening now, before the business case has been seen.

We said at the beginning that the Minister has been extremely helpful to those of us who are interested in the issue. He has met us frequently, discussed what is happening and tried his best to keep us informed, and we are genuinely grateful for that. I suspect that he did not dream up some of the ideas that he is lumbered with and having to implement, and that we might be doing some different things if he was taking all the decisions. However, I hope that he will take on board the fact that there are still concerns and consider whether now is the time to be pressing ahead with the reorganisation. We do not know really where we are going or how we intend to get there, and we have not had either the legislation or the full debate in both Houses of Parliament that we should have had.

David Taylor: My hon. Friend talked about the reduced pay and conditions of the staff in the private sector. Will he comment on the lack of training or poorer quality training for those staff? The regimes for which they will be responsible will be lower quality purely because of that. Is that not a factor?

Mr. Gerrard: That has certainly been an issue in some of the private prisons. The prisons that have been privatised tend to have been new buildings and at the easy end of the market. A lot of work has been done to improve the prison estate, but none of the old buildings that are more difficult to manage has been taken over by the private sector.

To conclude, I think that we should step back and be careful about rushing ahead with something that has not had the full debate in this place that it should have had.

2.39 pm

John McDonnell (Hayes and Harlington) (Lab): I apologise for being late. I was trying to intervene in the Budget debate, but Mr. Speaker informed me that although I have prepared a detailed alternative Budget, the world will have to wait for it until later as I have spoken enough in the House recently.

I want to make a few brief points. As hon. Members will know, last year a group of us came together to form an all-party justice unions group. Members who are in the Chamber—other than the Minister, obviously—are members of that group. We formed the group as a result of the NOMS proposals, to enable us to have a direct view from the staff—the people who are at the work face and who will have to implement the proposals if the House approves the legislation and the Government proceed with it after the general election.

The consternation that has come from all sections of the professional staff has alerted us to the fact that, as my hon. Friend the Member for Walthamstow (Mr. Gerrard) said, we need time to think again about the proposals. I will not reiterate the anxieties that people have expressed about privatisation, except to say that we all know of examples of privatisation in the individual services. The problems in some areas, in particular with detention centres, have demonstrated people's concerns about private companies operating with staff who are often inadequately trained, paid and supervised. That is one of the lessons that we need to learn before we go forward with any further privatisations.

I will give one other example. It is of a Ministry of Defence privatisation of the records office in my constituency. Last week, a parliamentary question was answered about agency staff who had been brought in by TNT and who were dismissed for having drugs on site. Drug usage on site has become a problem with agency staff as a result of privatising the service and laying off the staff who were employed by the MOD. That is one example, but many others could be cited.

The second issue concerns why we are going down this road when Scotland is considering a different route. We could take two routes: one is the almost obsessional ideological commitment to market testing, contestability or compulsory competitive tendering, or whatever fashionable term one uses to describe it. That is one route that involves a purchaser-provider split. It tries to model

public services on the supposed operation of private services in the private sector. In fact, most private sector operations do not work that way. There is not always a split between purchaser and provider. The rigorous tendering processes that we go through ad nauseam do not necessarily operate in the private sector. In the private sector, there is much more flexibility about continued usage of staff and bringing services in-house as companies expand to ensure that they can perform a multifaceted role in that individual company. So we are modelling privatisation—or contestability, or whatever one chooses to call it—on a myth that does not operate in the same form in the private sector.

The alternative route is the multi-agency approach. For a long time, I thought that there was a political and professional consensus about the value of that approach, whereby different professional groups would come to the same table. They would exchange their professional judgments and develop systems of operation through which, working together, they could tackle the problems that their services needed to challenge.

David Taylor: Does my hon. Friend agree that one example of multi-agency work introduced by our Government that has worked, is working and is an example to future reorganisations is that of the youth offender teams?

John McDonnell: Youth offender teams are an example, as are the drug action programmes, but there are such examples throughout virtually every public service. The local strategic partnerships that exist in all our authorities involve multi-agencies coming together to talk about common concerns and meet common challenges and to deploy their professional services in a way that adds value—I beg the Chamber's pardon for that expression—to all that the agencies are doing in their fields. There is example after example of multi-agency approaches. I repeat that, until a couple of years ago, I thought that there was cross-party and cross-professional consensus that the multi-agency approach was the way forward, considering the failures of compulsory competitive tendering and contestability elsewhere, particularly in local government and the localised services that we provide.

Scotland has gone through that consultation. There has been extensive discussion at every level, and people's views have been taken into account. As a result, the overwhelming view from the professionals and the communities that they serve was that, rather than go down the contestability route, we should concentrate on the multi-agency approach. Because the new services will be playing such an important professional role, I would rather at least see what the Scottish experience is in the coming period before rushing into making any decisions about England in particular.

There is a real problem, which has been cited by several hon. Members: we are demoralising the very people whom we rely on to deliver the service. What we will see in the coming period, particularly within the probation service, is a flight of staff from the service itself. We will lose the experience that has been built up over generations. We will lose it because people will not feel secure about their future. They will not know whether they have a job in the public or the private sector: they will not know what rates of pay or conditions they will be working under or even what role they will play.

In addition, the staff's professionalism dictates that they want to succeed. They want to ensure that the service they deliver is effective. None of the staff we have spoken to from the all-party justice unions group has expressed confidence that this system will enable them to deliver. The importance of that for us as constituency MPs is that if they do not deliver and the system does not work we will be left not just with an escalating prison population but with large numbers of offenders coming out of prison on to the streets whose problems will not be addressed and who will continue to offend. That is a vista for the future that we need to take seriously.

We need to step back a bit. Once we get past the general election, in May or whenever, there will be an opportunity to go out to consultation again. The Government could start listening to staff professionals and communities in a way that we perhaps did not before. The Government have to be more transparent. We have praised the current Minister—I apologise for using the word "current"—for being extensively involved with the all-party group and meeting as many organisations as he possibly can. That is excellent, but behind those discussions and consultations there needs to be some real material. Not publishing the business case is an indication of a lack of confidence in the proposals and a lack of confidence in the information that is supposed to justify the Government's proposals.

It will need a bit of courage, but after the election the Government should announce a further round of consultation and discuss the proposals again, consider further options and engage in the dialogue that occurred in Scotland to see how those proposals were brought about in contradistinction to the Government's proposals.

Issues have been raised today that need to be addressed. The stability of funding of the Prison Service and the probation service has been a problem for several years. It became almost an autumnal event for us to meet to try to resolve the London probation service budgetary crisis. This year that was not the case, but time and again, we found that as we moved towards the end of the financial year, there was a period of near panic within the probation service; then the Home Office found some way, using creative accountancy, to ensure that we got through that financial year and we lobbied the Treasury for more resources the following year. It would be useful to try to obtain some stability within the probation service in the long term for its overall budget.

I emphasise the point made by my hon. Friend the Member for Walthamstow. We have met prison governors who have told us what the budgetary implications have been towards the end of this financial year, with individual wings being mothballed and overcrowding occurring. Again, they have told us that they need stability so that they can plan their local budgets. There needs to be stability nationally, too, so that there can be a period in which they can plan, based not just on the prison numbers that we project—we should do that more adequately—but on the objectives that they are meant to achieve with the budget they are given.

[John McDonnell]

What we are doing at the moment is setting objectives for both the Prison Service and the probation service that are unrealistic in relation to the amount of investment that we are ploughing into the overall service. I can understand how that has come about. The demands of our community mean we have to achieve the goal and turn around the regime of offending. At the same time, those measures must be followed up with overall investment. On that basis, I hope that after the general election the Minister either retains his brief or goes on to higher things, because he deserves it. If he retains his brief, I urge him to take on board the fact that we need discussion, consultation and the courage to think again and think more radically than we have done.

2.50 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I add my congratulations to the hon. Member for North-West Leicestershire (David Taylor) on obtaining this debate. I also add my voice to those who have said kind things about the Minister and in particular how he has engaged with the all-party group on justice unions, of which I am vice-chairman. I should congratulate the hon. Member for North-West Leicestershire not only on securing the debate, but on the content of his speech. His analysis of the economics of PFI and PPP gladdened my heart. There was nothing that he said with which I would disagree. I await the day of reckoning that must surely come when all the wonderful projects proceeding under PFI and PPP have to be paid for. The next generation will basically buy public services and infrastructure on tick, and that cannot be allowed to continue indefinitely. That prospect does not fill me with much happiness, and when that day comes it will give me no satisfaction to say "I told you so."

The hon. Gentleman said several times that the proposals were ideologically driven, and I can well see why. I wonder whether there is a full and proper understanding of the ideology, whatever that happens to be. We have a set of proposals driven by a few slogans or mantras about the desirability of competition and choice in the provision of public services, without any proper understanding of why some people—they do not necessarily include me—would want that competition and choice. An awful lot of what has been included in NOMS has probably been dreamt up by people who do not know the stark reality of service provision at the sharp end. If they have had that experience, it must be somewhere in their dim and distant past, and they must have become isolated from the reality of it.

I should declare an interest and a lack of interest in this debate. The lack of interest is due to the fact that, as the hon. Member for Hayes and Harlington (John McDonnell) said, the Scottish Executive have also considered the matter, and as I represent a Scottish seat, my constituency will not be directly affected by NOMS should it be introduced. However, I commend the Scottish Executive on how they considered the matter. They did so openly and transparently, and they engaged with criminal justice professionals in a way that I am afraid to say the consultation south of the border did not. Ultimately, having gone through the process openly and properly, the Executive decided not to proceed with NOMS.

David Taylor: Is the hon. Gentleman familiar with the comment made by the Scottish Justice Minister, Cathy Jamieson, when she introduced the relevant legislation? She said:

> "We must do more to improve the integration of services for offenders so that they cannot fall between the gaps and services and the organisations that provide them. We must ensure that all agencies involved in the management of offenders work together effectively to tackle re-offending."

That is the key issue, is it not?

Mr. Carmichael: That is absolutely the key issue, and I suspect that the Minister might say the same in introducing NOMS. There is the premise outlined by Cathy Jamieson, with which I agree, and the conclusion. The conclusion that she and the Scottish Executive reached was encouraged in large part by Liberal Democrat Back Benchers in the Scottish Parliament, who are also in the Scottish Executive reining in some of the worst excesses of new Labour. The premise that the Minister would come up with is that NOMS is necessary. If it is necessary, however, the case has to be made for it, and one of the most remarkable features of this debate so far—not just today's debate, but the wider debate that has taken place throughout the preceding months—is that no such case has been made.

I am interested in this debate because I was a criminal court solicitor before I was elected to Parliament. I worked as both a defence agent and as a procurator fiscal deputy—a crown prosecutor—in Scotland, and I have strong views on this subject. I have worked a lot with criminal justice social workers, Prison Service staff and young offenders institution staff, and such experiences have given me a good insight into this topic. Hon. Members are right to deprecate the fact that we have not had a more substantial debate, because the matter under discussion is very important. The probation service and the Prison Service deal with some of the most vulnerable and damaged people in our society. The truth is that they have been failed time after time by the provision of public services; they have often been failed by the education service, by the social work service, and by care homes. I find distasteful the idea that at the end of all of that, they will be put into a system that, instead of addressing their needs, provides profit for private companies.

My greatest concern about NOMS is that we have a highly centralising process that will lead to privatisation. The hon. Member for North-West Leicestershire spoke about contestability; I cannot but agree with what he said, because contestability is a good example of a new word for an old notion, where the old notion is unacceptable. It is like changing the name of Windscale to Sellafield. If it looks like a duck, walks like a duck and quacks like a duck, it is a duck. If something looks like privatisation and sounds like privatisation, then in my book that is exactly what it is. That is unacceptable. The separation of commissioners and providers will create an entirely artificial market. The services in question are not normally provided in a marketplace, and the marketplace that will be created

will be entirely artificial, and it will inevitably detract from the placing of resources at the front line, where they are most needed.

Let me deal now with the impact of the changes on the probation and prison staff. Those services are often among the least attractive for workers in the sector. The work that we ask such people to do is often a thankless task. If we do not place any value on the professionalism that they can bring to the work they do, I worry that the quality of service that they provide will ultimately be diminished. I know from my own experience working as a prosecutor in the early 1990s, when the previous Conservative Government were severely underfunding the procurator fiscal service in Aberdeen and throughout Scotland, that the ability of those in my office to do our job properly was reduced simply because we did not have sufficient resources, we were constantly stretched and we felt that nobody cared about the work we did. If we go ahead with NOMS, we risk sending that signal to workers in the probation and prison services.

As the hon. Member for Walthamstow (Mr. Gerrard) said, we risk creating a two-tier work force. The measure that is being introduced appears to be all about making savings. Ultimately, they will be made at the expense of the training and fringe benefits, such as pension provision, of the people who work in prisons. I have had some experience of private prisons; I have had clients who were placed in Kilmarnock prison in Scotland, which was Scotland's first private prison. When one enters the prison, the infrastructure seems very impressive. There are lots of shiny new tables—there certainly were when I visited—nice paintwork and all the rest of it, and it all looks very good for the visiting politicians. However, on talking to the inmates about the quality of service provided, I realised where the savings have been made. That prison was the subject of a recent documentary in Scotland and some worrying aspects of how it is run have come to light in the past few days. I know that it is not the Minister's responsibility, but he should look closely at the lessons that are being learned in that prison at the moment.

I reiterate the comments made by the hon. Member for Hayes and Harlington in asking for more transparency and openness and for more answers to be given, particularly on the business case. If this process is about the creation of a marketplace, surely the business case should be central.

3.1 pm

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I add my congratulations to the hon. Member for North-West Leicestershire (David Taylor) on securing the debate, and I extend my commiserations to the Minister. As was said earlier, it is like déjà vu, as we have been in this Chamber before considering the future of the prison and probation services, and sadly, we do not appear to have made terrific progress.

It is ironic that the title of this debate could cover so many things. It could cover the situation in our prisons and the quality of the work there as reflected in the work of the inspectorate, the work of the prisons ombudsman, the position on prison officers' pensions or the announced closing of the prison ship Weare, but the entire debate has been dominated by NOMS, which seems to have turned into a black hole that absorbs every other debate on the Prison Service, the probation service and what happens to people who offend in our society. Today's debate, which has repeated so many points put to the Minister before, is a rather sad indictment.

I have several questions for the Minister that I hope he will have time to answer. First, what is happening with the Management of Offenders and Sentencing Bill? The Bill has been published, and it was introduced in the House of Lords on 12 January, but nothing has happened to it. It seems alarming that we are discussing something that has effectively been happening for more than a year, since last January's announcement, but we have still not had the chance to discuss the legislation on Second Reading or examine it in this House at all. It has been introduced in the Lords, and there it has stuck. I also ask the Minister to confirm the rumour that the Bill is to be withdrawn and redrafted because its provisions are in some difficulty. I would like him to address that point directly.

Our Prison Service is a mixed bag. Anne Owers, the chief inspector, describes it as suffering from a struggle between progress and pressure. I have been to a lot of prisons during the past 12 months and talked to many prison officers, probation service officers, governors and others involved in the criminal justice system, and I stand second to none in my admiration for the work that they carry out. In the main, the people who work in the service are dedicated and do a lot of good work in our community.

What do we expect of our prison and probation services—particularly the Prison Service? The ordinary man in the street expects that perpetrators of crime should be locked up to protect communities and in order to prove that if someone breaks the law they will be caught and punished. People also expect much more: they expect the redemptive and rehabilitative element to prevent reoffending, and they expect the services to address the enormous issues of poor education, drug and alcohol addiction and—this is now an overwhelming problem—mental illness among the prison population.

The security, transparency and effectiveness of the system is paramount, and despite the best efforts of those working in the system, the Prison Service still faces enormous problems. The service is still 24 per cent. overcrowded; there are at least two self-inflicted deaths a week; and last year prison staff bravely resuscitated 228 prisoners. There were almost 18,000 incidents of self-harm in prisons.

David Taylor: Will the hon. Lady include in her pantheon of desirable qualities for a Prison Service a requirement that the staff be well regarded, stable, well paid and well trained? That is not likely to happen under NOMS. Does she also agree that the service should be able to retain in its buildings those sent into custody? Under past Governments, particularly in their final years, were not early release schemes of an informal nature a daily occurrence?

Mrs. Gillan: I am not seeking to score political points on that aspect of the debate. As I said, people expect perpetrators of crime to be locked up and, as I should have said, to remain locked up. I am sure that the hon. Gentleman and I would agree on that.

[Mrs. Gillan]

To return to the statistics on the current state of our Prison Service, the female prison population has almost doubled under this Government. Sadly, women are twice as likely to kill themselves and 14 times as likely to carry out self-harm in that environment. The availability of drugs in our prisons is also an enormous problem. According to the inspector of prisons, that raises serious concerns. Drugs fuel abscondence from open prisons—something that the hon. Gentleman would obviously be concerned about—and in closed institutions, the advent of drugs is undermining safety and raising levels of debt, bullying and intimidation.

Education and training in prison is also proving to be a weak link. In the last report from the inspector, 18 training prisons were inspected, and only five were found to provide sufficient work and training for their prisoners. I am sure that the Minister is familiar with that information, and I know that he is trying to address those problems. However, it is ironic that I have a letter sent to the Prison Officers Association by no other than his esteemed Prime Minister, who wrote to David Evans before taking up the mantle at No. 10 Downing street:

"In our view, a modern and effective Public Prison Service requires a disciplined and challenging regime free from the problems of gross overcrowding and indiscipline that have undermined the Service in the past."

Unfortunately, I do not think that there has been much progress in the Prison Service since the Prime Minister's words, which were spoken before 1997.

Against that background, there is the continuing development of NOMS, but the way in which that development is taking place does not inspire observers with confidence in the Prison Service or probation service. That has been reflected in our debate. I could take some pleasure in seeing the Minister chided and upbraided by Labour Members, but I do not, because we have been working in quite a good, non-partisan way on the subject. Our ultimate aim is basically the same—to provide a modern prison and probation service for the 21st century. As the Minister knows, however, I cannot ignore the large quantity of paper that is starting to reach my desk concerning comments on the development of NOMS that require answers from him. I hope that he will address some of those matters today.

The consultation process on the proposed NOMS headquarters has raised many issues. For example, the speed at which the proposals are implemented will present real challenges. The consultation process has been so sparse—it has also been rushed through—as to prevent the consultation with staff, and even with unions, that everybody has demanded in this debate. The new contractual arrangements and purchaser-provider relationships will require changes, particularly in relation to reskilling. What measures have been taken to clarify those arrangements? Will the Minister set out the decision processes, particularly on key areas such as information technology and property?

Can the Minister say how any lack of the resources needed to deliver centrally set standards will be taken into account in the assessment of the public sector Prison Service in a market test or in other forms of contestability? Those issues need to be laid out. How is he dealing with clarifying responsibilities and overlap? For example, how is he solving the problems of the apparent separation of security policy from security standards? What will he do about the boundary issues between pure policy and operational policy? How will he handle the transfer of work between the Prison Service and NOMS? Can he confirm that there are anxieties about transferring complete areas, which may leave skills voids and will be dealt with only by extra costs or reduced effectiveness?

What progress has the Minister made on the problems of the prison estate? As I understand it, the scope of responsibilities has not been clarified. How will he deal with the backlog of unfunded maintenance? That is an even more important aspect, because managers can be held personally liable under health and safety legislation. Managers are anxious to know the extent of the support available to them.

Will the Minister comment on the safer custody group and say what he has done to deal with the fears of duplication? Likewise, has he addressed the issues that arise from moving the drug strategy unit as a whole into the health partnerships? I would also like to hear his view on the management of high-risk and high-profile cases, as well as on the policy on sex offenders, domestic abuse and child abuse. Has he established clear lines of accountability so that no serious business or public protection risks are associated with the transfers of responsibilities?

Why is the Minister rushing forward with these proposals when I understand that both director generals do not wish him to proceed at such a pace. All the evidence suggests that the best way forward is for probation to be kept in the localities. In the past month, even the Local Government Association stated in its "Going Straight" report:

"We do not believe that regional structures will help engage with local communities or are best suited to delivering tailored measures for offenders involving local services."

The report added:

"we are disappointed that no consideration seems to have been given to existing partnership arrangements at the local level".

The LGA does not believe that a regional approach will secure the Government's objective of energising local communities.

What is the justification for splitting the probation service into two sections—offender management and interventions—when all the research shows that the best way of working is to keep them together? I do not know whether the Minister is aware that on 10 February, in discussions involving probation board members, a senior NOMS staff member was asked why they were splitting the functions. He replied that there was no evidence that the offender management and interventions split would deliver anything, but said that it had to be done because of political diktat. Will the Minister confirm that that is the view among some officials? If that is the case, it is a worrying state of affairs.

The Scottish route has been laid out well. I would like to know why the Minister has not taken it. We have been encouraging him for months to do so. I feel rather sorry for him, because I feel that he is not driving the process; I feel that it is being driven by other areas of his party and by other provisions. The good will towards him is understood in this Chamber. I understand that the

Prime Minister has been involved, and I want to know, as far as No. 10 is concerned, what sort of timetable has been imposed on the Minister?

David Taylor: Does the hon. Lady agree that the Minister may be a victim of forces that he cannot control and that he ought to be protected in the way that we try to protect victims in the penal area? We are trying to perform that role.

Mrs. Gillan: The hon. Gentleman is appealing to my maternal instincts. Of course, I would always want to protect the Minister.

Nevertheless, in the cold light of day, we have a mess on our hands, and it is exceedingly worrying. The Prison Officers Association, for which I have the greatest respect, has started lobbying on the issue and has produced an excellent pack. Once again, it asks a list of questions. It says that NOMS has so far failed to produce the business case and that the Minister has refused to publish the critical gateway review. We have asked for both those things. The POA says that £90 million has so far been spent on this matter. That has taken place against the background of frozen budgets. I must say to the Minister that that is the case because Prison Service budgets were taken away to shore up other parts of the Home Office, which is an appalling situation. The Prison Officers Association also says that he is ignoring the Gershon report, and that there will be more civil service bureaucracy. It says that there has been wholesale closure of Prison Service accommodation owing to the lack of adequate resources and that NOMS has directly caused further overcrowding. I could go on, but the Minister has heard this before. It is a great shame.

I have been very straight about my view of privatisation, but I refer once again to the Prime Minister's letter to the Prison Officers Association, written before he entered No. 10, in which he gave this assurance:

> "We would halt the extension of prison privatisation and ensure existing privatised prison contracts will be examined with a view to their non-renewal and their full integration into the public sector Prison Service."

That promise has been totally and utterly broken by the Government and is living proof that they are not to be trusted.

Over the year in which I have been covering my current brief and enjoying my exchanges with the Minister—I hope that he has found them as constructive as I have—I have seen that these two services, which provide a great service to our community, are being torn apart by a bureaucratic management process that is being handled incorrectly. If there is a general election shortly and I find myself in his position, I will not find decisions easy to make, but I will pause and consult. I will ensure that I take a grip of the management process, because that is as much as the services deserve. They do not deserve the current chaos and uncertainty.

3.17 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): This has been an excellent debate conducted in a generous way. I congratulate my hon. Friend the Member for North-West Leicestershire (David Taylor) on his passionate and well-informed speech, which was based on long experience of the issues, and thank him for the kind words that he offered me.

Let me make it absolutely clear that there is uncertainty in our prisons and probation system. We are undertaking the biggest ever reform of those services, but I do not accept that the reform process is a mess. Let nobody be under any illusions about the fact that the Minister is driving that reform. Much as I accept the kind words and support—maternal and otherwise—from hon. Members, I assure them that the process is being driven forward, but that does not mean that we are not prepared to listen. Some of my previous actions demonstrate that I am prepared to listen, and I will continue to do so because it will be impossible to achieve what we have set out to achieve unless people work together. That requires all of us to work with the work force, management and those who drive policy to ensure that, wherever possible, we gain consensus or at least have a proper and full understanding.

My hon. Friend spoke about the lack of vision and values, and it might be helpful if I begin by setting out what I regard as the vision and values that drive the development of the National Offender Management Service. A number of them emanate from the work done by Patrick Carter, now Lord Carter, in the report that he presented to the Home Office just over a year ago, which we fully accepted.

The first issue is that of rebalancing the correctional system. My hon. Friend spoke about the days when the prison population numbered 40,000. I can be precise about the current numbers: there are 75,386 people in prison today, which is many more than all those years ago. What matters most is that the people in prison are those who need to be there. Serious, dangerous, violent or sexual offenders should be in prison for what they have done, and they should be there longer than has been the case in the past. The Criminal Justice Act 2003 and the Sexual Offences Act 2003 will ensure that that happens. However, prison places should not be wastefully taken up by people who are not dangerous. The less serious offenders could be given community sentences and thus put something back for the wrong that they have done. They would be paying the price but could remain at home, being in the community and engaging with the probation service.

On Monday, I was in Wigston—it is an area that my hon. Friend will know—to launch the national clean-up week. Offenders doing community service, which is unpaid work in the community, were refurbishing a sports facility and removing graffiti. That is precisely the kind of punishment that is appropriate for such people. We want to rebalance sentencing so that people are not given short-term prison sentences when they could be doing that sort of pay-back work. We also need to reinvigorate fines to ensure that they are properly enforced.

We will introduce proposals for a day fine in a management of offenders Bill, which I shall speak about in a moment. It is about rebalancing the system. It will also introduce offender management. At the moment, we have two systems—the Prison Service and the probation service. Yes, they work closer together than ever, but they are not sufficiently joined up when it comes to the management of individual offenders.

[Paul Goggins]

We propose introducing a named offender manager for each offender. Each offender will have a sentence plan, and it will be the responsibility of the offender manager to ensure that the plan is fully carried out.

The offender manager will be accountable. One of the problems with the current system is a lack of accountability for the reducing of reoffending. That accountability will be put in place: that responsibility will be made clear to the offender manager. What we seek is what my hon. Friend called a central spine—offender managers managing the sentence plan, which could involve a custodial sentence, or intervention in the community, or both—as it will have a much bigger impact on reoffending.

The third element is that of contestability, which was mentioned by all Members who spoke this afternoon. As predicted, I will make it absolutely clear this afternoon that contestability is not privatisation. Privatisation means a service being given to the private sector—work for which the public sector is not permitted to compete. That is what privatisation means, whereas with contestability, all sectors are encouraged to compete for the work. I am actively encouraging the public sector Prison Service and those who run our probation services to gear up and be ready for contestability. I am confident that, with their professionalism, those services will win a great deal of the work. However, I also want the private sector to show us what it can do, and I want the voluntary and community sectors to show us what they can do, too.

I hope that I am not misquoting my hon. Friend, but I think he said he wanted a mixed economy. I want a mixed economy, but I want it to be based on adding value to the money that we invest. It is not about old-fashioned market testing, or reducing the cost to a minimal level. It is about driving more value out of the money that is invested in our correctional system. In a system that is bigger and in which more money than ever is being invested, I believe that everybody has a part to play; and if we develop that partnership, we can drive more value out of it.

Let be briefly describe the overall aim of the enterprise. We have to reduce the rates of reoffending. We spend £4 billion a year on our prison and probation services. That is £1 billion a year more than in 1997. Despite spending more, however, three in every five people who come out of prison are reconvicted within two years. We have to do better than that, which is why I seek reform.

Mr. Gerrard: Does the Minister recognise that the real sticking point is the question of contestability? None of us is going to disagree with a great deal of what he said, and none of the professionals will disagree. Obviously, when one enters on the major restructuring of a service, one might have difficulties with negotiation and so on. The real problem comes when people think that their jobs are at risk.

Paul Goggins: I am pleased to have been reasonably persuasive so far, but I accept what my hon. Friend says—that when people see changes that will impact on their jobs, they will clearly be fearful, uncertain and questioning. I acknowledge that it is my responsibility as the Minister and that it is the responsibility of all who are involved in the development of NOMS to ensure that the staff feel they are part of the whole enterprise and that their questions are answered. That remains my objective and—this has been acknowledged—I seek opportunities to listen and to engage in conversation. I have done that with the all-party justice unions group and accept that it has been a really important innovation. In order to develop better communication links and to get questions answered, I am considering the possibility of developing a new stakeholder forum with regular access to Ministers, in which trade unions, voluntary sector organisations and others could participate.

Speaking of answering questions, perhaps I ought to move on quickly and try to deal with some of the points that have come up in the debate. First, on consultation, I hope that I have made it clear that consultation is fundamental to the proposal. There were two formal consultations last year—one on Patrick Carter's report and the other on our proposals for organisational change—but it is clear that we will need to have more consultation. I absolutely commit myself to that and, as I mentioned, I hope that we will be able to develop the stakeholder group.

The business case was presented in outline form in Patrick Carter's report, but more is being done on it. The strategic outline business case and the full business case are under development. I say to my hon. Friend that it is not normal practice for the Government to publish the business case for their proposals. However, there has been an application under the Freedom of Information Act 2000 for information about it. That is being considered and, if we have to reveal the information as requested, I shall consider carefully whether in fact we publish the business case. I assure him that work on and consideration of the matter are ongoing. Clearly, there will be more to say on that in the future.

Mrs. Gillan: I am sorry that the Government have to be dragged kicking and screaming, through an application under the 2000 Act, into publishing the business case. It is obvious that the Minister will not have time to deal with all the points that have been raised, so before he sits down I would like him to undertake to write, before the recess, to each and every Member who has taken part in the debate, with answers to all the questions. That is a perfectly reasonable request, and if he agrees he will be able to relax a little rather than trying to deal with everything in the final three minutes.

Paul Goggins: That is a very helpful suggestion, and I am happy to undertake to do that, particularly as the hon. Lady asked many detailed questions which will need fuller answers.

On investment in the prison and probation services, the Government have built 17,000 additional prison places since 1997, and 3,000 more that are in the pipeline will be delivered by this time next year. The probation service work force will be 50 per cent. larger: it had 14,000 staff in 1997 and will have 21,000 staff by this time next year. That is a substantial increase, and there

could be nothing further from the truth than any suggestion that this Government lack confidence in the probation service and are not investing in it.

I was grateful to my hon. Friend the Member for Hayes and Harlington (John McDonnell) for making the point that in the past there has been a budgetary problem in London but that this year, for the first time, there has not been a crisis. That is because we have invested real, hard cash in the probation service. The performance of the London probation service speaks volumes for the way in which the staff have been able to use that investment to drive up their own performance and make a real difference.

Yes, the Prison Service has taken some decisions in the very recent past to deal with overcrowding and to take out of use some prison cells that were to be refurbished earlier than planned, and, yes, we must keep costs under control, but nothing that has happened in the past few weeks and months in respect of taking out places has undermined the ability of the Prison Service to provide those whom it is charged with looking after with safe and secure accommodation.

NOMS continues to develop. The 10 regional offender managers are now in place. In due course, each and every Member of Parliament will be invited to meet their regional offender manager. It is important that they have the opportunity to meet the managers, to find out who they are and how to contact them, and to ask them questions.

The organisational structure is still under development. I withdrew the original proposal last July, but we continue to work on further development.

Mr. Deputy Speaker: Order. We must turn our attention now to the next topic for consideration today.

Julia and William Pemberton

3.30 pm

Ms Julia Drown (South Swindon) (Lab): I rise to raise the case of the murders in November 2003 of Julia and William Pemberton by Alan Pemberton. After shooting his wife and 17-year-old son, Alan Pemberton took his own life. Those deaths followed a history of domestic violence to which the police were alerted 15 months before the tragedy.

A number of the family and friends of Julia and William Pemberton are my constituents. I share their desire to understand the events leading up to that appalling tragedy and to stop similar events happening in future. We ask the Home Secretary, via the Minister, to call for a homicide review, to ask for the conduct of the coroner in the case, Peter Bedford, to be reviewed, and we seek a review of the granting of injunctions in domestic violence cases.

Many people are familiar with the final moments of Julia Pemberton's life, after the transcript of her 999 call was read to the inquest in September 2004. People heard of Julia's desperate pleas for help, her saying that her husband was approaching, was in the room and then silence, because Alan had found her, hit her and shot her. What is not so well known is the list of police failings leading up to the murders. The family are in no doubt that those failings contributed significantly to the deaths. If the police had done their job properly, we could expect those three people to be alive today.

The state has a positive duty to protect life. Home Office circular 19/2000 made that clear. It said that a force policy should be issued on domestic violence, making it clear that

"the main duty is to protect the victims and, if applicable, any children from further abuse",

that incidents should be investigated fully, and stressing

"the importance of comprehensive record keeping."

The Thames Valley police failed Julia and William Pemberton in all those areas. The chief executive of Refuge, Sandra Horley, said that, in her 28 years of experience working with women and children escaping from domestic violence, she has never come across such a tragic and preventable series of events.

The family and I have had many meetings with Thames Valley police. Some have taken place with the hon. Member for Newbury (Mr. Rendel), in whose constituency the murders were committed. I am grateful to the police for giving us many hours of their time at those meetings and for answering many questions in writing. However, the family and I remain hugely dissatisfied with their response.

I have also discussed domestic violence issues with Swindon's police, who are part of the Wiltshire constabulary. They have a far more proactive approach to domestic violence. The difference in attitude is remarkable. I should like to record my appreciation of the commitment of Swindon's police to those issues.

I share the family's scepticism of the commitment of Thames Valley police to policing domestic violence. We have seen incompetence, complacency and the failure to follow Home Office and Crown Prosecution Service guidelines. That is apparent in the details of the events, and can be seen in the police's refusal, despite many requests from the family, to initiate any sort of inquiry.

[Ms Julia Drown]

I shall relate the events to the Chamber. In September 2002, Julia informed her husband, Alan, that she wished for a divorce, following years of abuse. Alan threatened to kill Julia and commit suicide. To reinforce that threat, Alan left out in the study his and Julia's wills for Julia and their children to see, with instructions in the event of their deaths for their son William, then aged 15. Alan also scrawled numerous menacing messages in the study.

A threat to kill is a serious crime, and Julia and her brother, my constituent Frank Mullane, reported those threats repeatedly and persistently to the police in Newbury and begged them to visit the house to see the corroborating evidence. The police promised to attend, but did not. The police recorded the incident as a domestic dispute and did not report it to CID. Instead, the police domestic violence file recorded that further calls from Julia's brother Frank did not need to be responded to fast-time, despite Julia saying that she was willing to make a statement and to press charges.

After two days of relentless ringing of the police and getting no action, Julia and Frank visited Newbury police station, where they were referred to the domestic violence unit. Julia was advised to take civil action to secure an injunction preventing Alan from entering the family home or communicating with her, with a power of arrest, which she did. The domestic violence co-ordinator wrote a letter in support of that action, in which she stated, with reference to the wills being left out:

"In all my experience as Domestic Violence Co-ordinator I have not come across such a cruel act. I have flagged Julia's address to the effect that—any incidents from or to the house are to be treated urgently."

That did not happen. Julia was informed that, if she made a 999 call, even a silent one, the police would be with her within 10 minutes. Again, that did not happen. By failing to visit the house, Thames Valley police failed to witness evidence in situ, so failing to give Julia the protection that she needed. There was no attempt to establish possible escape routes for Julia if Alan tried to enter the house, or to provide her with a safety plan.

Over the next several months, Julia and members of the family continued to receive numerous threats from Alan Pemberton. In April 2003, Julia and her son William returned from holiday and found the locks of the house superglued. She and her brother Frank reported that incident to the police, who promised that Alan Pemberton would be interviewed. He was not, despite the fact that, as the only likely suspect, he was clearly in breach of the injunction with the power of arrest. The police did not visit the property to collect any evidence. New locks had been fitted since the courts ordered Alan's exit from the house, so the presence of his fingerprints would have been incriminating.

A month later, Julia was told by the police that the case would not be pursued for lack of evidence and that the crime file was closed. That incident was never linked to the domestic violence unit, although Julia and Frank had repeatedly told the police of the injunction with the power of arrest in place and the death threats. Thames Valley police have since admitted that their handling of that incident was a failing on their part.

In May 2003, an envelope was hand-delivered to Julia's house addressed to William. Enclosed was a copy of the affidavit that Julia had sworn to secure the injunction. There were several menacing threats scrawled across the affidavit in Alan's handwriting, giving further evidence of his intentions. After seeking legal advice, Julia and her brother Frank delivered the affidavit to Newbury police station and explained the history of death threats, the glued locks and the injunction with the power of arrest in place. They made it very clear to the officer on duty how important that threatening document was, and Frank asked that it be reported to Sergeant Downing, to whom he had reported the original death threats.

Frank phoned the police after they had left the station, but it fell on deaf ears. Yet again, the police failed to respond appropriately to that third piece of serious evidence. As it is highly likely that Alan had delivered the affidavit to the house, it was a likely further breach of the injunction. It was also evidence of the continuing threatening behaviour of Alan Pemberton, which itself breached the injunction. The family had understood that any breaking of the injunction had to result in an arrest. I should be grateful if the Minister could clarify that.

Alan did not receive a response from the family, so he personally gave another copy of that document to William, who was aged 16. It is surprising that, as well as not addressing the abuse that Julia suffered, the police seemingly did not consider the seriousness of involving a child in the matter. The police have no record of having received the document, which, after the murders, was found in the closed glued-locks file. However, it took the family to tell the police of the existence of that evidence. Thames Valley police conceded that officers should have visited Alan Pemberton after seeking such evidence and that a lack of basic investigative skills existed. The police claim that they cannot identify the officer who took delivery of the document, despite a very particular description having been given by Frank Mullane.

In June 2003, Julia met the domestic violence co-ordinator. A panic alarm was subsequently installed in her home. She told the co-ordinator about the ongoing situation, the incidents involving the locks and the affidavit but, yet again, no action was taken to tackle Alan. That was a failure by the police, who should have done more to protect Julia. In terms of preventing a crime in the case, there was a complete disregard of the repeat victimisation suffered by Julia Pemberton; inadequate monitoring of the case; appalling information handling; a lack of supervision of the domestic violence co-ordinator; no training given to domestic violence co-ordinators; and a failure to use any of the available legislation, including that on the breach of injunction and the Protection from Harassment Act 1997.

More significant was the failure of Thames Valley police to recognise the seriousness of domestic violence and to implement an effective policy. That should have happened following Home Office guidelines issued in 1990—13 years earlier; surely there was enough time for them to be implemented, especially when they were reinforced by further guidelines in 2000. Instead, two sets of strong recommendations for a proactive approach to domestic violence incidents through arrest, investigation and recording, which were produced to

protect the public, were ignored. Instead, for Thames Valley police, the co-ordinator's role was purely one of liaison, but it should have been more.

Thames Valley police have tried partly to excuse the failure to investigate the crimes by saying that they have a highly inexperienced force. The family are rightly appalled that the obvious failure to educate and to train officers appropriately should be dismissed so easily. It is shocking that, pre-July 2003, the police authority did not have any domestic violence policy at all. Thames Valley police have told us that they are revising their domestic violence policy. I have seen evidence of that and I welcome it, but concerns remain.

For example, the new policy will include a risk assessment. Although they have since changed their view, the police's first assessment to the family was that, even under the new policy, Alan Pemberton may not have been classified as high-risk. That statement is shocking, as a domestic violence co-ordinator had already marked the risk as having escalated, so that all incidents to and from the house would be treated urgently. If the new risk assessment model would not have unquestionably classified Alan Pemberton as high-risk, one questions the effectiveness of the entire policy.

I share the family's concerns about the slowness with which lessons on domestic violence are being learned by Thames Valley police. The family and I have pushed the police to find out what went wrong and to learn lessons from these tragedies. We are concerned that domestic violence has not been taken seriously by past and present chief constables. Home Office research indicates that an apparent lack of direction and managerial commitment to domestic violence results in a marginalisation of domestic violence work. That was the case up to and including November 2003, and we have no confidence that the situation has changed.

Julia Pemberton was thoroughly disillusioned with the police response. As a health visitor, she was a member of the local domestic violence forum, but she was shocked to find out first-hand the true nature of policing in this area. She was left to take out a private injunction, was advised to move—an impractical option for her at the time—and was told to have an aromatherapy bath and relax. One can imagine her feelings—that utterly trivialised a threat to kill. If what happened were not, literally, deadly serious, it would be farcical.

Julia reported to her friend, comparing that with the police response to a stolen bike:

"when my son's bike was stolen two police officers turned up at my door. When my husband threatened to kill me, no one was there to help."

To add further insult to the family, 10 months after she died, Thames Valley police sent Julia a customer satisfaction survey.

On 18 November 2003, Alan Pemberton arrived at Julia's house, ostensibly to take William for a driving lesson. When Julia heard sounds of commotion outside, she called the police. Her 16-minute 999 call described her fear for her and her son's lives. She reported several gun shots and pleaded for help. The transcript, read out at the inquest, left out crucial parts of the call. During the call, Julia was asked repeatedly to give her address. She sought advice on whether to run or stay, and was told to stay hidden. She questioned why it was taking the police so long to arrive, and was told that police were on their way "now". Perhaps a minute before she died, she was even led to believe that they were outside the house. She was told to stop screaming and shouting.

Julia was asked to give directions to her house. It took between 10 and 12 minutes before the property was identified, despite the fact that it was flagged on the police computer and that previously Julia had been told that even a silent 999 call would be responded to urgently. It is sickening to think of how Julia must have felt when it dawned on her—as it clearly did—that, despite repeated police promises of a fast response if she ever rang 999, they did not even know where she lived.

Of course, Julia was not allowed to know that the firearms policy at the time appeared to exclude the option of immediate attendance to firearms incidents. We have heard differing police dispatch times. The first response was unarmed, and left 24 minutes—not, as she had been led to expect, 10 minutes—from the start of the call. It took 24 minutes for an unarmed team to be dispatched. By then, William had been shot five times, and Julia four times.

That unarmed team dispatched to locate the property arrived to see William's body on the drive. In an incredible act of bravery, and contrary to Thames Valley police policy, the three officers—Hadley, Ainsley and Blackburn—attempted to help William. The family have thanked those officers and I join them. However, the irony is that the officers who stand out as having done everything, and more, that the family could have expected from the police, were the ones who breached the police's policy.

What Julia needed was a firearms response, but it was more than one hour after she picked up the phone before the first armed response arrived outside the grounds. Armed units did not enter the house for almost seven hours, despite the fact that no sounds from it had been heard for more than six hours. Instead of going directly to the house, armed units were sent to a remote rendezvous point, and further problems were caused by poor communication among the police. The wrong silver commander was initially called, with the correct one not called for more than an hour after the start of the 999 call. When the silver commander finally arrived, he moved the rendezvous point and did not take command until three hours and 26 minutes after the call started.

During that time, it was not known whether Julia was dead or alive. The police priority was to preserve the lives of officers rather than the lives of victims. The police justified their lack of action by saying that it was not known whether Alan was still in the house and therefore a danger to the police or the public, even though no noise had been heard by anybody after 7.40 pm, 13 minutes after Julia's call had ended.

The police have now recognised that their firearms policy was over-cautious. The review of their firearms policy as a result of a similar tragedy at Highmoor means that they may now intervene more quickly and go directly to the house, which is what Julia needed. However, it is critical that future victims are given a true estimate of armed response arrival and, more importantly, whether the police will enter the house on arrival. It is not acceptable that a victim who is relying completely on the advice as they consider their options is told lies, leading them to make potentially fatal choices.

[Ms Julia Drown]

I turn now to events subsequent to the murders. After the family had an initial meeting with the police, the police refused to meet them again until after the coroner's hearing. That gave the family no option but to put their lives and grieving on hold while they tried to comprehend what had happened. I had to wait months for even a reply to my first letter to the chief constable formally asking for a meeting.

There are still lessons to be learned from the case, including on action in response to threats of violence and the advice on escape routes and police response times that is given to domestic violence victims. I hope that the Minister will see the necessity of a full homicide review, so that all the issues can be examined and learned from. I realise that he does not have the powers to insist on such a review, but I hope that he will be willing to raise it.

Vera Baird (Redcar) (Lab): I congratulate my hon. Friend on the conscientious way in which she has pursued the case and supported the family's quest for an inquiry. Has she had an opportunity to note section 9 of the Domestic Violence, Crime and Victims Act 2004, which allows the Secretary of State to order a review of any domestic violence killing? The interesting point is that the provision does not seem to say that that is applicable only to deaths after the passage of the Act. It may be that the Secretary of State has the power to order Thames Valley police to order an inquiry.

Ms Drown: I thank my hon. and learned Friend for that intervention, and I hope that the Minister can clarify that point for us. The other lessons may also need to be referred to the Department for Constitutional Affairs, and I hope that the Minister will do so.

In July 2003, Julia returned to the Reading court to have an injunction with a power of arrest renewed. In addition to her original affidavit, she had sworn a further two, detailing the ongoing threats and breaches of the injunction. However, the injunction was reduced to an undertaking. Julia accepted that, because it avoided her having to go through a full hearing and because the police were aware of her situation and had installed a panic button. She was led to believe that Alan could be arrested, even without the stronger injunction.

We can see how the law lets such people down: to avoid a traumatic hearing, protections weaken for victims. Under the Family Law Act 1996, it is clear that the courts should not accept an undertaking when the respondent has used or threatened to use violence, as happened in this case. I hope that the Minister can clarify how that happened and say what could be done to give people better protection through the process—in particular, whether the police should apply for the injunction rather than the victim.

On the inquest, the first coroner appointed to the case had legally unacceptable connections with Alan but failed to exclude himself until the family threatened judicial review. I hope that that can be investigated. Even with the actual coroner, there were problems. There are different sorts of coroners' inquests. One has a narrow remit and the other a wider one, which is used if the coroner wants an investigation under article 2 of the European convention on human rights to establish system failure. In such article 2 cases, it is possible for more extensive inquiries to be made. Even if article 2 is not invoked, the coroner has a duty to be alert to the evidence presented and to adjourn if he finds any indication of system failure by an organ of the state. Any scent of system failure that might have contributed to a death should lead to the coroner adjourning the case.

Initially, the family decided not to pursue article 2, because they wanted to minimise their trauma and they did not have access to all the information. For example, Thames Valley police refused to produce the command and control logs for the family until after the inquest, which prevented them and their solicitor from discovering some of the facts and the extent of the system failure.

At a preliminary hearing in May 2003, the police defended any moves by the coroner to include witnesses that might indicate that he was widening the interest parameters. The police's attitude can be summed up by the words of the barrister at the inquest, who described the gluing of all external locks, which should have been taken seriously as a reason to question Alan Pemberton, as nothing more than £150 worth of damage—in other words, an accounting entry.

The family submitted to the coroner before the inquest a statement reminding him of his duty to consider article 2, but it was clear that he had no intention of pursuing that. Yet, as the inquest progressed, it was apparent that there were ample indications of system failure. The Highmoor case, which showed that police firearms policy was over-cautious, was well known to the police by the time of the inquest and should again have been a reason to look at system failure.

The coroner accepted far too lightly the delays in the police response on the night, suggesting that, for the first dispatch, if one deducts the time of the call, the time delays were less serious. That is crazy, given that the police want victims to stay on the line. The comment that

> "The only way . . . Julia Pemberton's life could have been saved would have been if she had had armed police escort throughout the time that she believed she was at risk"

makes a mockery of the police's duty to protect and preserve life. The coroner failed to pick up glaring contradictions given by the Thames Valley police officers at the hearing, which revealed the further need to review the case. These inconsistencies should have given rise to serious questions as to what happened.

The coroner showed a total lack of compassion and sensitivity towards the family of Julia and William Pemberton and in particular to Laura, the surviving daughter. He expressed no acknowledgement of the family's grief and offered no words of encouragement to Laura. Perhaps most revealing was when he remarked that William could not have done something to deserve being shot, implying that Julia did. In view of all those failings I hope that the Minister will agree to get that behaviour looked at, to consider a homicide review of the whole case and to look at how injunctions need to be dealt with in future.

This is about the two people who are killed every week in this country from domestic violence. I hope that the Minister will also agree that an apology is due to the

family from the police and the coroner. It would be a comfort to this grieving family to know that their unstinting work has achieved something for others who might otherwise face the trauma that Julia and William faced on that horrific night and in the months that led up to those fatal moments.

3.52 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): My hon. Friend the Member for South Swindon (Ms Drown) will appreciate that by outlining the case in great detail she has not left me much time to respond, but I will do so as fully as I can. May I begin by congratulating her on bringing the tragic case of Julia and William Pemberton to the attention of the House this afternoon? I join with my hon. and learned Friend the Member for Redcar (Vera Baird) in paying tribute to the way she has pursued the issue and others in this place on behalf of her constituents. It is important when we develop policy that we do so in a way that is informed by cases such as this tragic one, so that we get our policies right and make them more effective.

It was concern about precisely this kind of tragic case that gave the momentum to the legislation which my hon. and learned Friend mentioned, the Domestic Violence, Crime and Victims Act, which it was my privilege last year to take through the House. It received Royal Assent in November. There are some relevant measures within that Act which I hope will give my hon. Friend some reassurance.

There are two main messages. The first is to victims of domestic violence: the Government and the law are on their side and they can expect that the law will move more swiftly to their aid. Just as important, the message to the perpetrators of domestic violence is that their behaviour will no longer be tolerated and that if they persist in that behaviour they will feel the full weight and force of the law as it bears down upon them.

It might be helpful if I mentioned some specific measures in the Act that are relevant. First, it makes common assault an arrestable offence. That means that it will now be a police matter whether to arrest when called out to a domestic violence incident when there has been an assault. In other words, there will no longer be the burden on the victim to press charges. Secondly, it criminalises the breach of a non-molestation order and changes the law, so that the police can always arrest for breach. Where a non-molestation order has been issued, breaching it will always be a criminal offence and therefore will attract the power of arrest. Again, that shifts the burden of responsibility for enforcement from the victim to the criminal justice system.

I hope that my hon. Friend is reassured that the new power addresses one of the key points that she raised. In other words, the power of arrest will automatically be attached to every breach of an order. She mentioned the specific case involving Julia. The problem seems to have been that the order was downgraded to an undertaking and that her understanding of what that undertaking meant in terms of the power of arrest was not actually what could happen. We must ensure as we go forward that everyone—the police and the courts—are clearer about the new powers.

We are extending the availability of restraining orders to cover all violent offences. Following any violent incident, courts will now have the power to issue a restraining order against a perpetrator or potential perpetrator. We are also introducing local multi-agency homicide reviews. During 2005, we shall commence the introduction of homicide reviews for all domestic violence-related homicides, so that local agencies can learn lessons and adjust their policies and procedures accordingly. I shall say a little more about that in a moment.

I know that my hon. Friend has a specific concern about whether there could be a domestic homicide review in relation to this case. She acknowledged—indeed, my hon. and learned Friend the Member for Redcar made it clear—that there are new provisions for domestic homicide reviews to take place. We are developing guidance on that. The reviews will not be mandatory. We want them to be light-touch investigations that improve practice, so that local agencies can make the necessary changes, but there will be a reserve power for the Secretary of State to order such a review if there is a lack of willingness and it is considered necessary for that to take place.

My understanding is that there is not a power for that to be operated retrospectively, but given that the issue has been raised this afternoon, it will need further clarification. My noble Friend Baroness Scotland will meet my hon. Friend and members of the family in the near future. I hope that, by the time that that meeting takes place, we can be clear on whether there is a retrospective power. I do not believe that there is that power, but I undertake to provide clarity on that. Having said that, there would be nothing to prevent the local agencies from deciding to conduct such a review themselves. Already in certain parts of the country and certainly in London on occasion, the agencies voluntarily agree to undertake a review. It is a deeply serious point that we should learn from every tragedy wherever we can.

My hon. Friend will understand that, although we all look forward to the introduction of the important measures in the Domestic Violence, Crime and Victims Act, the question whether there is a retrospective power will need further clarification. She will also understand that, although I have responsibility for the law and policy in relation to coroners services, I do not carry the authority to discipline coroners or to take any view about their conduct. That is a matter for the Lord Chancellor and the Department for Constitutional Affairs, but I will draw to the Lord Chancellor's attention the comments that she has made this afternoon.

The 2004 Act will give us new powers to ensure that the victim in cases of domestic violence is better protected, but in the end we are trying to change the culture—the custom and practice—so that all criminal justice agencies operate with the interests of victims of domestic violence at the heart of everything that they do. Domestic violence homicide reviews will help to change the culture, as will the more certain powers that we have, but we must make it clear that the victim is our top priority.

Environmental Crime

4 pm

Miss Anne McIntosh (Vale of York) (Con): I am grateful for the opportunity to debate this very serious issue, which will become an increasing problem when the Clean Neighbourhoods and Environment Bill is eventually passed. I am delighted to see that the Solicitor-General is present and I welcome her to the debate. We have had one or two exchanges across the Floor of the House, but this is our first opportunity to consider the issue in depth.

My starting point is the excellent explanatory notes that the Government prepared in readiness for the debates on that Bill, which has been revised and is due to receive its Second Reading in the House of Lords. Paragraph 303 on page 43 of the explanatory notes states:

"The Bill contains a number of new reverse burdens of proof (which means that, to take advantage of a defence provided, the accused is required to demonstrate his innocence once the prosecution has proved certain facts, rather than the prosecution being required to prove the accused's guilt on all issues). A reverse burden can be legal, where the burden is on the accused to prove that the defence applies to him on a balance of probabilities, or evidential, where the accused must bring sufficient evidence for the defence to be an issue, and then the prosecution must disprove the defence."

I pause momentarily to remind you, Mr. Deputy Speaker, and the House that I am a Scottish advocate, albeit a non-practising one. My recollection of environmental crimes incurring a reverse burden of proof some 20 years ago is rather hazy, so studying the Bill, other legislation and some of the court cases has provided an opportunity to update my knowledge.

My worst fears were confirmed during the remaining stages of the Clean Neighbourhoods and Environment Bill, including Third Reading, on 21 February this year. The Minister for Rural Affairs and Local Environmental Quality, who led for the Government at that stage and through all the stages of the Bill, intervened on me to clarify the position. He said:

"If people do not like the fixed penalty notice, they do not have to pay the penalty, but they must then go to court and marshal their defence at that point."

I understand from questions that the Solicitor-General has replied to that it will not be for the Crown Prosecution Service to prosecute environmental crimes under the Bill, or any other environmental crimes; it will be for the local authorities to do so. However, there was confirmation from the Minister for Rural Affairs and Local Environmental Quality that the accused will have to go to court to prove their innocence and incur considerable expense in the process. That alarmed not just me, but my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer), who said on that occasion:

"The worry about fixed penalty notices is that, if they are issued willy-nilly, people are put in an extremely difficult position in deciding whether they should go through all the hassle of going to court and many people will therefore give way. We want to ensure that fixed penalty notices are not issued without due care, and I understand that that is what new clause 6 is supposed to do."—[*Official Report*, 21 February 2005; Vol. 431, c. 49.]

Some concern about the reverse burden of proof was expressed in relation to other legislation. I refer in particular to the passage of the Criminal Justice and Police Bill in 2000–01. I do not have the *Official Report* reference, so I shall refer to an excellent note prepared for me by the House of Commons Library, quoting research paper No. 1 of 10. It refers in particular to the concerns that the civil liberties pressure group, Liberty, expressed. Those concerns are as valid as the arguments that I present to the Solicitor-General this afternoon. Liberty is quoted as saying:

"We are concerned that these provisions are a further manifestation of the trend to mix criminal and civil law procedures. This dilutes the principles and protections of criminal law in particular the presumption of innocence and the burden of proof. Although these procedures will not attract a criminal conviction, they relate to behaviour that is by definition criminal and can lead to a criminal conviction if a penalty is not accepted."

The quotation continues:

"We are particularly concerned that a penalty can be issued if an officer has reason to believe a penalty offence has been committed (Cl. 2(1)). This is a lesser standard than the criminal burden of proof.

If a person provided with the notice goes to court to protest his or her innocence rather than pay the fine, the burden of proof the police will be expected to establish is beyond reasonable doubt. The practical implications of this are that there will undoubtedly be a large number of people challenging these notices, causing not only the administrative burden of issuing fixed penalty notices, but also upon the courts."

I hope that the Solicitor-General will address some specific points in her response. The Library note on the reverse burden of proof prepared for me for today's debate has confirmed one point. We are all aware of the most recent court cases—namely, the House of Lords decision in Sheldrake in 2004 and R *v.* Johnson in 2003—and the Court of Appeal guidance on reverse burdens in the Attorney-General's reference No. 1 in 2004. Since the Human Rights Act 1998 was passed, we have seen an increasing commitment from this Government to reverse burdens of proof. According to the House of Commons Library note, as the use of reverse burdens grew, one difficulty was that draftsmen of parliamentary legislation did not always make it clear whether defendants were to bear the legal burden of proof or an evidential burden. Since the Human Rights Act came into force, with section 3 requiring courts in so far as it is possible to interpret legislation in a way that is compatible with the convention rights, the new feature has seen the possibility of reading down legislation in cases where putting the legal burden on a defendant would be incompatible with convention rights, but putting the evidential burden on him might not be.

Those people who do not wish to express or recognise any guilt for offences—quite serious environmental crimes, which we all agree must be rooted out—will increasingly have no alternative if they wish to proclaim their innocence but to refuse to pay the fixed penalty notice and go to court. There is concern that that will put a lot of pressure on the court system and that it may not be able to cope.

One aspect of the law that should have been addressed in the Clean Neighbourhoods and Environment Bill was not. I am referring to farmers or landowners who have vast tracts of land, often do not have the time to visit all of it, and who are the innocent recipients of waste that is dumped on their land. It could be hazardous waste, toxic waste, chemical waste or building waste. If the land is privately owned, the Environment Agency is charged with removing the waste at taxpayers' expense.

However, the landowner is deemed guilty of an environmental crime. That will come into force under the Bill. It is currently before the House of Lords, so it could still be amended, except that it will be considered only on Second Reading, and not in Committee or on Report because of the timing of the general election.

It seems that there is a huge imbalance. An environmental crime has been perpetrated wilfully by an individual, but the onus of removing the waste is placed on an innocent party. I think that the phrase used is that it will be their decision whether or not they remove that waste and, if they do, it will be at their expense.

The only remedy that the innocent party will have under the new provisions in the Bill is that the police can catch and prosecute the perpetrator and then the cost to the landowner of removing the waste could be recovered. That was always our stance and we are delighted that the Government have adopted our position by making fly-tipping an arrestable offence. I welcome the opportunity to place on the record our worries and, hopefully, I shall receive a positive response from the Solicitor-General.

I think that the Solicitor-General said that, over the past six years, there has not been much opportunity to count the number of cases. The House of Commons Library has said that it would take substantial research to go through all the legislation. We are told that, in 1996, 219 examples of legal burdens or presumptions operating against a defendant were found in 540 offences that were triable in the Crown court. It said that, since then, no proper research has been carried out into such matters. However, for the purposes of this afternoon's debate, the Solicitor-General might have undertaken such research. We regret the drift towards the reverse burden of proof. We envisage a situation in which we shall rely much more on a party proving his innocence through no other means than by his having to go to court.

Let us consider the even more regrettable situation in which an innocent landowner is left with the task of removing waste that has been dumped on his land without his permission. Such serious environmental crimes are covered under the Clean Neighbourhoods and Environment Bill. I hope that that the Government will table amendments to clarify the position and to make sure that the situation that we envisage can be stopped in its tracks.

4.14 pm

The Solicitor-General (Ms Harriet Harman): I thank the hon. Member for Vale of York (Miss McIntosh) for choosing this matter for debate, giving me the opportunity to discuss in detail a subject that has gone backwards and forwards between us in both written and oral questions and answers. It is a good opportunity for the hon. Lady to identify the full extent of her worries and for me to set out our principles and try to reassure her about such matters.

I wish to set out broadly the Government's approach and cite some examples, so that we can be clear about the starting point from which we are moving forward. The hon. Lady has obviously given the matter a great deal of close scrutiny, and I will look at the detailed points that she has raised. Obviously, I share her concern—I am sure that all Members would—about ensuring a presumption against reverse burden. It is in the DNA of us all to support the expectation that someone is innocent until proven guilty, and the responsibility should be on the prosecution, whether that is the local authority or the Crown Prosecution Service, to prove guilt.

Of course there have been, and are, exceptions to that, but the question put was whether there are many of them. With respect, I am not sure that I approach the issue in the same way. I do not think that one can quantify unfairness; the question is whether each individual measure is unfair. There cannot be a general climate of unfairness. If there is a reverse burden in both an environmental Bill and a completely different Bill, that does not add together to make unfairness. One must be satisfied that each and every provision is not unfair. So I do not accept the quantity point.

Also, I am not entirely sure whether there has been an increase or decrease at any stage. I think that the hon. Lady is saying that there is a trend of increased reverse burdens. Even if she is right about that, I do not think that it is necessarily a problem. However, I am not sure that she is right, because no one has counted, but I think that they will start counting after today's debate, as it is an interesting point.

When we make law in the House, we need to be sure that it is right in principle, that it is intellectually coherent, and that it works in practice in dealing with the problem that the legislation attempts to address. We would expect that in every bit of legislation, whether primary or secondary.

I am not at all as familiar with the Vale of York as the hon. Lady, but in my constituency issues of reverse burdens have not caused a problem. I know that she has a different relationship with environmental offences because of her constituency, and I will mention that later; but, generally speaking, I do not have a problem with constituents coming to see me—which they do in large numbers—feeling that somehow it is put on them to prove that they were not in the wrong and committing an offence. I do not see any constituency evidence that the issue causes a problem in the way that the hon. Lady identifies.

Miss McIntosh: Obviously I do not know a great deal about the right hon. and learned Lady's constituency either, but I would imagine that Camberwell and Peckham is deeply urban. My constituency is deeply rural. I have limited my remarks primarily to environmental crimes, but there are seven other examples of the trend in primary legislation that I would like to share with her after today for her further information. However, on these environmental crimes, the point is that the Government have signed up to EU directives, and now there is nowhere for the waste to go. That has made placing it on privately owned land too attractive.

The Solicitor-General: We do not have vast stretches of countryside in my constituency, but we have plenty of fly-tippers, and plenty of people with loads of tyres on the back of lorries that they want to dump somewhere. So we are familiar with some of the issues, although perhaps on a different scale. I will get to that point in a moment.

I shall start with the general principle. The majority of criminal offences require the prosecution to prove all elements of the offence to the criminal standard—that is,

[The Solicitor-General]

beyond reasonable doubt. The principle that a person is innocent until proved guilty has always been a foundation of our common law; that principle is now reinforced by the direct application of article 6 of the European convention on human rights to the UK following the introduction of the Human Rights Act 1998. So, any unfairness that might otherwise have required people to wait to get all the way to Strasbourg can be judged right now in domestic court proceedings.

However there are a number of offences, some of long standing, where the burden of proof relating to some issues may be transferred to the defendant. These typically arise where an exception is provided and the accused must demonstrate that he falls within it, or where there is some excusing circumstance of which only the accused has knowledge. Those are typically the two bases.

Where the burden is transferred to the defendant, it may be a legal or an evidential burden, depending on the intention of the legislation. A reverse legal burden requires the defendant to discharge the burden but to the lower standard of the balance of probabilities. An evidential burden requires only that a defendant raise an issue in evidence, and once properly raised it falls back on to the prosecutor to disprove the matter beyond reasonable doubt.

The Court of Appeal and the House of Lords have considered the circumstances in which reverse legal burdens will be found to be reasonable and proportionate on a number of occasions since the implementation of the Human Rights Act 1998. They have identified a number of principles to be applied in considering whether a reverse legal burden will be compatible with article 6(2), most recently, as the hon. Lady said, in the case of Sheldrake. In that case, the House of Lords confirmed that the European convention on human rights does not outlaw presumptions of fact or law but requires that they should be kept within reasonable limits and should not be arbitrary. That has to apply not in the generality but to each and every specific offence that we are considering. The effect of the court's decision is that the overall burden of proving the offence should remain on the prosecution and that the trial of the issue should be fair. A reverse burden will be deemed compatible only so long as it is in pursuit of a legitimate aim, it is justified and it is proportionate to the overall aim of the legislation.

A simple example with which the hon. Lady will be familiar is the case of a defendant stopped in public while carrying a bladed article. Under the Criminal Justice Act 1988 he has a defence if he can show that he had it in a public place for a good reason: for example, he is a carpet fitter on his way to work. The courts have found that the reverse legal burden on the defendant to prove that good reason on the balance of probabilities is fair and proportionate. The defendant is in the best position in that sort of case to prove that he had a good reason, and the prosecution continues to bear the burden of proving all the other elements of the offence: the fact of possession, the fact that the defendant was in a public place and the fact that there was a bladed article.

One environmental example, which has been found to be compatible with the ECHR, is the offence of fly-posting under the Town and Country Planning Act 1990. That offence is intended to tackle the problem of businesses fly-posting walls, advertising hoardings and other street furniture with posters advertising their event. The offence has a reverse burden in that a person is guilty of this offence if he is the owner of the land covered by the posters or if it is his business that is being advertised, unless he can prove that the posters were being displayed without his consent or knowledge.

That reverse burden was supported by the courts recently in the case of Savvas. The Court of Appeal found that there was a reverse burden of proof in relation to knowledge and consent. To place a reverse burden of proof on persons whose business was promoted by fly-posting was determined to be reasonable and proportionate, as it was in the public interest, the exception was easy for the accused to prove, and of course, it was only on the balance of probabilities.

I understand that the hon. Lady may have some concerns, which she has expressed, about the reverse burdens of proof in the Clean Neighbourhoods and Environment Bill, which she indeed raised on Report. The central purpose of the Bill is to improve the local environment that directly affects people's quality of life wherever they live. It provides enhanced powers for local authorities and the Environment Agency to tackle local environmental quality and antisocial behaviour. I mention that because those reverse burdens do not arise in a vacuum; they are about remedying a problem through legislation. As well as having to be fair, they must be proportionate to the problem that is to be addressed.

The Bill contains reverse burdens of proof for a number of offences, and I will explain some of the reasons behind this in a minute. However, before I do, I should stress that this Bill has been, and will continue to be, subject to the usual checks and balances to ensure that it does not contravene the ECHR. The Bill has passed through the House of Commons and is currently waiting for its Second Reading in the Lords. The Joint Committee on Human Rights has published the results of its consideration of the Bill, stating that it accepted

"the statement in the Explanatory Notes that the new reverse burdens in the Bill are compatible with the presumption of innocence in Article 6(2) ECHR".

So, it has been given a clean bill of health by that Committee.

My right hon. Friend the Secretary of State for Environment, Food and Rural Affairs signed a statement confirming that the Bill is compatible with the European convention on human rights, as did Lord Whitty of Camberwell for the purposes of the Bill's introduction in the House of Lords. The Government consulted extensively for two years on many of the Bill's measures and no complaints about reverse burdens were registered with the Government by groups such as Liberty, with which there has been an exchange of correspondence. Indeed, the Minister for Rural Affairs and Local Environmental Quality offered Liberty a meeting if it had any concerns, and it did not take that offer up. If it has concerns—or if the hon. Lady's concerns are the same as its concerns—there is no reason

why such a meeting should not take place. The Bill is not something that has not been examined and thought through.

Some of the reverse burdens in the Clean Neighbourhoods and Environment Bill slightly amend or improve existing reverse burdens introduced by the then Government in the Environmental Protection Act 1990 and the Town and Country Planning Act 1990. Appropriate reverse burdens have been around in environment legislation in relation to fly-tipping, litter control notices and fly-posting for some time.

I am aware, however, of two new examples of reverse burdens on nuisance vehicles in the Bill, which I understand the hon. lady queried on Report in the House of Commons. Clauses 3 and 4 of the Bill make it an offence to sell two or more cars on the same road as part of a business or to repair a vehicle on the road as part of a business. That is something we know about in Camberwell and Peckham—I say that with some feeling.

A person cannot be found guilty by the courts of those two offences if the defence proves to the satisfaction of the court that he or she was not selling or repairing the vehicles as part of a business. Those two clauses therefore create a legal reverse burden of proof, as the defendant is required to prove something to avoid being found guilty. However, the prosecution first has to prove that the defendant had two cars on sale for the question of a defence to arise in the first place.

The offences are targeting the rogue trader, not the private seller. Two or more vehicles being advertised for sale on the same road suggests the presence of a business venture. Local authorities have told us they have great difficulty in proving that an individual is acting in the course of a business when the transaction occurs in the street. In the unlikely case of a private seller selling two or more vehicles, it would be easy for them to prove through Driver and Vehicle Licensing Agency documentation that the vehicles were registered in their own or their family's name and that it just so happened that the vehicles were being sold at the same time. It is easily proved through the DVLA that such vehicles are being sold and that such people are not traders trading on behalf of someone else.

The burden of proof is on the basis not of beyond reasonable doubt but of the balance of probabilities. That is a common-sense approach, particularly when the alternative is considered. That would be far more invasive; to put the burden on the prosecution would require intrusive powers to be given, for example, to examine paperwork or bank accounts. It is more humane to the defendant to say, "Well, you produce the information," rather than to say, "We are coming in to get it". It makes it cheaper for local authorities.

The hon. Lady might also be interested to know a cross-departmental group on ECHR issues in criminal law meets every two months. The Department for Environment, Food and Rural Affairs, the Environment Agency and the Office of the Deputy Prime Minister are represented on that group. A sub-group examines reverse burdens. So, a machinery of government incarnation addresses her preoccupations. It constantly examines what the courts are saying and seeks to ensure both that such things are being kept track of and that whenever the courts say something, we ensure that we comply with it.

The hon. Lady talked briefly about mixing criminal and civil law procedures together. So long as we have the right safeguards, we should not be hung up about which jurisdiction is involved. We just want the law to make common sense for people, for it to be fair and for it to address the problem that presents itself. I am sure that it would be useful if she had a meeting with the Minister for Rural Affairs and Local Environmental Quality to discuss the issues further. I would also be happy to do so at any time.

It being half-past Four o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 17 March 2005

[MR. JAMES CRAN *in the Chair*]

International Development Policy (Science)

[Relevant documents: Thirteenth Report from the Science and Technology Committee, Session 2003–04, HC 133, and Second Special Report (Government Reply), Session 2004–05, HC 235.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Gareth Thomas.]*

2.30 pm

Dr. Ian Gibson (Norwich, North) (Lab): I hope that we will be brief in our contributions, but pungent in making strong points. It is a lovely day and we ought to be out there getting some vitamin D in our system to revivify us for events coming up in the next few weeks. I am very pleased to introduce to the House the subject of the use of science in United Kingdom international development policy, and I welcome colleagues from all parties to the debate.

In July 2003, we decided to conduct an inquiry into how science and technology were informing decisions on the spending of our aid budget, how research was being used to underpin policy making in international development and how the UK was supporting science and technology in developing countries. This led us to examine predominantly the work of the Department for International Development, which had about £3.8 billion of the aid budget in 2004–05—no insignificant sum. This is the first time that the Science and Technology Committee has addressed the work of DFID; the International Development Committee has, of course, produced many reports considering DFID's performance and activities.

We received 100 submissions of evidence and held seven evidence sessions, involving DFID officials, organisations working in capacity building in the developing world, organisations involved in agriculture, forestry and environmental research and development, and those involved in engineering and health research and development. We talked to the chief scientific adviser to the Government, officials from the Foreign and Commonwealth Office, UK Trade and Investment, the British Council and the Secretary of State for International Development.

We visited the Overseas Development Institute for discussions with the fellows and directors there, and we travelled to Malawi, where we visited agriculture and health projects and met the President of Malawi, Members of Parliament and senior officials. This is a high-flying report that took wide-ranging evidence.

We are very grateful for the assistance of our specialist advisers: Andrew Barnett, the managing director of Sussex Research Associates Ltd.; Professor Anne Mills, professor of health economics and policy and head of the health, economics and financing programme at the London School of Hygiene and Tropical Medicine; and Professor Michael Elves, the vice-chairman of Rothamsted Research Institute.

I do not want to go into all the definitions in this area, which can cloud the debate, but I shall just say that development science appeared in our report as shorthand to refer to the spectrum of social and natural sciences, engineering and technology, undertaken for the purpose of informing, supporting or promoting our international development programme. We should not confuse that with the phrase "development studies", which usually refers to a branch of social science concerned with international development. The point of me saying that will become clear in my remarks and those of others.

International development is big news at the moment, and science and technology, and indeed engineering, are featuring increasingly in the aid debate. We have heard about the Commission for Africa and tsunami warning systems; people are recognising from such things the fact that science and technology and engineering are essential for international development. Indeed, everyone seems to be getting in on the act, such as the Chancellor of the Exchequer, who said this week of tackling climate change:

> "If our economies are to flourish, if global poverty is to be banished, and the well-being of the world's people enhanced, we must make sure we take care of the natural environment and resources on which our economic activity depends".

There is a growing emphasis on science and technology, and engineering, in international development. Recently, they have come up front, which is a very welcome development. Our report makes that clear.

When we first announced the inquiry, science and technology and international development were hardly ever mentioned in the same breath, and DFID had the reputation of being a Department that did not really do science as such. We decided in 2003 that it was time for our Committee to take a good, hard look at DFID. Indeed, it is true to say that international development is far too important to be left to economists and social workers. We have to work with them, but science and technology must be alongside.

Mr. Julian Brazier (Canterbury) (Con): I am most grateful to the hon. Gentleman for giving way; he brings so much expertise to the subject. Is there not a certain historical irony here in that half a century ago, when there was a colonial situation rather than international development, science played a major role? Doctors were key figures in that administration and large numbers of diseases were wiped out, many in areas to which they have since returned. In some respects, science was more prominent then than it is now.

Dr. Gibson: I thank the hon. Gentleman for that intervention. It is absolutely true that things come round, and round again, but our knowledge of science, technology and engineering is much greater now than in those days. It has to feature to a greater extent than it did then, which is what our report urges.

Our inquiry generated huge interest in the development community in the UK. People were clamouring at our gates to tell us of their concerns about DFID's approach to science. There is no doubt that DFID does a lot of excellent work around the world—we saw that at first hand in Malawi—but we found evidence that science had been somewhat sidelined within DFID.

[Dr. Gibson]

Science and technology should play a central role in international development policy. Why? Because scientific capability is essential for improving agricultural productivity, generating new medicines and systems to deliver them, developing water and sanitation facilities, identifying and exploiting sustainable energy, and conserving the natural environment—no mean agenda. Time and again, we heard that this message had not got through to enough DFID staff, and the Department needs to ensure that science comes out of its box and plays a major role in the determination of our international development policy.

We are pleased that Professor Gordon Conway, who is here today, has been given the job of looking into this area, which immediately shows the value of Select Committees as we got a response before the report was even published. That decision is welcome, and it is further welcome that Gordon Conway is a scientist—a real, bona fide, hard scientist, unlike the soft social scientists. I say that, of course, with my tongue in my cheek. It is so important to have that information in the Department.

We are interviewing Professor Conway in the Committee next week, and we shall be asking some short, sharp questions about the support he is getting, how long his job might last and what he is going to do with the rest of his life, particularly in his current job. There will be lots of ugly questions to ask, but we want to ensure that this initiative has a significant influence on our policy. That is very important. I hope that he will be able to engage the permanent secretary, who is an elusive character, and ensure that he or she—whoever it is at the minute—plays a major part in developing the initiative. There may be one chief scientific adviser, but there are many permanent, grey secretaries around, and we hope that they will work together and mainstream this work in the Department.

We visited Malawi to see how DFID is supporting people in developing countries in identifying and meeting their science, technology and engineering needs. We saw some wonderful enterprises there that have been funded by DFID: a particular bridge was sterling, and some work in relation to agriculture was excellent, but much more could be done in a strategic way.

We were impressed by the quality of the staff and the work that they were doing, and we extend our thanks to our hosts, who made the trip so informative and very enjoyable. I believe that the man who showed us around was called Harry Potter; it seemed hard to take that there is another Harry Potter in the world. He was obviously big in the communities of Malawi and well-respected, which is a credit to the work of the Department and the British Government.

The trip drove home to us just how basic science and technology infrastructures are in these developing countries. We noted the brain drain of Malawi's skilled health workers and teachers, which was having a serious effect on the ability to support science, research and health services in Malawi. I am sure that many other members of our delegation who saw that at first hand will want to refer to it.

Our report calls on the Government to boost significantly the funding available for building capacity in science, technology and engineering in developing countries. We want DFID to carry on emphasising the need for developing countries to identify their own priorities instead of always having to follow a donor-driven agenda. That is extremely important. How can a country identify its own needs for sanitation, disease prevention or research unless it has indigenous science, technology and engineering capacity? How will science, technology and research be represented in national policies if scientists and researchers have no voice at the policy-making table? Other Members might pick up on that point.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The hon. Gentleman makes a very important point about the need to ensure that recipient countries can decide their own priorities, but I hope he acknowledges the fact that there is a tension between that and a recommendation of the Committee, which is that a condition of the provision of direct budgetary support must be that the recipient country does not have discretion on whether to invest in scientific and technological support. The Government have some difficulty with that recommendation on those grounds. How does he square the circle between those two principles?

Dr. Gibson: There is no easy blueprint for that process; there has to be co-operation on an item-by-item basis. We should not try to lay down a blueprint, but take up the issues as we talk to people in particular countries. The situation will be different in different countries, and in different parts of those countries. There is no blueprint, and we should start to move our way through gradually, taking on the problems issue by issue. We called on the Government to boost significantly that work in developing countries.

When we visited the Overseas Development Institute and met people at the coal face, as it were, struggling to find sustainable sources of funding for their institutes and research groups, we found that DFID was perhaps not taking responsibility for looking after UK scientists. We should always remember the excellent work of developmental scientists in the UK and how they have been instrumental in building the UK's reputation in international development. We took evidence from individuals at the Overseas Development Institute who were involved in that.

Developmental science does not usually involve the sexy research that gets people fancy, Watson and Crick-type papers in *Nature*, but it makes a real difference in the fight against poverty and disease in developing countries. We must ensure in this country that we do not inhibit that work by having research assessment exercises that do not include such innovative and exploratory activity. These are difficult areas, as the hon. Member for Oxford, West and Abingdon (Dr. Harris) said in his intervention, but we must ensure that such issues are recognised by research councils. Again, I am sure that that point will be taken up in more detail.

We called for the Government to set up a development sciences research board with an initial budget of some £100 million, which would fund research partnerships between groups in the UK and in

developing countries. There is a lot of activity going on, but it must be boosted. The board would help to stop the erosion of the UK's development sciences skills and research base, and provide a much needed boost to the research effort to underpin international development policy making.

The Government's response promises to set up an "advisory" development sciences research board, whatever that might mean. Perhaps the Minister will explain what "advisory" means in such a structure. What is the point of having such a board if there is no funding? Indeed, £100 million is a drop in the ocean compared with this country's £4 billion aid budget. I look forward to hearing his explanation, and I am sure that others will return to the point.

I conclude by commending DFID for the constructive way in which it engaged with us during this inquiry. I have mentioned the appointment of Professor Gordon Conway, and the Department has increased its research budget from £80 million to £136 million per annum. It is beginning to work more closely with colleagues at the Office of Science and Technology and the research councils. Perhaps the real problem involves achieving a cultural change at DFID. We wish Professor Conway well in trying to institute some ideas that no doubt he and many others in this country have to support the developing world.

We are supporters of DFID and the work that it does. We hope that these changes will initiate in DFID's treatment of science and technology a higher-quality basis for its work and for the support it gives to developing countries.

2.45 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): I am proud to have been a member of the House of Commons Science and Technology Committee in this Parliament. We have produced more reports than has been the norm in recent years, and many have been on important subjects—not least the one that we are dealing with this afternoon. Some of our reports have been controversial, and there is more controversy to come from the Committee. Other reports have had a clear influence on Government policy, as we believe this report on international development and science has done.

I pay tribute to our Chairman, my hon. Friend the Member for Norwich, North (Dr. Gibson), who has driven the Committee forward mercilessly in this Parliament, sometimes during difficult times for him and the Committee. I also pay tribute to other Committee members for their commitment, and a special tribute to those who do not come from a science and technology background. Furthermore, we have been supported by some excellent staff, who have produced some extremely well written reports.

When we started this investigation, there was clearly not a scientific culture in the Department for International Development. As our Committee's Chairman has explained, such a culture is beginning to develop now, and the House should be grateful for that. The Government's clear advice was to appoint a chief scientific adviser in all the state Departments to work with Professor Sir David King, the Government's chief scientific adviser, as well as with individual Secretaries of State, and to ensure that each Department was aware of the scientific advances—indeed, scientific controversies—that might affect it.

"Horizon scanning" has become an important phrase; the Government are now looking 10 and even 20 years into the future, at where science and technology might take us and where controversies might arise. I do not think that this country and this Parliament have necessarily been very good at that in the past.

I am pleased that the launch of our investigation appeared to be influential in persuading DFID to appoint a chief scientific adviser. The recent refocusing of DFID on the role that science, engineering and technology can play in developing the millennium development goals and last week's announcement by the Secretary of State for International Development that even more money is being made available to support that change of policy are very welcome developments. I am sure that they will bear fruit in the not-too-distant future.

As my hon. Friend the Member for Norwich, North said, science, engineering and technology tend to have a low priority in developing countries. Recently, our Government have concentrated on ensuring that many such countries are developing good governance. That has been high on their list of priorities, and rightly so. Occasionally, I visit regions such as Palestine and Kashmir, where it is very difficult to find anyone studying science, engineering or technology—even in school, never mind at the further and higher education levels. Of course I accept that it is important to develop good governance to build the structures before high-tech science is brought into such countries. However, other countries are now ready for development, as I shall try to explain.

I have mentioned Palestine, and we must not forget that the Palestinians live cheek by jowl with the Israelis. Israel is one of the most developed countries in the world for science, engineering and technology. Unfortunately, the Palestinians who live next door, across the artificial border, are not benefiting from that at all—in fact, they are going backwards rapidly, while the Israelis are going forward.

I have seen such contrasts as I have travelled around the world as a Member of Parliament. They are so stark that we Members of Parliament have to try to do something about them.

Mr. Brazier: As one who once shared an office with a Palestinian engineer, I should like to put on record how much I support what the hon. Gentleman has said. The problem that he mentions has nothing to do with native intelligence, nor with the old educational system for the Palestinians, some of which used to be very good; it has everything to do with the sorry political situation in the region.

Dr. Iddon: I am grateful to the hon. Gentleman for his comments. I have many highly educated Palestinian friends. The education system in Palestine is excellent and would be even better without the closures there.

Although changing the culture towards science, engineering and technology in DFID in the UK is important, it is even more important that that change in culture is felt in the country offices. After all, it is at that level that the changing culture towards science, engineering and technology can have the greatest benefit to the citizens of developing countries. DFID will, of

[Dr. Iddon]

course, need to recruit more scientists, engineers and technologists if that culture is to permeate through the entire structure, from London to all the important developing countries. I accept that it will take time for that change of culture to permeate down to the digits of the organisation's body.

There are eight millennium development goals, which are listed on page 8 of our report. In my opinion, science, engineering and technology policy can influence nearly all of them; that is evident from the headings. For example, if we are to

"Eradicate extreme poverty and hunger",

developing countries have not only to produce enough food to support their own people in an often adverse environment, but to bring in foreign currency by exporting agricultural products. Most of those countries rely predominantly on agriculture for sustainability.

Regulations on the import of food into developed countries are an immense problem for developing countries; our supermarkets and, indeed, our own Parliaments are expecting better and better quality food to appear on the shelves of our shops and on the plates of our dinner tables. That produces an enormous burden for developing countries to overcome. Protectionist trade barriers also have to be overcome if such countries are to be successful in exporting their agricultural products.

Child mortality rates and the levels of disease in developing countries are totally unacceptable in the 21st century. Frankly, I am embarrassed when I visit such countries. It is a great tragedy that they train so many professionals—at such a considerable cost, relative to their economies—yet almost within a few years of training, those professionals die of infectious diseases. At the moment, that happens more rapidly than ever before, because of HIV/AIDS. That cannot be right; countries lose a lot of their professional expertise in that way.

During our trip to Malawi, we broke into two groups: health and agriculture. I was on the health team. My longest-lasting memory of the trip is of touring the Lilongwe Central hospital, where the conditions were horrific. There was one nurse for 80 patients. People, even those in the terminal stages of various diseases, were sleeping everywhere: in the corridors, on the floors in the wards, underneath beds—even out on the verandas, where temperatures plummeted to freezing at night.

When I had been to Africa before, the climate had been oppressive. However, on this visit, I was stunned at Malawi's climate at that time of the year: it was literally freezing, and I felt very sorry for the patients with very serious illnesses whom I saw sleeping outdoors. Tuberculosis was killing AIDS patients before the HIV virus killed them. I suppose I should have realised that before my visit, although subconsciously I already knew it. Lilongwe Central hospital—a large hospital—was even short of anti-TB drugs. There were not enough supplies available. Consequently, patients were dying of what is, after all, a curable disease in the west. Thanks to this Government, the antiretroviral drugs were just arriving in Malawi during our visit, although unfortunately much too late for hundreds of thousands of Malawi citizens. However, hope is there for the future.

As one of our leading newspapers highlighted a few days ago, the west has taken its eye off another killer disease; I mean malaria, of course. When I was a university lecturer, I used to give lectures on the development of antimalarial drugs, from Jesuit's powder—quinine, as it is better known—onwards to the more recently discovered drugs. I also lectured on other ways of keeping malaria under control in continents such as Africa. At that time, I was quoting a death rate of 4 million people per annum worldwide. Tragically, that death rate is even higher today and is rising rapidly, because, I think, we have taken our eyes off the ball on malaria. The situation has also been exacerbated by the fact that many of the drugs become redundant as the malaria bug mutates.

In Blantyre, we visited Professor David Molyneaux from the School of Tropical Medicine at Liverpool university. I was very impressed with him. He said that the focus of health policy makers on HIV/AIDS, tuberculosis and malaria in Africa—partially as a result of the millennium development goals—is detracting attention and resources from other infectious diseases in Africa, such as leprosy and river blindness: debilitating diseases that have such deleterious effects on some of the poorest communities throughout Africa.

It is important that DFID should ensure that the pursuit of the eight millennium development goals does not take resources away from already existing programmes that deal with very necessary projects such as the supply of clean water and effective and safe sanitation, the health care projects to which I have referred, the development of good infrastructure and even the development of sustainable energy.

Millennium development goal No. 7 is "Ensure environmental sustainability". That, also, can be achieved only by the application of science, engineering and technology. For example, most rural villagers in Africa burn local wood—either directly, or by turning it into charcoal first—for all their cooking. On television the other evening, I saw a successful project that allowed people in a remote African village to cook their food using the energy of the sun instead of having to burn wood. That was a simple, basic application of science that cost the villagers next to nothing. It was also saving the environment, because Africans often take trees down without bothering to replant, as they do not have time for that kind of thing.

I mentioned our visit to Lilongwe Central hospital and the shortage of nurses. It is not as if Malawi is not doing its best to train professionals such as nurses. Many of them cannot afford to work on the wages that they are paid by the national health service in Malawi, so they have been leaving the country. Many of them have been coming to Britain. Some, however, have been siphoned off into international development programmes that have been started in Malawi, often with no benefit to the country.

For example, foreign drug companies might launch a project on tropical diseases in Africa with the intention, obviously, of making a profit from the discovery of a new drug. However, that discovery might not be aimed at benefiting the citizens of the country that the

company is using for the research project. Many soldiers and other troops alike fight throughout the world in tropical theatres of war. It is a well known fact that during world war two, troops were dying or becoming debilitated from infectious diseases in tropical theatres of war faster than bullets or bombs were putting them out of action. Often the research projects in developing countries are not set up for the benefit of the citizens of the countries, but for the benefit of the countries themselves.

I am glad to say that there is a voluntary code of practice that discourages NHS employers from actively recruiting health care professionals from developing countries. However, it has unfortunately been possible to get around that code by using private-sector recruitment agencies. I therefore welcome the proposal, made by the Department of Health on 25 August last year, to strengthen the code of practice. I am pleased to say that DFID has offered to double—I think it was to double, although the Minister will confirm that—the salaries of nurses working in the Malawi national health service. I hope that will help to retain them in the service.

Dr. Harris: The proposal mentioned by the hon. Gentleman, which we discussed in Malawi, is interesting. I have always had a question in my mind about what research underpins the view that the policy of doubling—as opposed to tripling or multiplying by 1.5—is right. It was not clear to me when I was in Malawi that that was anything other than a figure plucked from the air in the hope that it might work. It would be possible to carry out research to find out whether that would be an appropriate policy and what the scale of support should be.

Dr. Iddon: I accept that, but something had to be done and it had to be done quickly. I am pleased that DFID took immediate action, even if it did not have the basic research to cover the point raised by the hon. Gentleman.

I have another simple example of what we are doing wrong in continents such as Africa. The British high commissioner held a reception for us and a lot of the country's leading scientists, engineers and technologists while we were in Lilongwe. It was quite an interesting evening; I certainly met a lot of interesting people. One was a scientist, who I believe is a geologist and he told me something quite simple. They drill for water all over Malawi, as has to be done to sustain life in any country. However, the problem is that wells are being drilled to varying depths and possibly, or even probably, penetrating the base of the aquifers—large underground lakes where that extremely useful water lies. When an aquifer is penetrated, a leak is created.

The geologist pointed out to me that what is needed in Malawi is an up-to-date, in-depth geological survey of the country and regulation to prevent people from drilling water wells willy-nilly or doing anything else that might upset the geological structure of the country.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): How does my hon. Friend square that excellent observation with the laid-back approach in paragraph f on page 26 of the Government's response, which discusses the Natural Environment Research Council? Apparently, the Government are concerned about the reduction in UK expertise, but no details are given. They continue:

> "Nevertheless, activity is maintained in those areas, often with international finance institutions or EU funding."

Does my hon. Friend not agree that that is an appallingly laid-back approach to the huge and important problem that he has just raised?

Dr. Iddon: I am grateful to my hon. Friend, and the answer to his question will come in a few minutes.

Corruption is a big problem in underdeveloped countries, and one that the President of Malawi seems determined to tackle, thank goodness. We visited Ntcheu district hospital, halfway between Lilongwe and Blantyre, and heard about its problems. Drugs are ordered from the central medical supplies unit in Lilongwe but many simply fall off the back of the wagon before they arrive at the district hospital. As a result, people either suffer longer or die in the hospital. The pilfered drugs are either sold on the black market or parallel traded back into their countries of origin for huge profits.

I wish the President of Malawi well, but the President alone cannot solve the problems of corruption. The management of those problems will have to go through the governing structure of the country. However, even more simple things were a problem. We discovered that the hospital, sadly, was short of microscopes—basic pieces of equipment in any hospital.

Much of the science, engineering and technology required by the developing world, such as microscopes, is very basic. However, it needs to be adapted to local circumstances. We saw excellent examples of such projects in Blantyre, where people from the university of Strathclyde were working with local villagers, asking what their problems were and developing basic scientific solutions to those problems.

As I said, I have been to Africa before, and to other developing countries. Occasionally, one visits a remote village and has to go to the toilet. Frankly, I have not enjoyed such experiences in past decades. However, I was caught out in one small remote African village and was absolutely amazed: there was no smell, and it was extremely clean. It had a clay floor, and was in a mud hut, but had none of the problems that I have experienced in the past. The reason for that was revealed on our visit to Blantyre, where a special filter has been developed to plug into the sanitation system of such remote villages. Hundreds are produced quite cheaply in that African country. That is another example of basic science that can be applied in Africa.

Surprisingly, even some of our most advanced technology can have the greatest impact in such countries. I saw a programme on the television the other evening about the satellites that are used to track big game. Big game migrate hundreds of miles across Africa, particularly in the Rift valley, and occasionally get near villages and trample crops. That can cause havoc when the crop is the only sustainable means of life in a small village. An advanced form of technology is now helping to sustain people in one African country in a basic manner.

[Dr. Iddon]

When I was a university lecturer, we used to send the textbooks and journals that we no longer required to such countries. They were extremely out of date, but at the time they were welcome for teaching subjects such as chemistry in remote parts of the world. We were not really doing them a favour in terms of modern technology. How much better it would be if people learning in Africa had laptop computers in front of them and were able to download information from all over the world. Indeed, people are beginning to do that in remote parts of the world.

What is the point of sending extinct journals and textbooks to Africa any longer? They can all be made available on a computer and even the most up-to-date science can be transmitted anywhere in the world, theoretically, and downloaded for the benefit of the citizens of that country. The Committee has just completed a report on open access publications, where the author pays to publish and people all over the world have free access to those publications. The Committee has been fighting—although, unfortunately, the Government are not yet convinced—for open access publications so that people in developing countries do not have to pay to access the most up-to-date scientific and medical information produced throughout the rest of the world.

Many years ago, I visited several developing countries. The contrasts were plain to see. It was clear despite all the poverty that I saw throughout the length and breadth of India that their successive Governments knew what they had to do: train as many professional scientists, engineers, technologists and medics as possible. Even though I saw people dying from infectious diseases and starvation, the Indian Government ploughed ahead with a policy that seemed mad to their own people. Let us consider India today. We export some of our jobs to India because Governments have been so successful in using SET to forward the development of the country. They are still doing that. They believe in education as a saviour of the lives of their people.

That contrasts with another country that I visited at about the same time: Tanzania, in east Africa, where I taught chemistry at the university of Dar es Salaam on two visits. At that time—admittedly about two decades ago—the Government were struggling with similar problems to those found in India, but the culture was completely different. The Government were not progressive about science, engineering and technology, corruption was rampant and there was no movement at all. Such contrasts can be found throughout the world.

As a chemist, I find it extremely different to do chemistry in the tropics. In my laboratory in Salford, I used diethyl ether to extract new molecules that I had synthesised in reaction mixtures. I naively thought that I could do the same in Africa. I started to do some basic research and showed how to handle the basic equipment. I then said, "Where's the ether bottle?" That was a crazy question to ask, because ether boils in Africa and, in the right proportions with air, it can cause explosions. I gave that idea up.

I have a friend in Dar es Salaam called Jim Harvey. He is from Bolton, which is why I have kept in touch, and he is a supporter of Bolton Wanderers, so I have to keep him informed about them. Jim has stayed in Malawi for several decades. He is married to a Malawian woman and they have a Malawian family. I am sorry. For "Malawi" read "Tanzania"; I am still talking about Tanzania. He imports basic chemicals. When I went, all chemicals had to be flown in, and the cost was prohibitive. Today, Jim is helping to start that market. When I visited for the first time, Tanzania was not producing its own soap, but was importing it from the large countries. I hope that Tanzania is beginning or has started to produce its own soap.

When I was in Tanzania, a lot of foreign aid money went in. I saw it wasted. Specialists went in, told the local population what they should be doing and did not ask what the problems were or what help was needed. A lot of the projects were extremely short term. Clearly, over several decades countries, such as Britain and the other aid countries across the world, have realised that what we were doing was wrong. Even providing a basic piece of scientific equipment is probably not the right thing to do. If the equipment breaks down, there will be no technician to fix it and, in any case, where will the spare parts come from and who will pay? Those are all basic questions to ask when dealing with the developing world.

The developing world needs professional people, but where should we train them? We have brought them out of their own countries and trained them in the UK, in Germany and in America in their hundreds and thousands. Unfortunately, great numbers have not returned, which has been rather sad. With the advent of long-distance learning packages, satellites and computers, we can train people much better in-country than out-of-country. I hope that we can start to do that in an even bigger way.

I pay respect to the British Council, which does an excellent job in encouraging exchanges of academic staff between countries in the developed and undeveloped worlds. That is still important. I have benefited from exchanges myself, and after I went to Tanzania and India, I kept up the relationship with those people and have analysed the samples that they sent me in the post, run nuclear magnetic resonance spectra for them because they have never had the instrument, and helped them to examine MSc and PhD theses.

It is important that such relationships are continued. The British Council science sector has a global budget of £8 million, with dedicated science programmes in 62 countries, including 12 developing countries. That is not enough, and I hope that the council will consider those countries and increase the number in the programme.

I am pleased that this country, along with others, is involved in capacity building in individual countries despite all the problems, and I believe that it is the way forward. However, it seems that countries are in competition with one another and are not actually working together. I implore DFID to try to organise things like the Commission for Africa, where countries are brought together for the common good. In the past, I have heard many civil servants and professional people say that it is good to go to such countries because that builds up confidence so that they will begin to trade with us. That is a reasonable reason to deal with a developing country, but not the real reason, which is to try to give them the same standards of living as we have had in the past.

Direct budgetary control has been referred to. Despite the high level of corruption, the British Government seem set on giving direct budgetary support to developing Governments. The Centre for Land Use and Water Resources Research has said that the

"shift within DFID to direct budgetary support to countries . . . is diminishing the donor agency's ability to provide direct technical guidance to development projects".

When we challenged Mr. Paul Spray, head of the central research department at DFID, who is here today, about the impact of that policy shift on existing SET projects in the developing world, I do not think that we got a clear answer. That worried the Committee. It is extremely important, and I say it in a constructive way, that DFID carries out an analysis of shifting policy in the way that I have explained.

My hon. Friend the Member for Hemel Hempstead (Mr. McWalter) has mentioned the National Commission for Science and Technology in Malawi. I was impressed by its vision, its plans and the professionalism of its members. Unfortunately, they receive only a fraction of the official budget awarded to them. As a result, they cannot involve themselves even in high-level policy making, and they certainly cannot implement many of the excellent policies that they have developed on paper. The commission did not appear to have any overview of the work being carried out by international donors, and it had no way of ensuring that the donors complied with the regulations laid down for research papers in Malawi.

The UK is committed to achieving the UN expenditure target of 0.7 per cent. of gross national product on international aid, at least by 2013. As a member of my party, I am very proud of that. That is the only way—especially if every country follows suit—that we will be able to develop the undeveloped world.

In conclusion, I am pleased that the Committee launched the inquiry, because it seems to have focused minds in DFID, and it seems to have been influential in the appointment of the chief scientific adviser to that Department. I look forward to DFID's ongoing shift in policy having a beneficial effect on countries such as those that I have mentioned in the under-developed world.

3.16 pm

Dr. Desmond Turner (Brighton, Kemptown) (Lab): The Select Committee's investigation was a fascinating one to undertake. It started for me with the basic question of whether we were looking to use the appropriate science and technology for development work. Clearly, as the Chairman of the Committee, my hon. Friend the Member for Norwich, North (Dr. Gibson), has said, there is not much scope for glamorous, leading-edge, Nobel prize-winning research. There is not much scope for applying high-tech solutions to problems in the developing world, but there is an awful lot of scope for the intelligent use of basic pieces of technology—preferably extremely low-cost but easily deployed and used by local people, and in which it is easy to train them.

When we started the inquiry it immediately became evident that there were two trends in the Department for International Development, including the downgrading of the importance of science and technology. That was evidenced by the fact that DFID had discarded its scientific adviser and was breaking up its scientific directorate. That does not send out a strong message about the importance of science and technology in development work. It left two important questions. First, was DFID left with sufficient scientific capacity to be an intelligent client of the work of other people in science and technology, upon which it might want to draw?

Secondly, there was the question of a policy shift from programme work in countries towards direct budgetary support, which has already been explored. If direct budgetary support is to be successful, the recipient country must have the capacity to take advantage of it properly. It must also have the quality of governance to ensure that the budget is spent on development work and that the money does not disappear through corruption.

The first question, about the scientific capability of DFID, was addressed early in our investigation. We heard evidence from a wide range of expert witnesses who were all worried about the trend towards downgrading science and technology and the takeover by social scientists, to which my hon. Friend the Member for Norwich, North has referred. That is putting it rather crudely, but as hard scientists we have a certain prejudice against social scientists.

We were gratified when, before we had even finished the inquiry, the Government saw the light and DFID appointed a new chief scientific officer. It is gratifying to see him present. He is an old acquaintance of mine, formerly the vice-chancellor of one of my local universities and a scientist of international—

Mr. James Cran (in the Chair): Order. I simply wanted to say, lest somebody follows suit, that under our rules it is not permissible to refer to strangers.

Dr. Turner: I beg your pardon, Mr. Cran. I fear that we perhaps become a little too relaxed and informal in the setting of these debates. I apologise.

Dr. Gibson: I spy strangers.

Dr. Turner: Indeed.

The Government's having appointed a person of international repute to the post, it is clear that whether it is entirely down to the Committee's good advice or for whatever reason, they have seen the error of past ways and set out on the right path. That sends the positive message to all involved in development work that science and technology will get their proper place in development work.

The second question, about whether the recipient countries have the necessary capacity or governance, was vividly illustrated by our visit to Malawi. My hon. Friend the Member for Bolton, South-East (Dr. Iddon) has already referred to our visit to the central hospital in Lilongwe, and that really was an eye-opener. I have seen some pretty rough hospitals, but nothing quite like that. Anyone who wants to complain about conditions in a national health service hospital, and sometimes they are not perfect, should see that hospital. They would probably never want to complain again. It was something out of a picture of hell.

[Dr. Turner]

The capacity was simply not there: there was one nurse for 80 beds—beds full of people dying of AIDS-related diseases. The hospital facilities were not only basic but in many cases practically non-existent. The pathology labs had hardly any equipment, and there was a paucity of trained technicians. They were capable of only the most basic diagnostic tests and then, because of corruption, only if the reagents or equipment were working. The hospital's drugs order and laboratory reagents, and everything else it wanted, had to come from the central supply depot, and 50 per cent. of it disappeared en route.

In the world's 13th poorest country, the capacity and governance were simply not there. Direct budgetary aid in a country where the infrastructure is so poor is clearly not a workable proposition.

Mr. James Cran (in the Chair): Order. Would you resume your seat once again, Dr. Turner? I am sorry to interrupt you a second time, but you are turning away from your microphone, and I regret to say that your words of wisdom are not being picked up, so you have to look at the microphone.

Dr. Turner: I beg your pardon, Mr. Cran. Microphones have never attracted me much.

Mr. James Cran (in the Chair): Nor me.

Dr. Turner: There were massive capacity problems. The capacity problems for nurses alone were extraordinary. The country trains 480 nurses a year, but regrettably they do not stay in Malawi. Sadly, some 400 nurses a year leave the country, and most end up working in the UK. That is not deliberate NHS recruitment policy; the nurses often go to private institutions, but subsequently find their way into the NHS. That is a major problem; it extends to everybody. Whether they are technicians, scientists or whoever, the country needs them all.

We were impressed with DFID's programme work in Malawi, and we saw a good example with its work on AIDS. That also relates to capacity building, because the supply of antiretroviral drugs to Malawi had just arrived when we were there. ARV drugs on their own are no use; trained personnel are needed to use them properly and ensure that patients follow the correct regime. There was a total lack of health personnel in Malawi who were able to do that. DFID was setting up centres, and when we were there the first three had been set up. It was DFID work using DFID workers. The three centres could deal with only a few thousand patients, so the first thing DFID did was set up a chain of centres and train the workers throughout the country, because literally millions of people in the Malawian population are HIV-positive.

The programme will take time, but that work was absolutely essential. Nothing could have been done with those ARV drugs to any useful effect without it. It was quite clear from that case that in countries at a low level of development, it is unwise to focus on direct budgetary input. Instead there should be sensible collaboration, with programme work reflecting the priorities of Governments in the recipient countries. Simply pouring in cash is no answer to the problem.

Likewise, the capacity difficulties of the higher education system in Malawi made an undoubted impression. There is not an awful lot of higher education there, but we visited one institution in Blantyre. It was very much dependent on its British Council-provided HE link with the university of Strathclyde. Without that, it would not have been able to pursue the again not high-flying but basic and practical research that it was carrying out with the university's help. That included absolutely essential work—in the African context—on ways of dealing with protozoan parasites in the water supply.

There was concern that that British Council programme might be coming to an end, and I do not think the Committee addressed that in its report. Rather than ending such programmes, the British Council, with Government funding, should be enhancing them, because they are valuable and the work that they do relates directly to DFID's input in those countries.

My hon. Friend the Member for Norwich, North referred to the joy of meeting the real Harry Potter. It was very sad that he was about to retire, because I imagine that he was one of the best people that DFID has ever had on its books. I hope that DFID has managed to find an agronomist of equal calibre to lead that part of its programme in Malawi.

Another thing that worries me slightly is the part of DFID's budget—it is, unfortunately, a large part—that is not spent directly by the Department but is our contribution to the European Union's international development aid. In the past, I have seen the grossest possible misuse of EU international development aid, in Peru. A few years ago, shortly before President Fujimori was expelled, EU food aid was being unpackaged, bagged up again, labelled as a gift from the president and distributed only to those poor people in the barrios who were guaranteed to vote for him. Some of that money was obviously British. I therefore advocate strongly that DFID take a close look, to ensure that such abuse has been stopped. That example was appalling and did nobody any good whatever.

With your permission, Mr. Cran, I shall digress slightly from our report. My hon. Friend the Minister and I share an obsession with renewable energy, which is an aspect of science and technology that will become increasingly relevant to international development. We have already heard references to the practice of using wood for cooking. I am quite sure that the steady quarter of a mile a year advance of the Sahara desert south towards the rest of Africa is not helped by the clearing of brushwood for use in cooking fires.

One of the most important things that can be done for the developing world is to give it renewable, cheap and robust energy that does not detract from our efforts to ameliorate climate change. We cannot just say to the developing world, "Sorry, you cannot have carbon-based energy", when we have spent centuries polluting the world with carbon emissions and enjoying our standard of living. We have an obligation to provide the developing world with renewable energy that it can actually use.

Fortunately, I am happy to say, the Foreign and Commonwealth Office has already initiated a programme called REEEP—the renewable energy and energy efficiency partnership—to disseminate a renewable energy kit that can be used in villages. Photovoltaic energy is used—the obvious starting point—but there are other possibilities, such as small, cheap wind turbines, or indeed anything that is renewable, cheap and robust.

There is another possibility that I find attractive. I am obsessed with tidal stream energy in particular, and should perhaps declare an interest: I am associated with a company that is involved in its development. Nonetheless, the technology can in principle be applied to an awful lot of the developing world, not only on coasts, but on rivers.

One of the most devastating things that happens from time to time is the building of enormous dams in order to produce electricity, which create a great deal of environmental damage behind them and can deprive countries below them of water supplies. Alternative technologies are being developed that can produce hydroelectric power without massive dams, or the huge capital cost or environmental damage. As such technology matures and becomes available in smaller and cheaper forms, I hope that agencies such as DFID will adopt it and help its dissemination in the developing world, where appropriate. Doing so would make an enormous contribution not only to the developing world, but to the rest of the world, because it would help with our campaign to ameliorate climate change.

Perhaps hon. Members read a recent account in *The Observer* of a project on the Congo, involving massive dams, to supply electricity to most of Africa. That is not the only way—technology can deliver something much better.

The main message, which, I am happy to say, DFID is receiving loud and clear, is that science and technology can play a vital role in the developing world. If they are used successfully, that will be to the good of everybody, and not only the developing world, but the rest of us, too.

3.36 pm

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): I shall try to ensure that the microphone is near enough. Also, I know that the Minister has to leave briefly, so I shall mention one thing to him before he goes.

I am proud of the report. Quite often in Parliament, we get things done only because we secure the support of lots and lots of people. So, if 500 people are involved, one of us has only a five-hundredth of the action. In quite a few meetings of the Committee, I wanted us to take the issues covered in the report on board, but I was in a minority of one. Slowly, that became a minority of two, three and four, so I regard myself as perhaps the originator of the report and I feel very proud of that.

Dr. Iddon: Well done!

Mr. McWalter: I thank my hon. Friend. The Minister also played a role in that. I was once sitting with him on the Back Benches—he might not recall those far-off days now—when he asked the then Secretary of State for International Development, my right hon. Friend the Member for Birmingham, Ladywood (Clare Short), a question about renewable energy, for which my hon. Friend the Member for Brighton, Kemptown (Dr. Turner) has indicated his enthusiasm. The Minister asked a question that I can only describe as scientifically well informed. However, the response was so dusty and negative that I turned to him and said, "Something must be done about that."

My right hon. Friend the former Secretary of State did a hugely good job in many ways, but science was not her forte and as a result a lot of the policies that the Department developed lacked that ingredient in a major way. I would therefore like to thank the Minister for playing his role in developing that consciousness—although he did not know he was doing it—in the Committee.

The report has another origin. In 1999, I had the good fortune to go to Malawi. I am sorry; I have the same disease as my hon. Friend the Member for Bolton, South-East (Dr. Iddon), as I am getting my African countries muddled up. I went to Mozambique to monitor an election on behalf of the European Union. As well as having some exciting adventures, I saw a harbour at Beira, where seven or eight rotting hulks had completely devastated what used to be one of the most beautiful seaside resorts in Africa. Far from being a seaside resort, the harbour was a rotting and polluted tip.

That deposit raises a number of questions. Who will ever remove those rotting hulks? What capacity does Mozambique have to avail itself of the expertise of marine biologists? Who with the necessary skills in chemistry is around to try to ensure that, in the end, an environment to which tourists may be invited will be safe for them to enjoy? In a sense, the whole African problem was encapsulated in the poverty, misery and lack of jobs and of capacity represented by those rotting hulks.

When I came back, I asked questions, questions and more questions, but I never found anybody who could give me anything remotely like an assurance that someone somewhere would ever do something about the problem. As a result, I formed the strong view that we should press for our inquiry, particularly as the first part of addressing the problem involved high engineering skills.

We have reached the stage where the lack of scientific interest in the Department has definitely changed. On almost every issue, the Government response says, "We agree, we agree, we agree." Indeed, I never have read a Government response that agrees with so many Select Committee recommendations. I thank them for that, as it is a real step forward. Despite that, however, the agreement is often—how can I put it?—rather thin. It is not wholehearted and it does not embrace the problem; it is only a kind of agreement with the words. The Committee still feels that the required change of culture—so that the words come from the heart and have a huge depth of understanding, commitment and work behind them—has not yet happened.

I intervened earlier on my hon. Friend the Member for Bolton, South-East, in connection with what the Department has said about the Natural Environment Research Council, or NERC—we are in alphabet soup now, I am afraid. NERC has the capacity to do

[Mr. McWalter]

geological surveys of the sort that would really address the water table issue that my hon. Friend talked about. I do not yet feel that the problem is fully grasped by the author of a report that says, "Well, activity is maintained." Somebody somewhere does not seem to understand the issue, which is the destruction of water resources in parts of the world where people are dying of thirst. Just one accident, piece of stupidity or under-informed piece of drilling can have that effect.

We are moving in the right direction, but DFID is still suffering from "departmentitis", if I may put it that way. It has a sense of what it can do within its own resources, which are limited, as all resources are, and thinks, "Well, what do you want to do? Quadruple our budget? Multiply it by 50? We don't do badly with what we're given. We're well on the way to hitting all sorts of targets and we've changed the culture." However, the report has a strong look at one thing: where the Department cannot do something itself, it should get serious about what other Departments are doing. It must be aggressive, and get angry and square-jawed. It must get other people off their backsides and make them take the issues seriously.

As the Chairman of the Committee, my hon. Friend the Member for Norwich, North (Dr. Gibson), said, when we talk about the research assessment exercise, for instance, we are told that it is with another Department—the Department for Education and Skills. Research councils are covered by another Department—the Department of Trade and Industry. When we talk about educational needs, the issue, in part, is whether the Department for International Development is going to push those other Departments, with their much bigger budgets, to reconfigure appropriately so that they are empowered to deal with the problems in international development, and ultimately the problem of those rotting hulks in the harbour in Mozambique.

That is the issue, but every time our report moves into that territory, the Government response shrinks back. For instance, a key recommendation is to have a development sciences research board, and not just, say, the Particle Physics and Astronomy Research Council. The Committee often considers that research council, which does extraordinarily important and interesting work, but if there is a research council for particle physics and astronomy, is it not strange that there is no research council for dealing with this problem, which is the biggest problem in the world?

What is going on? Somehow or other, we can get people to become deeply involved in particle physics and astronomy, but those who are working in development sciences must wait for the crumbs that drop from the table of the other research councils and hope to catch on to a bit of the action if they are lucky. That really is not good enough. I hope that, given the strong ministerial team at the Department for International Development, the general attitude of not taking seriously the brief to change the way that other Departments act will change.

That culture is not easy to tackle. The hon. Member for Canterbury (Mr. Brazier), who temporarily is not in his place, talked about the amount of work done 50 years ago by our engineers, doctors and economists in addressing third world issues, as they were then called. He omitted to say that, often, that work was premised on the idea that there was a match between what we wanted to do and what was wanted, and we then gifted that to the developing country. For instance, we are quite excited by the idea of hydroelectric power, as my hon. Friend the Member for Brighton, Kemptown said. So, where do people get a chance to put up a really big structure and do some really exciting work on a scale that they would never get a chance to tackle anywhere else? Try Africa. Where can people flood valleys and villages without too much furore? Try Africa. In that example, our civil engineers had a really interesting project and somewhere to do it. That was the technology transfer we engaged in.

Such projects, which involved cutting-edge engineering, are no longer available to us on anything like the same scale, but the response of our engineers has not been to try to use their expertise to carry out other projects that might have a greater synergy with the countries and economies they are working with. It has been to withdraw.

The Engineering and Physical Sciences Research Council told us, "We don't really do that kind of thing," because its concept is that it wants to do cutting-edge research—that is what it gets its bread and butter for—and there is no cutting-edge research that can sensibly be done in that field in Africa. I think the research council is wrong, but that is by the way.

The synergy still exists in the case of the Medical Research Council, which is still involved in a lot of interesting stuff that can be done only by people who are strongly in touch with the developing world. A lot of that valuable work goes on both in this country and in the developing country.

In the case of economics, people are excited by the capacity to do experiments in countries overseas in a way that they could not do them here. So, there is still continuing and extreme interest and excitement among medical and economic researchers, but that was all premised—the hon. Member for Canterbury, whose remarks I have been discussing, is back in his seat—on having a match between what we did here and what the other countries might be able to use or might like. That relationship is over. Now, in most contexts, although we still say it in some, we do not say, "We've got this. Would you like it?" Indeed, in some circumstances—as with things such as the smallpox vaccine—it was clearly right to say it. However, in general, the model is not impositional, but co-operative.

A co-operative relationship means that we need first to develop more appropriate technologies in this country, informed by—in the case of Africa—the African dimension. In developing those more appropriate technologies in this country, we need more work to be done in the African country as well. That is quite an expensive model. If we just do things here and ship them out, and we develop the expertise in doing so and get a product and a market, that makes a lot of economic sense for the UK. If, instead, we tried to tailor more of what we are doing to the needs of African countries, things might not run quite as well in terms of world markets. However, that is what those countries need, and sometimes it is also what we need.

The expertise, such as it is, that I bring to the Science and Technology Committee is in mathematics and information technology. I am struck by what happened

50 years ago when a mathematician from Cambridge went out to try to teach people in Uganda some mathematics. He did not take out the mathematics and ram it down people's throats. He came back with a conception of how to teach mathematics that, in my view, has enriched the world ever since.

The books by W.W. Sawyer, "Mathematician's Delight" and "Prelude to Mathematics", are still in print all this time later. Anyone who wants to understand something of the delight and beauty of mathematics will see how the challenge of taking those ideas about mathematics and trying to get the Ugandan students to understand them gave a richness to the subject and to that professor's work that they would never have had without it.

Let us be clear on this matter. That is only one example, but I am trying to make a point to those who think that we should just do things here, and then take them abroad and give people these gifts. This is not a relationship between donor and recipient. It is a co-operative, two-way relationship. We have a hell of a lot to learn and a hell of a lot to improve through having such a relationship with other countries.

As part of that, the report tries to take very seriously the plight of countries that lack capacity. One of the things that we seek to do is change the conception of science and engineering that young people in this country have. I gave a talk to a sixth form the other day and I asked 80 students how many of them were interested in going into the sciences or wanted to do a scientific subject at university. Three hands went up. The others all wanted to do other things. The conception of science among those students was—to a boy and girl, to a man and woman—that it was boring and hard and that it would not enhance their lives or the lives of others. The three who put their hands up were black and female, and they all wanted to be nurses.

The reality is that something is happening in education in our country—the Science and Technology Committee has given extensive evidence of this in another report—that means that the kids do not think that they are empowered to help those in desperate poverty if they do sciences at university. Who has broken that link? What kind of education is it that means that people who are educated come out with A-levels, but do not understand that a peasant in Rwanda might find it helpful to have access to someone who understands something of how water can be delivered so that it is clean and fresh, or something about human functions and toiletry so that they can ensure that the capacity of human beings to despoil their own water supply is addressed?

When we were in Malawi, I was part of the agriculture group, but, inevitably, we also dealt with health issues. One involved a polluted water supply. The chromium level in a particular well had been assessed—the technology was available to do that, which was good—as being 16 times the normal level that human beings can tolerate. Obviously, there was an issue about how to try to address that—an issue that only somebody who has graduated in chemistry can address. Kids are being poisoned because, somehow or other, those in the world who could have learned how to address that problem never even thought of doing so.

As a by-product of the visit, on my return I wrote to a company in my constituency that deals with mining technology. It has an office in South Africa. I wanted something else to happen as a result of that knowledge. After all, if water contains 16 times the level of chromium that it should, presumably there are some chromium salts in the vicinity. There could be chromium ore that could be mined. That is potentially very valuable. Let us face it, Malawi has precious little in that respect. However, it is difficult to get anybody to see the potential implications of such a decision.

The people who knew about the issue had it down as a health problem. They had "departmentitis" too. Nor did they see the problem as something that could give them information that might be used to develop the economy of Malawi. That did not occur to them at all. That is the sort of problem that we are used to in this country, but it is not the sort of problem that is always understood in our own Government or in other countries.

I want to conclude by talking about not just the Committee's report, but the evidence it took. I have been very harsh on engineers, not least because the Royal Academy of Engineering could not be bothered to give us any evidence. However, it was kind enough to invite me to address its members at a lecture, which I did at considerable length. I was very grateful for that invitation, and they listened very carefully to some fairly harsh criticisms.

In the body of evidence is a memorandum from the Institution of Civil Engineers, and if Members are interested in reading only one memorandum, they should read that one, because it contains so much that is relevant to our essential problem. I was particularly interested in it because the department of civil engineering in my local university in Hertfordshire has shut. Like other members of the Committee, I regard such contraction of opportunity as a major source of concern. I want DFID to take note of this issue and to do some badgering on our behalf.

Reference is made in the memorandum to how all the various problems come together. For example, it states that

"health depends on access to safe water, water depends on engineering; health depends on education, education on communication, communication on technology; food depends on markets, markets on transportation, transportation on access, access on engineering; health centres need buildings, buildings need energy supplies, all need construction and technology."

If someone has "departmentitis", they are going to be a bit fuddled by that list, because it transcends any particular Department at each stage.

We in this country need an understanding of how to manage technological and scientific projects, so that we can use that knowledge and expertise to break down departmental barriers and to break through the "it's not my problem" tendency. We need to understand that, if DFID is to be really effective, it has to kick a lot of other people into action as well, and to take seriously the range of problems that we have articulated in this report.

The report has the capacity to make the world a better place. Members of the Committee can only argue the points that have been put so persuasively to you, Mr. Cran, by my colleagues. However, I hope that out of this

[Mr. McWalter]

debate will come a determination on DFID's part properly to found a development sciences research board, to break through the tendency to ignore what is going on in other Departments and instead to make strident recommendations to them on a regular and scientifically well-informed basis.

4.3 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): It is a pleasure to participate in this debate and to follow that "cri de coeur" from the hon. Member for Hemel Hempstead (Mr. McWalter). I am wearing two hats, in a sense, in contributing to this debate, because I speak not only as a Liberal Democrat Front Bencher but as a member of the Science and Technology Committee that conducted this inquiry. That double position should not create a problem, because this issue is not that party political. Indeed, all members of the Committee, regardless of party, have shown a willingness to recognise the excellent work that DFID is doing.

I note that, in turn, DFID and the Secretary of State in particular have been willing to recognise the report's importance and the validity of many of its recommendations. Indeed, the Secretary of State has publicly quoted the Committee's report, work and recommendations in respect of certain policies. It is always welcome when Select Committees achieve such recognition. As I know from my experience with other such Committees, although we can draw attention to a particular issue, it is often forgotten. That said, there are disagreements between the Government and the Science and Technology Committee on the specifics, which I hope to explore. Because I went on the trip to Malawi and participated to a significant extent in drawing up the report, I do not want to talk generally about this topic—as Front Benchers often do—but to consider some of the specific recommendations in the Government response.

As has been said, it was a fascinating inquiry and one that was somewhat different from the more home-based inquiries that we have undertaken. It enabled us to think more broadly—indeed, globally—about the importance of science, engineering and technology, and of research in general. That contrasts with many of our other inquiries, which have focused instead on issues relating to UK science. I would like to thank whichever Committee member it was who recommended that we conduct this inquiry, and I think that the hon. Member for Hemel Hempstead played a big part in that regard, as he said. Indeed, the Committee had already agreed before I joined it in November 2003 that the inquiry should take place.

I want to echo the thanks of the Chairman of the Committee and of the hon. Member for Bolton, South-East (Dr. Iddon) for those who helped us with the report, including the Clerks and the specialist advisers. Because this was a new issue for me—and, I suspect, even for those with more Select Committee and scientific experience than me—their role was crucial. Putting together any visit to Malawi was never going to be straightforward, but that was especially true of one involving some rather free-thinking—if not freewheeling—Members of Parliament.

Malawi was a good example to focus on because it has dreadful problems, and it was right that we looked at both agriculture and health. Progress has been made with governance, but no one is convinced that the Malawi Government have entirely sorted out such problems. Indeed, it is sad to note that Malawi was in the news because its recently elected President—I think that he took office while we were there—was concerned about ghosts haunting his residence. That is unfortunate, because there are many highly competent and intelligent people in the Malawi Administration—indeed, such people are to be found not only in Government positions but in public service—who are keen to do the right thing in terms of governance and policy.

Malawi was also a good example to focus on because there is no doubt that the work that DFID has done there over the years has been good, valuable and welcomed. Indeed, such work is a good example of what DFID can do. Very few people had a harsh word to say about DFID, but that does not mean that we did not have criticisms of its policy. That said, it was very satisfying to see the difference that DFID has made, and has attempted to make, in that country. Some DFID people were extremely helpful with our inquiry, an example being Paul Spray, who came with us to Malawi and gave evidence twice. He seems hard to avoid: I have met him since—in fact, he is a constituent of mine—and perhaps he is even listening to this debate in real time. It is appropriate that we pay tribute to his assiduousness in ensuring that we were offered guidance, even if we did not always take it.

There are many things that strike a visitor to Malawi, but on the drive from the airport to our first destination, we all remarked on the huge number of coffin shops at the roadside. Words cannot describe the impact on Malawi of the HIV/AIDS epidemic and, as a result, of malaria, tuberculosis and other diseases.

One issue that I want to discuss is capacity in the health care setting. Health care professionals in Malawi are migrating to the developed world and to other developing countries, but those in developing countries are also migrating to the developed world, thereby causing a domino effect. However, we need to bear it in mind that health care professionals are also dying in large numbers, so there is a "double whammy" effect, as one of the Members present described it during an evidence session.

I want to discuss evidence-based policy—I am particularly keen on that issue, about which there is more that the Government can do—capacity building and what we should do about UK capacity specifically. It is hard to do justice in a short contribution to the extensiveness of the recommendations or, indeed, to the extensiveness and variation in quality of the Government's responses to them, some of which have been excellent. None the less, I shall seek to do them justice.

Our report clearly recommended the establishment of a development sciences research board. Paragraph 198 of the report states:

> "We propose that a cross-cutting Development Sciences Research Board be established with a mandate to award grants for development sciences R&D to UK-based institutions."

Mr. McWalter: Is the hon. Gentleman aware that the excellent facility at Warwick university that carries out research into engineering specifically related to

developing countries is having huge difficulty in securing a research assessment exercise rating and the support that it needs to carry out its frontier-breaking and excellent work?

Dr. Harris: Indeed, and I hope that the hon. Gentleman will bear with me because I am going to discuss what the Committee said about the RAE's impact, along with the Government's response.

The Government's response to our report states that they wish

"to avoid duplication of existing administrative mechanisms, including those of the Research Councils for addressing interdisciplinary issues and for managing cross-Council programmes."

So in effect, they were saying that they were not going to create a development sciences research board with grant-giving powers. However, in an albeit somewhat cheeky attempt to be helpful, they said that they intended

"to adopt the Select Committee's suggestion (paragraph 202)"—

in fact, it is not a listed recommendation—

"of establishing a small working group of representatives from the Research Councils, OST and DFID, plus others, to assess what objectives an 'advisory'"—

we should note the Government's use of inverted commas—

"Development Sciences Research Board might fulfil."

In so far as paragraph 202 of our report talked about a small working group, it was preparatory not to an "advisory" development sciences research board, but to a proper version of such a board. If the Government intend to adopt another approach, so be it, but they should not claim that the Select Committee recommended that approach.

I would be interested to learn what progress has been made in respect of an "advisory" development sciences research board. What would such a board do, and how would it avoid the problems of duplication that the Government cited as their reason for not implementing our recommendation? Who is on the working group, what is the time scale for reporting back, and what were the reactions of the Treasury and of the Office of Science and Technology? DFID might well be very keen on this proposal, but it is not clear that those departments share that keenness.

Mr. McWalter: We should also note that duplication is a very strange reason for not going ahead with this proposal, given that the Engineering and Physical Sciences Research Council says that it does not do such work. So anything involving engineering is, in fact, not being duplicated; rather, it is not being done at all.

Dr. Harris: Indeed, and this issue relates both to the RAE and to investment in UK research capacity. One of the report's recommendations expresses our concern about the erosion of the UK development sciences research base. In it, we ask the Government to be proactive, and not to

"sit back and watch this happen, never mind contribute to the process of erosion."

In that, we were referring to the problems created by the issue of untying research contracts in this country. I have some sympathy with the Government's position, and the Government response to our criticism of the impact of the untying approach was robust—from my role on the Front Bench, at least, I recognise that the Government have a point. If we have done it ourselves, it is easier to coerce and cajole other countries to do what is necessary in respect of untying, which gives us a position of moral responsibility.

I am prepared to accept that the Government may have been right to resist sticking their hands up and saying, "We wish that we had not done it", but I hope that the Minister will nevertheless accept the onus on the Government to be proactive. One of our general questions is whether the responses were the research councils' views or whether they were a Government statement of the research councils' views. The research councils recognise the concern, and they have some measures in place, but I am not convinced that they are doing enough to solve that problem, which is one of the reasons why the Committee said that a new research board with grant-giving powers is necessary.

The other issue is the difficulty caused by the research assessment exercise. The report makes it clear that the RAE did not give enough credit to development research, but the Government response stated that the Government do not think that there is a problem with the RAE. Whatever one says about the RAE, there are clearly perceived problems, and it remains a controversial enterprise. I ask the Minister to think again about whether he can argue to the responsible Department that the RAE contains distorting factors—whenever anything is measured or assessed there are distorting factors—that tend to underplay the value of development research in a field that is under pressure because of the question of untying.

Mr. McWalter: I am extremely grateful to the hon. Gentleman for giving way on three occasions. Both the Government response and many of the contributions from those who work in the field do not accept that there are difficult problems in development matters. The memorandum from the Institution of Civil Engineers, which I quoted earlier, states that

"there must be a way of controlling this process to ensure that difficult problems impacting on the most vulnerable sectors are not ignored in favour of those problems easiest to reach merely to achieve targets."

That suggests that there are major intellectual difficulties in that area that should attract research council or research board status. Perhaps the Government and many governmental agencies do not properly understand that point.

Dr. Harris: I agree with the hon. Gentleman, who has put his case well, and I am happy to give way to him or others, while we have time.

In response to the issue of the RAE, the Department for Education and Skills stated:

"The DfES does not however accept that the RAE has done less than could reasonably be expected to give recognition to research in development sciences."

I think—I cannot speak for the rest of the Committee—that that is a rather formulaic response, and evidence must be produced that a justification for that rather relaxed approach to the problem has been sought.

[Dr. Harris]

I want to move on to the key question, which I raised earlier, whether Government policy in that field, and indeed in other fields, is properly evidence based. The Government have said that they want to see an evidence-based response. The Committee's first recommendation stated that

"a scientific, or evidence-based, approach to policy making is an integral component of good governance."

The first two words of the Government response were, "We agree." I wonder what they are doing to assure themselves that their policies are evidence based. I do not know how they can be certain that that is the case, when they do not have external, peer-reviewed research into the evidence of the effectiveness of their policies, either before or after those policies' implementation.

The Government response gave me the impression that a lot of the consideration of whether those measures work and whether evidence exists in the first place is done in-house. If consideration is conducted by people of competence who are acting in good faith and who believe in what they are doing, part of the problem is that that system includes an in-built bias.

I hope that the Minister accepts that it is at least worth considering whether, for example, the Economic and Social Research Council should examine the extent to which Government policy making is evidence based. The Committee made that recommendation in our recent report on the ESRC, and I was disappointed that the Government response, which was published recently, said, "No". Although the ESRC said, "Yes, we want to do that", the Government—perhaps on their own behalf or perhaps on behalf of the ESRC—said, "No, it is not necessary", because the chief scientific adviser is assessing the evidence-based policy in the field of science and technology. For a start, there are other policy areas that do not have a chief scientific adviser.

A good research programme that can be peer reviewed and that can be published is the way forward, because we have a moral obligation to ensure that taxpayers' funds, of which, I am pleased to say, the Government are spending increasing amounts, are well spent and that we do not go down blind alleys. We do not want to make the same mistake that the US Government are making on policies with regard to condoms. In Malawi, it was sad to see that funding could not be spent in the most efficient way, because of political policies based on very little evidence.

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): On the hon. Gentleman's specific point about peer review by the ESRC, one additional difficulty is that we are about to start a new joint programme of research with the ESRC, so a conflict of interest might arise. I will, however, reflect on his wider point, which is outside this particular debate, and write to him in due course, once we have had a chance to think about the matter.

Dr. Harris: I am grateful to the Minister. Conflicts of interest must clearly be avoided when anyone reviews the effectiveness, and especially the cost-effectiveness, of work. His point is valid, but it also applies to the evaluation of DFID policy. I am looking for the ESRC to allocate funds to independent researchers and to evaluate other research, policy or actions.

On the question of where policy is flawed, we visited an HIV testing and treatment centre in Malawi, which has multiple sources of funding—it is partly funded by the American National Institutes of Health and it receives Catholic funding. It does several things, such as testing, post-test counselling and providing people, whether they are HIV negative or HIV positive, with advice on sexual health. It was interesting to note that because the NIH says that its funding cannot be used to distribute condoms—it is rigorous in ensuring that its money is not spent in that way—the clinic must use funding from a Catholic charity in order to distribute condoms. That is not because the Catholic hierarchy agrees with that policy, but because the workers from the charity take a practical approach on the ground and because the charity's hierarchy is perhaps less precise about seeing exactly how the money is spent.

If the Government have any influence with the US Administration—I hope that they do, because one might hope that more influence is a side effect of other controversial policy areas—pressure should be brought to bear on the US Administration, who should have a rational, scientific and humane policy, rather than one based on, I believe, religious fundamentalism, which is so damaging and which goes against a balanced approach.

The brain drain is clearly an important issue on which other members of the Committee have already commented, and I have been concerned about it for some time. The Government must address a number of points. First, we need good data and, more importantly, information on the extent of the brain drain and on the various push-pull factors. In the evidence sessions with both DFID and the Secretary of State, I raised those questions, and the Secretary of State indicated that some work is occurring on a global level. I feel that some of the work reported in the Government response to our recommendation 59 is not only global—and therefore not UK-specific—but not health care sector specific.

It is hard to view the Government response to our recommendation as having much credence when it only discusses highly skilled migration from developing countries. It argues that some of the studies show, and I have no doubt that they do, that there may well be a net benefit in terms of the flow back—the Government call it "a positive feedback effect"—of remittances to such countries. Financially, that may be correct. However, even if nurses from Lilongwe hospital in Malawi sent back thousands of pounds from hugely well paid NHS nursing jobs—I question whether that is the case—what can that money be spent on, if that country contains no health care professionals? Although the Government's point might apply to workers such as IT technicians from India, I simply cannot believe that there is a financial price worth paying in net remittances back to such countries for the depletion of precious health care workers who have themselves survived those illnesses. It is a dreadful situation, which has been well described by other hon. Members and which I will not repeat.

I have argued—to a certain extent, the Committee's report suggests this—that one way round that problem is to encourage NHS workers to go to those countries on NHS salaries to replace that manpower loss, on a

numbers-for-numbers basis. The Nursing and Midwifery Council keeps records of the countries of origin of nurses working in the health service, so we know exactly how many Malawian nurses are registered to nurse in this country. That figure is countable, and we can offer NHS workers—there are hundreds and thousands of NHS workers, and I think that a sufficient number of them would be willing to do this—the chance to replace those nurses on secondment and on their NHS salaries. We have a moral obligation not to benefit financially from such migration.

I accept that the Government cannot stop people moving without discriminating against people from certain countries. Except where bilateral agreements exist, they say that the NHS should not recruit from such countries, but bilateral agreements appear to exist with other Governments to supply us with nurses, and then those countries take nurses from Zimbabwe and Malawi. We must look beyond whether foreign countries agree in their own terms that that is a good thing, and be a bit cleverer. As I said in an earlier intervention, I also question whether the strategy of doubling nurses' salaries will be sufficient and whether it will work at all. We need to find out exactly what will work, and research is needed on that.

This has been an excellent debate. We have heard four fascinating and different contributions from Members who have seen the situation on the ground and taken evidence from a large number of people. We owe a special tribute to the Chairman of our Select Committee, not only for introducing this debate in the manner in which he did, but for the way in which he has steered a busy Committee to do an awful lot of work at a point in the electoral cycle when people are busy. I offer him my personal thanks for the way in which he has chaired this inquiry and others. I look forward to the Minister's response to the points that I have made, which I hope that he accepts have been constructive.

4.30 pm

Mr. Julian Brazier (Canterbury) (Con): I, too, think that we have had an excellent debate, and I also want to congratulate the hon. Member for Norwich, North (Dr. Gibson) and the whole Committee on a fascinating report.

As I listened to members of the Committee who have spoken mention, implicitly, their high-powered qualifications, I felt a ghastly confession coming: I won a scholarship to read natural sciences at Oxford, but I bottled out and read maths and philosophy instead. I am ashamed to say that the only thing that those two syllabuses had in common were that they contained almost nothing that had practical application, although I very much enjoyed the excellent teaching. I am not sure how much I benefited from it.

The remarks of the hon. Member for Hemel Hempstead (Mr. McWalter) have emboldened me to make a few wider points about the scientific base in the country before dealing with the heart of the report. I am appalled at what is happening to our science and engineering base. I come from a family of engineers—my father and grandfather were both engineers.

One of the most valuable research organisations in the world, which is extremely relevant to international development, is just next door to my constituency, and is one of the seven main research centres of Pfizer, the world's biggest pharmaceutical company, all but two of which are in America, the others being in Japan and east Kent. During the past three years, successive Departments, other than the Department for International Development, have taken actions that, in conjunction, have left Pfizer with the impression that it is not wanted.

First, the Department of Health has run down our local acute hospital, and an extremely expensive and valuable facility funded entirely by Pfizer, and of considerable value to the local community, has been abandoned as a result. Secondly, the university of Kent, after a brave rearguard action, lost its chemistry department, not through any wish of the university or its hard-working chemistry dons. It was the only chemistry department within 50 miles of the Pfizer facility. It was lost partly because of decisions on research grants, partly because of declining numbers, and above all because no one in central Government was willing to say that the facility must be kept. Thirdly, and incredibly, just a few months ago, the Department for Education and Skills decided that the local grammar school in Sandwich, only a mile or two from the research facility—

Mr. James Cran (in the Chair): Order. I am beginning to think that the hon. Gentleman is wandering wider than the reports under discussion. It is a long time since I have heard the words "international development" or "science and technology" linked together.

Mr. Brazier: Indeed, Mr. Cran, you are quite right to reprove me. Pharmaceuticals are of course behind a large part of the science relevant to international development, which is why many of us were amazed to discover that that local school had been designated as a language school.

As you rightly restrain me, Mr. Cran, let me come to the report. At no point does it question the motives of the Department for International Development, and I am certain that no one here today wishes to do so. It ponders at considerable length and in great detail, however, the wisdom of several of that Department's decisions. Again and again, we read in the report of actions that tend towards undermining the scientific community in this country and that do not help the development of science and engineering in the countries that we seek to help.

We would all agree on the fundamental, implicit premise of the report that science is an essential tool in the battle against global poverty. All Members who have contributed to the debate have given concrete examples. We would also agree that much of the United Kingdom's reputation in the international development field is due to its pre-eminence in the scientific community. It has co-ordinated many projects that have revolutionised the lives of some of the poorest people on the planet, such as the Medicines for Malaria Venture. Malaria was prevalent in the part of Africa in which my grandfather served, which was then northern Rhodesia and is now Zambia. Currently, the project is trying to produce one new anti-malarial drug every five years. A different example is the creation by the International Maize and Wheat Improvement Centre of a range of new maize varieties, which are grown on more than

[Mr. Brazier]

2 million acres worldwide. Those new seeds are much healthier and have a nutritive value almost equivalent to cow's milk. Such projects are making a huge difference to the lives of many people in developing countries, and are essential to any effort to lift them out of poverty.

Given comments about pharmaceutical companies in the third world pursuing profits for their own ends, sometimes at the expense of the economy, it is also appropriate, at this point, to say that a great deal of scientific research is done by pharmaceutical companies for the benefit of people in the third world, sometimes with no prospect of a return. River fever has also been mentioned, and Merck, one of the world's largest pharmaceutical companies, and the world's largest charitable donor—if products in kind are included, it exceeds Bill Gates in that respect—developed the cure for river fever and has saved hundreds of thousands of people from the sheer grinding misery and agony of river fever. It did so knowing that it was unlikely to get paid for it, and its drugs are distributed free in many countries.

I gave examples a moment ago of DFID using its science wisely, and it is acknowledged as doing so in the report. In fact, at a number of points, the report praises the work of DFID, praise in which I am only too happy to join. As one goes through the report, one is left with twin conclusions, which are really two sides of the same coin. The first is that DFID gives far too little thought to the sciences. The second is that when it has given thought to them, it simply does not have enough scientifically minded people in key positions to be able to think about the issue properly.

Remarkably few staff in DFID, as all Members who have contributed have remarked, have a background in sciences or research. The hon. Member for Oxford, West and Abingdon (Dr. Harris), who speaks for the Liberal Democrats, made the point that we should all sign up strongly to the view that the best approach in international development, as in other areas, is an evidence-based one. Sadly, my brushes with the social sciences in this country have often suggested to me that they do not necessarily always work on an evidence-based approach. I do not want to test your patience by giving a lot of examples, Mr. Cran, but I shall give just one from the all-party adoption group, on which I do a lot of work: it is astonishing how little the treatment of desperately needy children is based on a proper analysis of trials, including trials done in other countries that have used particular approaches.

Dr. Harris: I am grateful to the hon. Gentleman, for whom I have a great deal of admiration and who is very nice. On the question of an evidence-based approach and the developing world, however, will he at least acknowledge that if there is no evidence base to suggest that his party's recently announced policy on screening migrants for tuberculosis will make any difference whatever in a cost-effective way to the issue of TB in this country, which is microscopic compared with that in the developing world, as is the case with HIV, that raises questions about his party's policy in a contentious area? I have not heard any evidence supporting the policy, and all the scientifically based evidence that I have seen suggests that it would be pointless in practical terms.

Mr. Brazier: I am happy to correspond with the hon. Gentleman if he wants to set out his evidence. That policy was first proposed by a colleague who is a medical doctor, and it is the practice in many other countries. Perhaps all those countries have departed from the evidence base, but I would be interested to see what evidence the hon. Gentleman can produce.

The report states:

"We believe that the current levels of scientific and technical expertise are insufficient to ensure that DFID can behave as an intelligent customer for science, technology and research. There is a pressing need for DFID to increase the number of in-house staff with a research background, particularly in the natural sciences."

The report points to institutional disregard for the sciences.

Of course, we all welcome the appointment of a chief scientific adviser, and Professor Conway seems an excellent choice. It is sad, however, that the Department has taken so long when it has been pressed for several years to appoint someone to the post, and that the Department's research strategy, it seems, was drawn up before Professor Conway was appointed. Another piece of evidence is that all the chief advisers on individual scientific topics in the Department have been downgraded to the rank of head of group. The report also points to the fact that DFID made "only a cursory contribution" to the 10-year scientific investment framework. All that has not gone unnoticed in the scientific community in this country. I hope that my earlier examples, which you kindly allowed me to put on the record, Mr. Cran, illustrated what an unhappy community it is in many respects, not least in my part of the world.

The Department depends on the science community's good will. It expects to be able to use British research organisations, often for free, and to be able to benefit from their activities. Time and again, however, it has taken actions that, at best, could alienate the community and, at worse, actively handicap it. Too often owing, one fears, to a lack of interest in scientific matters, the Department has failed to evaluate fully the research that it has sponsored, meaning that it is neither properly valued nor properly utilised. The Royal Society of Tropical Medicine and Hygiene gave one example:

"Satellite-based monitoring of rainfall is the only feasible way of obtaining an overview of the large-scale rainfall pattern in Africa. Governments and NGOs could use such information to feed crop and famine warning systems and crop yield models. However little emphasis is placed on this research, as it is not of direct use to individual farmers".

Again, because country-based DFID staff have so little scientific expertise, the excellent material developed at DFID's expense, or even given to DFID for free in some cases, simply does not receive proper appreciation in the field. That is a genuine grievance of the scientific community, and it is reflected many times in this report. Ultimately, the Committee concluded that good intentions and increased resources would not improve the situation on their own, and that a "culture change" was needed. The Department's policy shift from supporting major programmes and projects to direct funding of a nation's budget is a case in point.

While that is based on the best of motives—I understand the thinking behind it—the consequence has all too often been seriously negative for science and technology projects in the recipient countries. The report quotes Professor Julian Evans:

"It requires a sophisticated Government to appreciate what research can do for development, or a sophisticated donor to promote that idea".

He also remarked that

"DFID used to have that capability",

which implies heavily that the Department no longer does. I would therefore differ slightly in emphasis from the last two Members who spoke. Of course we must listen to the recipient countries and see how they want to use such research. However, there is a role for the developed world. When, to use the earlier example, we are dealing with the countries that are struggling most, we must say that although particular information may not be useful to their farmers, if they can structure their Ministries so that such information can be used and understood, the advance warning of problems ahead would be hugely useful to those countries as a whole. There is scope to offer some leadership, but we are simply whistling in the wind if we believe that we can do that unless DFID has enough scientifically trained people in post.

The Government's policy on conditionality—that they will not dictate the budgetary policies of another country, nor make aid conditional on such policies—has all too often meant that they cannot insist that aid previously directed towards such projects will still go there. As the report puts it:

"If DFID is not minded to 'push' science and technology by illustrating the medium and longer-term benefits they can yield, it is highly likely that the understandably short-term perspectives of developing countries will result in science and technology being overlooked."

I do not see anything patronising in that. The hon. Member for Bolton, South-East (Dr. Iddon) made a very good point earlier about India looking ahead and benefiting enormously from doing so. It is sometimes difficult for people, with the best will in the world and the widest of understanding, to look past people who are actually dying and see what the impact will be on the next generation. A balance must be struck, and the report is right to say that we have a role in that regard. However, we need scientific staff to be able to help countries to do that.

Even when developing countries decide to spend money on their scientific communities, the report is concerned that DFID is unable to give adequate advice. Professor Evans is quoted in the report:

"With a very few exceptions, the DFID in-country offices are not staffed or charged with giving special attention to weak national research capabilities. Nor do they seem to have a role in suggesting redirection of rather academic national research programmes towards solution of the urgent problems faced by the poor."

There are, as every speaker has said, too few people on the DFID payroll with a concrete understanding of science, so how can the Government expect people on the ground to take scientific matters seriously when they employ so few people with backgrounds in the hard sciences? Is it really appropriate for an English graduate, for example, to be in charge of assessing a new malarial treatment? Of course not.

One of the worst recent decisions, in my view, was to untie DFID grants to the scientific community. That was made with the purest of motives at heart: obviously, it allows the best people in the world to work on a particular problem and gives the prospect of improving scientific capacity in developing countries. Furthermore, it can lower the cost of goods in principle, saving money for the Department. However, unfortunately, there is a parallel here with other areas of Government purchasing: other countries do not appear to have followed suit. That means that the research departments of UK universities are at a distinct disadvantage compared with their counterparts abroad, who can sometimes now call on UK funds and money from home.

DFID's decision has come under attack, not least from Sir David King, the Government's chief scientific adviser. The report quotes him, and I agree with the Committee's conclusion:

"The current situation poses a threat to the sustainability of the UK development science research base and has therefore resulted in feelings of distress and disappointment towards DFID in the research community."

I must return—the relevance is so obvious—to our eroding scientific base. Had there been more money available for research grants, some of the chemistry and other physical sciences departments that we have lost would have survived. Can anyone seriously imagine that the French Government would allow research money to go abroad for an international development research programme? We must think the matter through in the round. Those departments will be needed to provide young scientists, not only for all the other areas in which the British economy needs them, but for good scientific recruits to DFID. What better pre-career path for a DFID member of staff than to come through a university whose department is engaged in research for DFID?

The Department has sadly had too little interest in the scientific community in recent years, and it has come under considerable fire in an extremely well-written and perceptive report. To their credit, Ministers have responded rapidly. We now have a chief scientific adviser in post, and more money is being switched towards the research department. However, the Department must go further. The Government should make the appointment of the chief scientific adviser just the beginning of restructuring far more of the Department towards considering the role that science can play in international development.

The report is an excellent piece of work, and I pay tribute to the Chairman and members of the Committee, including my hon. Friend the Member for Salisbury (Mr. Key), who could join us today but who, I know, played a major role in it. It is an example of a parliamentary Committee in the House of Commons at its very best, producing a hard-hitting impartial report, and I am glad that the Government have made a start in responding to it.

4.52 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): I, too, am grateful to the Select Committee for its inquiry and for the report that it produced. As my hon. Friend the

[Mr. Gareth Thomas]

Member for Norwich, North (Dr. Gibson), who chairs the Committee, said, the subsequent discussions between his Committee and the Government are a model of the value of interaction between Select Committees and Departments. I am conscious that I am the only non-hard scientist present, and as such, after the excellent contributions from my hon. Friends the Members for Norwich, North, for Bolton, South-East (Dr. Iddon), for Hemel Hempstead (Mr. McWalter) and for Brighton, Kemptown (Dr. Turner), and the similarly effective and probing contributions from the hon. Members for Oxford, West and Abingdon (Dr. Harris) and for Canterbury (Mr. Brazier), I am conscious that I have had, in a sense, a tutorial in science, and I am better for the experience.

I wish to begin with what may seem a controversial comment, by attempting to rebut the notion that before the Committee's inquiry, DFID simply did not do science and had no scientists in its ranks. I am grateful for the Committee's comments about the staff that it met, including Mr. Paul Spray, who heads our research department. Among the many excellent and talented people in DFID are agricultural scientists, fisheries experts, veterinary scientists, entomologists and engineers, some of whom are in senior positions. No one can pull together an HIV/AIDS strategy without recognising the importance of scientists in stepping up the effort to find an HIV/AIDS vaccine or an effective microbicide, or to consider the effectiveness of antiretroviral treatments available.

I recognise that there was a perception that we did not do science well enough and that we needed to step up our work and our engagement on science. In that sense, the galvanising impact of the focus that a Select Committee inquiry gave to the issue was enormously helpful. The Committee's report pointed to various shortcomings, and I am pleased to say that things are moving on. We have had a good debate, and a number of hon. Members have made further comments, on which I and my right hon. Friend the Secretary of State shall reflect. I know that the Committee will have a specific discussion next week with our new chief scientific adviser, which, I am sure, will help further to inform our work.

We believe in the importance of science, and I know that the Committee welcomed the four main elements of our research strategy: sustainable agriculture, especially in Africa; the killer diseases of tuberculosis, malaria and HIV; climate change; and what to do where states do not work in the interests of the poor. Hon. Members have referred to my right hon. Friend's announcement last week of what we shall spend to implement the strategy. We have announced an extra £50 million a year, which is a 58 per cent. increase, up from £86 million last year to £136 million in 2007. That is further proof of our belief in the importance of science.

One of the strongest messages that the Committee delivered was the need for a chief scientific adviser, and I welcome the appointment of Professor Gordon Conway, a fellow of the Royal Society who, as other hon. Members have rightly recognised, has unrivalled expertise in applying science to development. He joined us in January and has already made an impact in helping us to consider the impact of the tsunami, where the Department has been feeding into the panel of experts that Sir David King was asked by the Prime Minister to bring together. His first task will be to draw together for Ministers a science and innovation strategy for the Department.

The initial thoughts on the purposes and elements of such a strategy—I qualify that by saying that they are very initial, and there will be a proper consultation process—are that such a strategy needs to incorporate an overview of the science and innovation work that the Department already has under way. We need to identify any key gaps in science and innovation in international development work. We need to ask how we might address such gaps. There is the issue of capacity building for science, engineering, technology and innovation, particularly in Africa, and we need to explore further the concept of centres for excellence, and to look at in-house resources already available in the Department. I am sure that Professor Conway will outline his and the Department's thinking on those areas to the Committee next week.

One other element of the science and innovation strategy will be to consider how to provide better advice to our country officers on how to handle science and technology issues, to which my hon. Friends the Members for Bolton, South-East and for Norwich, North referred. Last week, Professor Conway was in South Africa at the invitation of that country's Minister of Science, discussing science, not just in the context of South Africa but of the whole continent. We recognise the importance of raising with Governments areas in which science and technology can play a major role. Poverty reduction strategies do not have to focus only on the short term, the immediate, or next year.

A good poverty reduction strategy should also take into account the long-run investment needed to help countries to move out of poverty, including science, technology and engineering. As my hon. Friend the Member for Norwich, North said, that is not simply a question of imposing British ideas. The Commission for Africa got it right when it said:

> "History has shown that development does not work if it is driven from outside. Africans must lead and the rich world must give support."

Our science and innovation strategy will be a tool to give support to African countries' lead.

A number of hon. Members touched on budget support. I make no apology—nor does the Government's response to the report—for using budget support. I draw hon. Members' attention to the fact that the Commission for Africa affirmed its importance where Governments are strong enough. I would, however, point out to Members who are concerned about budget support that country offices discuss growth strategies and how to tackle poverty with other countries—with civil servants in a range of Government Departments, as well as with Ministers in those countries—in order to help them to develop and improve their policy and analysis. That is a key entry point for dealing with issues to do with the role of science and technology. The science and innovation strategy will address how we can take such work forward.

I also accept that capacity building in science and technology is necessary, and we must expand the work we do in that regard. We currently work alongside and

support a number of organisations and institutions in Africa and elsewhere which might already be identified as centres of excellence, such as the Kigali Institute of Science, Technology and Management and the biotech business incubator at the International Centre for Research in the Semi-Arid Tropics in Hyderabad in India.

Paul Farrelly (Newcastle-under-Lyme) (Lab): I apologise to the Minister; I have not been present for most of the debate, as I was serving on a Delegated Legislation Committee.

In addition to budget support and support for recognised centres of excellence, may I make a plea for support for what might be called blue-skies science and blue-skies thinking? Three years ago, the Department for International Development supported a project to improve cultivation of a plant called Artemisia annua, which now produces some of the most promising cures and treatments for malaria. A constituent of mine, Mr. Jeremy Lefroy, pays tribute to DFID for backing that project, which he describes as being at that time:

"Frankly a motley collection of motivated individuals with a concern for attacking malaria".

Jeremy Lefroy is not only a constituent of mine; he is the prospective Conservative parliamentary candidate for Newcastle-under-Lyme. I have no hesitation in paying tribute on a cross-party basis to the work that he has done in conjunction with DFID. I ask the Minister to listen to representations on blue-skies thinking, and to consider setting aside a small portion of future budgets for such projects.

Mr. Thomas: I am grateful to my hon. Friend the Member for Newcastle-under-Lyme (Paul Farrelly) for that intervention. We have set aside a very small amount of money that will be available to the chief scientist for what is known as horizon scanning, which is the same thing as blue-skies thinking. That will help to promote work that we will be able to incorporate in our science and innovation strategy.

My hon. Friend referred to malaria. World tuberculosis day is one day next week, and the Department hopes to publish a consultation paper on that day on what further we can do, in addition to what we are already doing, on the two key diseases of TB and malaria. There has been concern that focus on them has been eclipsed by the great focus that there has been on HIV/AIDS, and that insufficient attention has been paid to them. I hope that the consultation paper that my right hon. Friend the Secretary of State will publish next week will help to alleviate some of those concerns, and will provide a further opportunity for the hard-science community to engage in research on those two key killer diseases.

Dr. Evan Harris: What contribution does the Minister think that forcing poor countries to screen migrant populations for tuberculosis will make with regard to the impact of that disease in such countries? So far as he is aware, is there any evidence base for there being any efficacy whatever in screening migrant populations for TB in our country with the detection tools that we currently have, as well as in terms of the worldwide problem of TB?

Mr. Thomas: There is a case for screening for TB in certain circumstances. Incidence of TB is rising, and we need to step up our work on it, and on malaria, in a variety of ways. I share the hon. Gentleman's aversion to the policy suggested by the Conservative Opposition. However, some screening is done, and that is appropriate in the right circumstances. If the hon. Gentleman has concerns, or wants to make further comments, the consultation paper that we will publish next week will provide an opportunity for him to do so.

I want to move on to how we promote UK capacity in development sciences. A number of Members have focused on that, and the Select Committee report addressed it in detail. It recommended that the substantial increases in the aid budget, which are now carried through in the substantial increase in our research budget, should be complemented by increased funding for development science research in the UK as a whole. In particular, it suggested that a development science research board should be established to oversee the use of those funds and that that should be closely linked to the work of the research councils. That is an important issue, and the Government's response to it shows that some progress has been made.

In an intervention on the hon. Member for Oxford, West and Abingdon, I mentioned that the Department has agreed with the Economic and Social Research Council that both of them will contribute to a new three-year £13 million programme for researches that propose ideas that will have a positive impact on world poverty. I recognise that that is only a small step in the direction in which the Select Committee wants us to travel.

The Government's response acknowledged the report's recommendation for additional funds alongside the aid budget. In our response, we announced the establishment of a working group, chaired by Sir David King, to consider that recommendation and to feed its conclusions into the 2006 spending review. That working group is also charged with assessing the form that a development science research board might take; Sir David King has already met with Professor Conway and Sir Keith O'Nions to prepare the ground for further consultation, and we look forward to learning of their further deliberations.

Mr. McWalter: I am listening to what my hon. Friend the Minister is saying with considerable glee, and I hope that those discussions will result in us getting much closer to the Select Committee recommendations than the initial Government report might have suggested.

Mr. Thomas: I am grateful to my hon. Friend for his intervention. I am sure that he will understand that I cannot comment further at this stage on how those deliberations will pan out, but I have no doubt that he will continue to follow with interest what the outcome in the 2006 spending review might be and other aspects of this issue.

The Commission for Africa presented its report last Friday. It makes four main recommendations on science and technology. We are keen to learn of the African response to those ideas before we decide how to respond. First, the report called for a long-term investment programme to revitalise African universities and to support the development of centres of excellence

[Mr. Thomas]

in science, engineering and technology. To back that up, it proposes that $3 billion should be invested over 10 years to develop those centres of excellence.

That was one of the topics for discussion in Professor Conway's meeting in South Africa last week with the New Partnership for Africa's Development. NEPAD is already committed to the agenda of examining how we can develop centres of excellence. It has undertaken five regional workshops to discuss relevant issues—examining what work is currently being done across the continent, what further work is needed, what its priorities should be, and what collaborative work might add value to what is happening at national and regional level. The intention is that the results of those workshops will be brought together in a series of proposals for the NEPAD science and technology ministerial meeting, which will take place in Senegal in June.

The Commission for Africa's second recommendation was on health. It called both for more direct funding of research, and for incentives such as advanced purchase contracts to stimulate research. The Chancellor of the Exchequer has focused on that. The Government are ready to work with G8 partners and others to enter into agreements in this area, not least with regard to malaria vaccines. We plan to increase health spending by our research department by at least £20 million a year, in order to fund new drugs and vaccines, and to research the key questions of culture, behaviour and health systems that explain why some countries have done so much better than others in reducing HIV transmission.

The Commission for Africa report called for increased research on agriculture; the Select Committee's visit to Malawi addressed that. Sustainable agriculture, especially in the context of Africa, is the first of the four priorities for DFID's research programme. We are also contributing to the major international study led by the World Bank—the International Bank for Reconstruction and Development, that is—on the role of science and technology in agriculture over the next 25 years.

The Commission for Africa also called for a co-ordinated capacity-building programme on climate change between donor and African research institutions. In the spirit of that recommendation, we have asked a network of developing country research institutes to scope out what further research on climate change might be appropriate. Climate change is one of our G8 priorities.

I wish to respond to some specific questions asked by Members. My hon. Friend the Member for Bolton, South-East touched on the specific problems that the people of Malawi face in dealing with the HIV/AIDS epidemic in their country and on the severe shortage of nurses and doctors there.

Mr. Brazier: The Minister mentioned four priority areas. Obviously, agricultural initiatives can be locally led; I saw a successful example of that in Papua New Guinea. However, is the Minister really suggesting that there can be local leadership in areas such as the development of HIV drugs and the analysis of climate change, which involves one of the most difficult modelling processes?

Mr. Thomas: That depends on the nature of the research. If what is being studied is the effect of climate change on a specific African country, that research programme will need to take into account the ideas and contributions of scientists in that country. On the other hand, the science of climate change more generally requires an international piece of work. The Commission for Africa was rightly saying that research institutes in countries that already have considerable expertise on climate change or HIV/AIDS need to continue to work with researchers and scientists in developing countries and to do so much more closely so that they can better understand the impact of the particular issues in those countries. As I have said, the Commission for Africa report was published on Friday, and we want to learn of the response to it of African countries and scientists before we decide what our response will be to those four recommendations.

To return to the matter raised by my hon. Friend the Member for Bolton, South-East, he may be aware that there is a £100 million programme of assistance to Malawi, which is focusing specifically on the capacity of its health service and how it responds. We are seeking to increase significantly the number of doctors and nurses by raising their pay and making further investment into the wider health sector.

In the past, high drug prices were the biggest factor in hindering an effective scaling up of the response to HIV/AIDS. I hope that prices can fall still further, but the key issue is capacity on the ground, in terms of nurses and doctors being able to support people in rural areas as well as in urban areas as they start to receive treatment. In that context, the World Health Organisation initiative of getting 3 million people on to antiretroviral drug treatment by 2005 is hugely important and has galvanised a considerable response; the number of people with access to such drugs has increased.

My hon. Friend the Member for Bolton, South-East may be aware that the Department for International Development, and the UK Government more generally, will host a financing conference on AIDS in September. That conference will incorporate the replenishment conference for the global fund. It will also consider the financing needs of a range of other UN and multilateral organisations that work on HIV/AIDS. I am sure that it will address the issue of health sector capacity.

Dr. Iddon: I am sure that my hon. Friend the Minister would like to pay tribute to the work being done by Banja LA Mtsogolo. We visited its clinic at Ntcheu, which is near to the district hospital that I mentioned in my speech. The work that it is doing is extremely impressive, and it is partially funded by DFID. So, as other hon. Members said, we saw good work on HIV/AIDS throughout Malawi.

Mr. Thomas: I join my hon. Friend in paying tribute to that work. As he said in his broader remarks, we need to build on the lessons of that work and the information that is being pulled together. I hope that our broader work on HIV/AIDS, and the science and innovation strategy that Ministers have asked Professor Conway to draw up, will allow us to do those things.

The last point that needs to be made on HIV/AIDS is that, as a result of the G8 summit that took place on Sea island last year, the UK is tasked to take

forward work on stepping up progress towards getting a workable vaccine into operation. Development Ministers in Europe have met the European Commission to consider how we can allocate more funding and how to pull together more effectively our scientists who work on vaccines and microbicides. We need to work more effectively with American scientists who, until now, have made much of the running on a vaccine for HIV/AIDS.

One does not often have the opportunity to take part in a debate in which one can talk about both HIV/AIDS and sustainable energy. They are two passions of mine. I am grateful to my hon. Friend the Member for Brighton, Kemptown for raising the issue of sustainable energy. I pay tribute to his continuing work on the issue, not least through the excellent all-party group on renewable and sustainable energy. He and my hon. Friend the Member for Bolton, South-East alluded to wood-burning in stoves and how we can find sustainable alternatives to that. I am sure that both my hon. Friends would join me in paying tribute to the work of the Intermediate Technology Development Group, which, as I am sure they will be pleased to hear, is getting consistent funding from DFID to take forward that work and work on sustainable energy more generally.

My hon. Friend the Member for Brighton, Kemptown will also be delighted to know that the Commission on Sustainable Development will focus on access to energy in its work programme for the next year but one. I hope that that will provide a catalyst for work throughout the international community on increasing access to energy in Africa and other developing countries, but doing so in a sustainable way. My hon. Friend will also be pleased to hear that, at the Bonn conference on renewables last year, the World Bank announced that it was going to increase substantially its funding programme for investment in renewables and other forms of sustainable energy.

The hon. Member for Oxford, West and Abingdon asked about the impact of the way in which we have untied our aid programme. We have been in discussion with the Higher Education Funding Council and with the UK research councils to explore areas of mutual interest, not least the importance of global issues to their agendas, including the research assessment exercise, which was the focus of the hon. Gentleman's concerns. We plan to establish an international development research funding forum to discuss UK research funding. HEFC and the research councils will be among the participants.

I hope that I have done justice to the excellent contributions of other hon. Members. I pay tribute to the hon. Member for Norwich, North, and to his Committee, for an extremely helpful report. I look forward to having discussions with my right hon. Friend the Secretary of State and our officials on how we take forward the ideas it contains.

Question put and agreed to.

Adjourned accordingly at Twenty minutes past Five o'clock.

Westminster Hall

Tuesday 22 March 2005

[SIR NICHOLAS WINTERTON *in the Chair*]

Post Office Closures

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watson.]*

9.30 am

Bob Spink (Castle Point) (Con): I am delighted to have secured this important debate on the scandal of post office closures, which results, I hope to show, from specific policies set and followed by an uncaring Government. As so many colleagues are here this morning—I thank them for taking the trouble to attend—I will keep my remarks as short as I can.

One of my constituents, Mr. Keeler, wrote to me on the subject, and I can do no better than to read his measured and wise words. He said that our much cherished post offices

"enable people to enjoy and carry on their life",

and continued:

"I am aware that government decree has removed many of the services which could be obtained from a Post Office, but little thought has been given to the hardship this will cause. Many elderly people . . . prefer to draw their pension in cash from their local Post Office. Each Friday, I take my 91 year old neighbour to collect her pension . . . If very mature folk have trouble walking, the use of the bus service is a further problem due to the length of time they might stand at a bus stop waiting for a bus."

Mr. Keeler goes on to make many telling and excellent points. He really cares about people and about his community, so we are indebted to him for informing the debate.

Post offices are important for society. They are the very social fabric of Britain, and closing them hurts vulnerable, disabled and elderly people most. Visiting the post office gives people interaction with their local community; they meet their peer groups there. For them, it is not simply a commercial venture or a chore. Post offices have an important social role that they have played well for many decades. It should not be underestimated or undervalued.

David Taylor (North-West Leicestershire) (Lab/Co-op): Is the hon. Gentleman familiar with independent research by Postwatch, in which 75 per cent. of respondents said that their local post office was extremely important to them, and 91 per cent. that it played an important role in their local community? Will he call on the Minister to review the way in which barriers are put in the way of old and disabled people who want to open and use post office card accounts but who are constantly pushed back to using existing bank accounts? Is that not a problem?

Bob Spink: Of course I agree with that entirely. I shall come to the excellent statistics provided by Postwatch, and I shall speak later about the services that the Government have withheld or withdrawn from the Post Office.

Mr. Nigel Evans (Ribble Valley) (Con): My hon. Friend mentioned disabled people. In Clitheroe, a wheelchair-bound lady was able to go independently from her home to the post office and to access all the services that it provided. When her post office closed, she became dependent on somebody to take her by car to the post office that she had to use. However, when the car parked and she got out in her wheelchair, she found that the post office was on a hill with a steep gradient. That has detracted from her quality of life, and it is another reason why the network should be protected.

Bob Spink: My hon. Friend makes a telling point. When post offices are considered for closure, we should take into account not only the distances between existing post offices but physical obstacles that might have an impact on elderly or disabled people such as the lady from Clitheroe. We must have special regard to obstacles such as hills, rivers, canals, major roads and bridges between post offices, and we should consider the nature of the community served by the post offices, including factors such as deprivation and concentrations of older or disabled people in the area served by the post office threatened with closure.

David Taylor: Does the hon. Gentleman agree with the view of Mr. Pat Shawcroft, the sub-postmaster of Kegworth, a prosperous village in north-west Leicestershire, that, even in villages such as his, there are still pockets of deprivation and people who have a real need to use the post office? Their needs should not be overlooked when the Government, correctly, give priority to deprivation in urban areas.

Bob Spink: I agree entirely with that.

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): At the outset of what promises to be a lively debate, I would like to put on the record the fact that Postwatch agreed to some sub-post office closures. Does the hon. Gentleman accept that some post offices had to close?

Bob Spink: I do accept that, but the question is whether the figure should have been 3,000 in the past three years. We should have been much more discriminating and taken into account the social cost of closing those post offices.

Michael Fabricant (Lichfield) (Con): It may be helpful to point out that in the west midlands, from where both the Minister and I come, Postwatch opposed 73 closures but only 15 post offices were saved. The opposition of Postwatch to many closures was totally ignored.

Bob Spink: In my constituency, there have been several closures—last year there were six, every one of which was fiercely opposed. Postwatch assisted me in opposing many of those, yet every closure went ahead.

Richard Younger-Ross (Teignbridge) (LD): The point is that Postwatch opposes many closures. Will the Government support Postwatch in its opposition to some closures? Will they ask the Post Office to consider the closure programme in total rather than piecemeal?

[Richard Younger-Ross]

Why has Decoy post office in my constituency, which was given notice to close in September, still had no answer?

Bob Spink: The hon. Gentleman makes an extremely telling point. The Minister has heard it and will no doubt address it. The social cost of closing post offices must be taken into account. In fact, I was saying before the interventions that we should not underestimate the social impact of post office closures and nor should we undervalue the social benefits that post offices bring to our community. If that means we need social funding, who cares whether we support our post offices at the expense of a couple of new politically correct Government quangos? We are not talking about a lot of money, and the post offices are much more useful and more valuable to our society than almost all the expensive quangos, put together, that the Government have created. The Government have seriously mixed up their priorities.

Post offices have a commercial dimension that we should not forget. They add to the viability of our shopping areas and community centres. They help newsagents, chemists, florists, grocers, cleaners and cafés to attract customers and to provide the critical mass of small businesses required for a centre where people will congregate. As the main banks drive for ever-more profit by shamefully closing branches in villages and in smaller urban shopping areas and high streets, post offices are increasingly important. It is more essential than ever not to close them, yet the Government have not got the message; they simply are not listening.

UNITE, the National Federation of Royal Mail and BT Pensioners, has an active and socially extremely responsible local branch in south Essex. I met its representative and treasurer, Mr. Colin Melluish, last year and I hope to meet UNITE again soon to discuss the better deal for pensioners that it is promoting. It is doing that because it is a good and caring group. UNITE is seriously concerned that the post office network in the UK is failing to meet the needs of our most vulnerable citizens.

According to a 2004 MORI poll, "Subpostmaster Income: The Impact of Changes to the Benefits Payment System", 44 per cent. of sub-postmasters have seen their income decrease in the past year and 43 per cent. are worried that their businesses will not have a future. The crisis in the rural post office network is such that 90 per cent. of those post offices are no longer commercially viable without Government subsidies, and many face closure. Independent research by Postwatch, another excellent organisation, shows that rural post office closures are having a profound effect on local communities. The research showed, as the hon. Member for North-West Leicestershire (David Taylor) mentioned, that 75 per cent. of respondents felt their local post office was extremely important to them. More than half—about 60 per cent.—thought that it was essential to their way of life, and 91 per cent. agreed that it played

"an important role in their local community".

Those figures increased among the elderly and those with disabilities that affect their mobility, which is hardly surprising.

The much-respected National Federation of Sub-Postmasters has published a hard-hitting manifesto urging the Government to pull up their socks in the run-up to the general election. I expect another U-turn from the Government. If they are listening, they will certainly see the sense in that. The manifesto born out of the frustration of sub-postmasters all over the county lists a series of unfulfilled Government promises and warns that further inaction could mean the end of the post office network. The key demands include:

"Government must provide more funding to pay for the social and economic service provided by post offices. Government must take a leading role in ensuring that all major banks enable their customers to access their bank accounts at post offices."

Malcolm Bruce (Gordon) (LD): The hon. Gentleman is making an important point about rural post offices. According to the Post Office, 85 per cent. of rural branches are loss making, and the Government have extended the subsidy for the time being, but unless they come up with more business for those post offices, the post offices cannot survive. He is hitting on that point: without business, the post offices cannot survive, but the Government have not yet identified that business.

Bob Spink: The hon. Gentleman makes an important point. Of course, the subsidy of £150 million is peanuts these days in terms of the social benefit for our communities across the country. The Government have given the subsidy until 2008. It is too little and it must be extended for longer to give certainty and clarity to post offices to encourage them to stay open and provide the service that they obviously do provide, which is needed both economically and in terms of social impact. As well as paying for that social benefit, the Government could help by providing more work; perhaps some benefit work can be given to post offices. So, there are two angles. Post offices need more work and, I am not ashamed to say as a Conservative, they need subsidy. They need certainty.

Mr. Sutcliffe: I am sorry to disrupt the hon. Gentleman's speech, but I need some clarification on the point about subsidies. Is he saying that in his view—we will hear later whether the Conservative Front-Bench spokesman supports him—post offices, whether urban or rural, should be subsidised fully by the Government?

Bob Spink: My personal belief is that post offices provide a social benefit for our communities and we should be prepared to pay for that, but we would not have to subsidise post offices if the Government had not changed so many policies and, for instance, removed the pension book and introduced payments by automatic credit transfer directly into banks. That is why post offices need subsidy. I am disappointed by the Minister's intervention; I thought we were going to hear the U-turn that we all expect from the Government.

The third key demand from the National Federation of Sub-Postmasters is that a

"comprehensive range of local and national government services should be made accessible throughout the UK's post offices".

It goes on to say:

"Without urgent Government action our much-loved national post office network is in serious danger of extinction."

In short, closing our post offices is tearing the heart out of our communities. It is changing our shopping areas much for the worse. It is destroying many of our important and valuable small businesses. Most importantly, it is hurting vulnerable, disabled and elderly people, and that is unforgivable.

The latest figures show that about 15,000 post offices remain nationally and that closures have accelerated greatly over the past 18 months or so as a result of Government policy. We have seen more than 3,000 closures in recent times, and more are expected. That trend must be stopped. House of Commons Library research shows that 90 per cent. of urban closures in the past five years have taken place since March 2003, with the majority closed as part of the so-called network reinvention programme. So, it is essentially a recent problem that is accelerating out of control. Colleagues will not be surprised to learn that the Library research also shows that, yet again, London and the south-east come off much worse than the rest of the country from the Government-promoted closures. Until Labour took over in 1997, the fall in post offices was about 1 per cent. a year, but that rose to 7.4 per cent. under Labour last year.

Dozens of post offices have closed in Essex. Six have closed in Castle Point in recent times. Each and every closure was fought by me and by many caring constituents, such as Mr. Keeler from Benfleet, and excellent local councillors, such as Bill Dick, Colin Riley, Mark Howard, and Mr. Canvey himself, Ray Howard. We have produced petition after petition in the House of Commons and we have put in a lot of hard work behind the scenes. Working together, we are still fighting the closure programme. Indeed, we are starting to have some success. Councillor Ray Howard and I will preside over the reopening of the post office in Canvey village at Jones's corner, in Long road, which will be a great community asset. We hope to do that over the next week or so.

Councillor Ray Howard recently helped to get motor vehicle licensing facilities at the excellent Winter Garden post office. He speaks highly of the postmistress there, who is a caring lady. Councillor Mark Howard is fighting alongside me to get a new post office opened in the Canvey Island shopping centre on Furtherwick road to replace the post office that closed in the Martin's newsagents in the Knightswick centre. That is essential. The value of good, hard-working local politicians working with the Member of Parliament to save post offices and to get them reopened cannot be overestimated.

Mr. Evans: The Government could be imaginative about where post offices are located. In my village, there was one in the pub, "The Swan with Two Necks". It was a part-time post office, but because it was not valued and given sufficient resources, the landlady, who was tied to the business, decided in the end that she could not go on with it. Lots of premises and businesses are semi-operative but could be made properly financially stable if services currently held by some post offices that cannot make a go of it were allowed to be transferred to them.

Bob Spink: My hon. Friend makes an excellent point. We have to be flexible in our considerations, and there is no one-size-fits-all solution. The problem is that with the Government withdrawing so many services a post office can provide, post office viability becomes questionable. Where a post office has no ancillary retail function, it is particularly difficult to retain viability. We must be flexible when we consider solutions.

Returning to Castle Point, there is no doubt that we have suffered badly from Labour's policies locally. We have seen many of our post offices close in recent years, and I congratulate the local press, particularly the *Yellow Advertiser* and *Castle Point Evening Echo*, on their campaigns to save them. One *Yellow Advertiser* front page from the middle of last year is headlined "Post Offices Set to Close." The story says:

> "Sources confirm at least three proposed closures are to be announced later this month in the latest bid to centralise branches. The move comes just months after the axe fell on three other sites in Castle Point last year."

Castle Point is not a big community. It cannot afford to keep haemorrhaging post offices, and all six branches have closed. I am trying to replace at least one of them. The *Yellow Advertiser* went on to say in its exclusive, by Steve Neale:

> "Post offices have seen trade dwindle since the Government introduced pension and benefits payments through the main banking outlets."

It is typical of the local press to be fighting for the interests of our community, and I congratulate them—there must be an election coming.

We must be clear about why so many post offices are being closed, because only by knowing what is happening and why, will we be able to understand and develop the necessary solutions. We must not blame the Post Office. It is easy to think that the Post Office is an ogre, but it is not. It has to respond to the situation in which it finds itself. We must not blame our excellent and caring postmasters and postmistresses. I commend them for their caring and diligent work over many years. They deserve to choose to retire when they wish to retire if they are offered a decent package, so I do not blame them at all. They would not have had to retire if the Government had left the services with them and their post offices were not unviable. The blame for the closures lies squarely with the Government, and I hope that with an election coming we will see the U-turn that I keep on hoping the Minister will tell us about.

The Government must do something to stop the rot. It mostly affects the grey vote, and retired people are keen to give the Prime Minister a clear and unequivocal message at the polls. The Government must re-examine the £150 million annual subsidy, consider extending it beyond 2008 and, in the meantime, look to replace the necessity for that subsidy by re-providing post offices with work that they can do to make themselves viable again.

Michael Fabricant: With respect to that £150 million of subsidy, does my hon. Friend agree with me and the National Federation of Sub-Postmasters that merely subsidising the income of sub-postmasters is only a short-term solution? As he has said, it takes us only to 2008. Should that money not be used, together with a change of Government policy, to recreate a new working environment for post offices so that they have a long-term future that will not require subsidy?

Bob Spink: My hon. Friend has put his finger on the point. We need certainty and confidence put back into the system, so that post offices know that they will be viable in the longer term and that they can redevelop their businesses as they ought to.

The Government must reconsider their callous withdrawal of the pension book. The new payment method is not better; it is not more convenient for elderly people. Elderly people do not like it, they often do not understand it and they forget their personal identification numbers. It is difficult for them, and it is not acceptable to treat elderly people contemptuously. One key problem created entirely by the Government was caused by their decision to switch payment of pensions and benefits from post offices to automated credit transfer into bank accounts. That drove a stake through the heart of our traditional post office network. It is estimated that it removed at one stroke 40 per cent. of post office income. How can post offices survive that loss?

Mr. Evans: We were all told that it would be okay, because people would be able to get debit cards, go to post offices and withdraw their pensions from machines. Does my hon. Friend agree that that might have been one answer to the problem except for the fact that in too many cases the machines charge senior citizens for withdrawing their money and that the charge, as a proportion of their pensions, is far too expensive?

Bob Spink: Yes of course. Added to the £1.50 withdrawal charge, there is the £1.50 bus fare to get to the post office, and, with the community charge, the pensioner has no money left out of his basic state pension to buy a loaf of bread.

The Government must reconsider support for Crown post offices, and they must offer a short-term financial package to prevent their closure. It would be a terrible blow if a large number of Crown offices were sold off to become hotels or—even worse— flats. The Government must act urgently to prevent that unacceptable loss of service to the public.

A few months ago the all-party Select Committee on Trade and Industry criticised the Government's level of subsidy for Crown post offices and called for short-term finance from public funds to prevent their closure. I fully agree with that conclusion. Its necessity distresses me, however, because the Government have withdrawn the work that post offices used to do.

We must see a viable plan to safeguard the post office network, enabling post offices to offer different financial services, such as full banking. That could include, for instance, direct debit, so that customers could obtain utility bill discounts and, through turnover, post offices could remain viable and open without the need for public funds to subsidise them.

The Government must start listening to local communities and must pay attention to their needs. Local people will send that message very clearly to the Prime Minister at the general election.

9.58 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am very pleased to speak in this debate. It is raised by the hon. Member for Castle Point (Bob Spink), and I thank him for that. It is highly propitious, and I wish to speak entirely about one post office and the repercussions of its closure. I would like to say, however, that my hon. Friend the Minister has fought several closures in his constituency as a good constituency MP, so he has some experience of the way in which the process operates. Easy as it is to cast aspersions on the Department of Trade and Industry, it is also far too easy to say that responsibility lies at the door of the Government. Although the Post Office is a public corporation, or whatever its status is now, its way of doing things is set by its own independent management, and in the story I shall tell, I shall not let the Post Office off the hook.

I find it a little bit rum of the Opposition to talk about what they would like to do with the Post Office. If we are playing the game of U-turns, I hope that they might reconsider their policy, as far as I understand it, which is to privatise the Post Office. The Liberal Democrats have a policy of privatising the Royal Mail. I am not always of one mind with the Government, although I am a supporter, but I received a personal assurance from the Prime Minister on Thursday that it is the Government's intention to keep the Post Office public. If we can agree that today, we shall have made significant progress.

David Taylor: Does my hon. Friend agree that the Liberal Democrats occasionally give opportunists and bandwagons a bad name? In North-West Leicestershire, there was a scurrilous, scaremongering and dishonest campaign to suggest that two urban post offices in Cropston drive and Meadow lane, Coalville, were to close. Despite confirmation from the Post Office that that would not happen, they are still campaigning on the basis that there is a secret closure list, even though that has been denied. Is that not opportunism gone mad?

Mr. Drew: I will leave that as a statement from my hon. Friend, as I have no evidence one way or the other. He has made his point, and I am sure that he feels as strongly as I do as a constituency MP that the aim is to keep open as many post offices as possible.

My story starts with the list produced some years ago by the Post Office to do with its designation of the branch network. It kindly referred to all its branches as urban or rural. Some of us would say that it could have referred to some as suburban, but the designation was made. When the list was produced, I had no real disagreements with the way in which branches were designated, except in one case, which was that of the Whiteshill post office.

Whiteshill is a village. It looks like a village, it feels like a village, and the people who live there know that it is a village. However, the Post Office designated the post office as urban. They did so because, by pure chance, a sliver of the village abuts the Stroud urban area. On either side, there is countryside, but it happens to be a traditional ribbon development that has begun over time, by a house or two, to be encroached on by the urban area. I am thankful that that is all the encroachment that will remain as we will fight any planning applications, including rogue ones—I will say no more about them—that have tried to infill. We have managed to defend the village.

One advantage of being designated as a rural post office is that rural subsidy applies, as the hon. Member for Castle Point mentioned. In Nympsfield, that led to

the recovery of the village post office, which was lost but has reopened because of the subsidy. I hope that the Conservatives and Liberal Democrats will put it on the record that they will continue that subsidy. Although it could be used in other ways, it is a lifeline. The £150 million a year is not chickenfeed; it keeps a lot of our post offices open. Notwithstanding the migration of benefits to different methods of payment, the subsidy must be continued, not just now, and not just for the next year or two, but into the future. We need a rebirth of that way of keeping post offices alive.

When the original designations were made, I was told not to worry because they were merely designations. Then, network reinvention took place and all of a sudden an apparent slip of the pen became a crucial matter of how Post Office management considered a post office. Again, there was no immediate worry. When we looked at the first round of closures, only two were considered, followed by a third. They were Cam Woodfield, Cashes Green and Bath road in Stroud.

I had two criteria by which I judged it right to fight on behalf of those post offices. First, I considered how the community responded. In all cases, there was hurt, upset and questioning about whether closure was right. It depended on whether there were alternatives, which were certainly considered. The second criterion is not openly talked about, but I will talk about it. It was the attitude of the postmaster or postmistress.

The hon. Member for Castle Point, quite fairly, talked about the packages that were made available. I talked to postmasters and postmistresses across the network, and those who have decided to stay in the suburban network—most of Stroud is what I call semi-rural and is not truly urban—deserve the highest praise. They have continued to run those businesses, which we all know are not terribly profitable, and many have said that they are working for less than the minimum wage. They are providing a social service, but they wish to do so. They believe that to be their life's work, and it is right that central Government should support them.

In each case deemed for closure, I checked and talked to the postmasters and, in one case, the postmistress. It was clear that it was difficult to run a viable business. It was wrong to stop them from getting the advantages of the packages. Maybe we could have taken matters forward in other ways, but I was clear and open with communities about the repercussions if we tried to keep a business going that would not only remain unviable but would become more so.

I point the finger at some communities, who want it both ways. They want the post office to remain open, but may not use it often. The Government can be blamed for the way in which they have moved through benefits changes—which are the responsibility not of the DTI but of the Department for Work and Pensions—but I have challenged people to go and get a post office card account. My wife and I have a post office card account for our child benefit, and it is not as difficult to have one as people tend to make out. If communities want to keep their post offices, it is important that they keep money coming through.

Malcolm Bruce: I take the hon. Gentleman's point, but I want to reflect a conversation that I had with my local postmistress. She said that of all the people receiving child benefit in our village—there are a lot of children in the village—only three have opened a card account. One is my wife. Other people have found it too much hassle and have not done so. It has not been made easy for people.

Mr. Drew: That is the perception and the problem. When people go through the process, as we have, they find it is not as difficult as they think, although I will not say that it is easy. There is evidence that even to this day the post office card account is seen as a poorer alternative to the other ways in which money can be drawn.

Mr. Sutcliffe: Let me be clear about the post office card account. Information came to my right hon. Friend the Secretary of State for Work and Pensions about the difficulties experienced with those accounts and to my office when I became a Minister. We have ironed out those problems, I hope, and the number of post office card accounts now stands at 4 million.

Mr. Drew: That is good to hear. It shows that people can use that means to draw money. I hope that they do so. I challenge all my constituents: if they want to keep their post offices, the minimum that they can do is look at how they can draw money in such a way. If it is not suitable for them, at least they have looked at the options.

Whiteshill village and its post office were in quite difficult circumstances because of issues of compliance with the Disability Discrimination Act 1995, which meant that work would have to be done. However, the key difference was always to do with the postmistress—I have to be circumspect, because we all know that postmistresses and postmasters are not supposed to talk to the general public if they are highlighted for closure and because there is still the potential of legal action. I cannot say much more as it would be improper, but hurt is so deeply felt that the community may choose to take matters further.

The post office wanted to remain open. By pure chance, the post office had been in the family in one form or another for more than 100 years. There was tremendous pressure on the family to keep it open, let alone on the wider community. That was not a problem at first, because it was not in the initial list of closures that were largely brought forward on the back of the Post Office's trawl to see who might want to phase in closure. The Post Office then changed the game slightly, by suddenly nominating Whiteshill post office for closure. That came as a shock to the postmistress, who had made it clear that she did not want to close her post office.

The process got under way, and we had consultation. I would like to say that it was full, frank, open and believable consultation. I have met people from the Post Office on a number of occasions, and I have always said that I do not agree with closure. I have also met people from Postwatch, and I have told them that I do not agree to the closure of this post office. As far as I know, Postwatch has never got back to me on the matter, and I have been very disappointed. When it has, it has sent a series of holding letters.

The Post Office has been told by all concerned that the post office in question is a rural one and should be treated as such. If it were deemed a rural post office, it

[Mr. Drew]

could remain open, but if it stays as an urban post office—notwithstanding the fact that custom is not very good—it has to stay open for five and a half days a week, which is an increase on its current opening hours. That is not acceptable; the postmistress cannot do that because she does everything herself.

Lo and behold, under notice of closure we have a situation where the nominated branch, Paganhill is in a one-stop shop, which is about three quarters of a mile away down the hill. The one-stop shop has been taken over by Tesco, which has a policy of removing post office branches from one-stop shops wherever it can, and it has made it clear to us that it wishes to do that. It looked for all sorts of people to take it on; it was not easy. Eventually, the community got involved and, working with Tesco, the local council and the people who run Maypole hall, which is the local community hall, have said that once they can get an individual to consider taking it on—there is another postmaster in the area—they can run a community post office. Everyone, including the Post Office, seems to be happy about that.

During that time, the Post Office came on board, and it has had to suspend the process of closing Whiteshill, because its nominated branch was under threat of closure. We have not yet signed contracts or come to firm agreements on our ability to deliver Paganhill post office, but having suspended the process of consultation, the Post Office has started it again. It did so without anyone knowing it had started again, including the MP, which led to the announcement that closure will take place tomorrow: March 23. There was no further consultation, and that came as a total shock to everyone.

The Post Office nominated a branch that was itself under question. Admittedly, it also mentioned the main branch at Stroud, but that is well over a mile from Whiteshill. I thought that it was not possible in the network reinvention programme to nominate a branch that was further than a mile away. I would like clarification on that; I know it is an issue that concerns the relationship between the DTI and the Post Office, but we need clarification. If Paganhill were to close—I do not want that to happen because we have worked damned hard to make sure it does not—the nominated branch would be well over a mile away.

The process has been made much worse; I shall choose my words carefully. The pressure that was brought to bear on the postmistress and her husband is not fair. Some people would say it is a question of bullying and a matter of saying, "Sign this form because you cannot do anything but sign it. You are going to close." That is not negotiation or consultation: it is the imposition of a decision. In that village, we are fortunate because we still have a voluntary shop. It was always possible that we could negotiate an outcome that would lead to better throughput in the use of the post office, but that has not been offered to us. It has been a question of the Post Office saying that the post office is an urban one, so it will have to close.

I wish to put three points to the Minister. First, the original designation stands or falls by what size of population can be termed urban. A figure of 10,000 is used, and the Post Office has reinforced it with a series of maps. I do not know whether anyone has seen the maps, but they are computer-drawn—I almost said computer-driven; I wonder whether they are that, too—and they are so vague as to mean anything to anyone. I challenge the Post Office to say whether it is prepared to defend those with a definitive explanation of the difference between rural and urban Britain.

Secondly, we cannot have a process of consultation that is turned off and turned on again without people knowing about it. That results in closure where people have no opportunity whatever to say that the circumstances of the closure are wrong because of the designation.

Lastly, there is the point of how to nominate a succeeding branch that is acceptable to people who are losing services. That has to be clarified because it is wrong if the nominated branch may close; that is not an acceptable way of making such decisions. I use Whiteshill as an example of what is wrong.

The process is difficult, and my hon. Friend the Minister has to oversee it and the way in which the Post Office has to be called to account. We know that there is not enough money in the system; the Government have to pump-prime it. They have to do so because the post office is a public service, which, I am pleased to see, is beginning to make some money through the Royal Mail. That is well overdue but greatly to be welcomed.

We must build confidence in the network. I always remember the statistic showing that people still trust the Post Office more than any other public service, but unless we sort out the Whiteshills of this world, that trust will go. It will evaporate, and people will say that the Post Office just reneged on its promises.

I work on verbal understandings. I had assurances from people that the Whiteshill post office would not close until and unless we sorted out Paganhill. It is wrong that we have been told that it will close anyway. It is not I who bears the brunt, although, I have to be honest, it is not an electoral asset to have it closing in advance of a probable general election. I am thinking not about myself, though, but about the way the community has been short-changed and the pressure that has been put on the postmistress, which is unacceptable and must be fought. I hope that the Government will listen carefully and do something about that.

10.17 am

Malcolm Bruce (Gordon) (LD): This is a very important debate, which goes on in every constituency in the country. We all have to deal with the issue, and I shall not pass up this opportunity to raise some constituency issues as well as discussing wider national ones.

I have been a Member of the House for 22 years and when I started there were Crown offices and branches in my constituency. I lost the Crown offices about 15 years ago and was told at the time that it would make no difference. However, very often when I ask in certain post offices for certain services, I am told that they are reserved for Crown offices and I cannot have them, so it did make a difference.

The post office in Keith, which is currently in my constituency but will not be when the new boundaries take effect, has long asked for passport forms. The

postmaster runs another post office where he does have passport forms, and he therefore knows how to deal with them, but he has been denied them on the grounds that Keith was never a Crown office. That has nothing to do with whether it would benefit the community or whether it was a relevant service; he cannot have them because the post office was never in a particular category. That is simply bureaucracy and not a real response to the service, which is partly a criticism of the Post Office and its relationship with the agencies. When one takes the matter up with the Post Office, it says that it is a matter for the Passport Office. The Passport Office says, "No, we just did a deal and they tell us which branches they are distributed through." That issue has never been satisfactorily resolved.

My constituency, within its current boundaries, is substantially rural although the main town, Inverurie, was designated during the very first round of urban reinvention. As I was leaving a meeting with Post Office management, one of them said, "By the way, I have just written to tell you that Inverurie has been designated as urban." My immediate response was to ask which office was being closed. He said, "No, no. We are just designating it as urban." Three weeks later, we were told which office was being closed. There was no consultation and, unlike in the case of the hon. Member for Castle Point (Bob Spink), although I was more than willing to fight a campaign, the postmaster said, "I'm sorry. I'm taking the money, and I'm not prepared to stay." The will to fight for it did not really exist in the community, which was somewhat disappointing.

In Aberdeen city, part of which will be in my constituency under the new boundaries, there was a proposal to close 15 offices. At the end of the process, 11 were closed. That was after phase 2 of urban reinvention when, under pressure from Members on both sides of the House, the Post Office agreed to review the process. What it actually did was to put up more offices for closure and close the ones that it was going to close anyway. It did not fundamentally change the process, but it made it look better and made some people feel better.

The postmistress at Bankhead post office, which will be in my constituency under the new boundaries, happens to be the secretary of the local branch of the National Federation of Sub-Postmasters. She told me, "The business has gone from this office in the last 12 months, so I'd like you to fight to keep it open, but frankly all that will happen if you do is that I'll have to close it myself in 12 months' time, and I'll get no compensation." It is not always easy to fight to keep post offices going, because the financial considerations are significant.

The owner of one post office in my constituency, in Pitcaple, decided simply to change the business as he did not wish to continue it. The Post Office is keen to keep a post office going there, but for the past two years it has not found anybody to run it or any premises in which it could operate. Clearly, that post office is not going to reopen.

Here is a tragic case: a good, lively shop with a post office in the village of Auchleven, which I have visited regularly and which is a real model of the kind of village shop that can survive in this day and age as a successful business, was perfectly reasonably sold by the owners because they wanted to retire. They sold it in good faith to somebody who said that they would take the business over, but within three months the new owner closed the business and applied for planning permission to convert it to a dwelling house. I am still fighting to get the Post Office and the local council not to co-operate in that venture, but I am left with the problem that someone must be persuaded to operate both the post office and the shop; they are not attractive businesses any more because their fundamental long-term viability does not inspire confidence or tradability.

Bob Spink: That is the point. Although we must sympathise with postmasters and postmistresses who decide to take the package and retire, as they have every right to do, and with people who wish to change the nature of their businesses, the problem is that there are no new people taking their places because the Government have removed post office functions and destroyed the viability of the post offices. The Government must address that.

Malcolm Bruce: That intervention was timely because I was just about to move from examples in my constituency to the national picture. The hon. Gentleman made my point exactly: it is all very well challenging parties to say that they would continue support for rural post offices, as the hon. Member for Stroud (Mr. Drew) did—I have no problem with that, but it is not enough unless there is confidence in the long-term future. For the record, my party does not have any plans to privatise the Post Office, which we see as a public service. We are not so sure about the future of Royal Mail, but the Post Office is a social service, as the hon. Member for Stroud said, and will inevitably require support one way or another.

Mr. Sutcliffe: So, is the Liberal Democrat policy to privatise Royal Mail but sell off the other?

Malcolm Bruce: No, our policy is not to privatise either of them. We said that the liberalisation of Royal Mail may require some rethink in the future. Royal Mail is actually subsidising the Post Office, so one way or another, we must make sure that the Post Office is adequately supported as a public service. I hope that that clarifies the position.

We need to move from the current situation to a position in which there is confidence in the future of the network and individual businesses. Over the past few decades, post offices have been closing at an average rate of 305 a year. In the past 10 years, the number of post offices has reduced from 19,251 to 14,976, so there was a dramatic fall in the number of post offices under the Conservatives, which has accelerated under Labour, particularly with the urban renewal programme, and there is no end to that in sight. People are concerned about urban reinvention and the likelihood of some kind of rural reinvention because even though, theoretically, the idea is to end up with a stable, reduced network in which we can have confidence in the future, the reality is that we are reducing the network but the confidence in the future is not there.

The hon. Member for Castle Point rightly said that we need a plan that gives guaranteed revenue and guaranteed business for the valuable work of the post offices, but there are two problems with that. When I

[Malcolm Bruce]

was in a post office in Leicestershire, looking at the community point—I shall come back to that—the postmistress told me that it was a busy shop and post office and that people said to her, "Oh, you'll never close; look how busy you are." But she pointed out that although the post office is busy and there is always a queue at the counter, the value of transactions is very small. Lots of people want to use the service, but they spend only £1 or £2. That is the real issue: we have to pay more to those who run post offices, subsidise post offices or find other kinds of business that will effectively cross-subsidise them.

I am tabling questions to all Departments to ask what their information purchases cost—the cost of forms, distribution and printing—to see whether co-ordinating that and using the Post Office, not necessarily exclusively, but principally, might generate substantial revenue for post offices.

Members may not have looked at the sub-postmasters' experiment with community point, which is not yet a definitive answer but is nevertheless an interesting way forward. Regrettably, the Government pilot scheme, "Your Guide", did not go forward because it was considered to be too expensive—I make no comment on that. The postmasters have tried to develop the scheme using the same pilot area of Leicestershire because people there are familiar with it. They have not had the e-Government support that they deserve and need to make it work, but one thing that came across to me as having big potential was that if each post office had a computer terminal with a printer behind the counter, virtually every Government form could be immediately accessible online and printed in the post office, for which a charge could be credited to the account. That would save on printing costs, as printing would be done to order, and there would be no worries about stockholding and pulping, or about forms being out of date because they would be accessible, up to date and online. I hope and believe that that solution is a way forward in partnership with Government that could help to boost the viability of the post office network.

In an ideal world, everything that happens in the post office would be paid for as a fully commercial business, including public services, although I accept the point made by the hon. Member for Castle Point that if a small subsidy is needed to keep the social network, it would be a disaster if that network were destroyed for the sake of a relatively small amount. We need to agree what is the viable total network and try to support it in the best way possible.

It is interesting that post offices run by the Post Office appear to lose the most money. That leads me to believe that as the Post Office has changed, the relationship between it and its branches has not changed fast enough. For example, an Office of Fair Trading adjudication is going through the system in which convenience stores with post offices have challenged the restrictions imposed on them by the Post Office. That is a point of contention on which not all postmasters agree, because the postmasters and shopkeepers are not necessarily the same people. I can see the point of view of shop owners who say, "We are operating a business here, of which the post office is a part, not the sole aspect, and we object to the Post Office telling us what we can do in the other part of the shop," but I also understand the Post Office's reasoning, particularly as it is developing new services. I shall be interested to see the OFT's conclusion.

I support Post Office management trying to introduce new commercial services, but I do not know how successful they will be, as the environment is very competitive. One reason why the Royal Bank of Scotland refuses to co-operate with the Post Office is that it regards it as a direct competitor in both cash and financial services, and it says that under no circumstances will it co-operate in allowing its customers to access money through the Post Office. HBOS has taken the same position. I am glad that Clydesdale bank has now started to allow people to get cash through the Post Office.

I am conscious of the time, but let me make a Scottish point. We in Scotland are particularly disadvantaged as a result of the decision of our two biggest banks, the Royal Bank of Scotland and HBOS, not to co-operate with the Post Office, because that means that many people in Scotland—a high proportion are customers of those banks—will not be able to obtain cash through the Post Office, and yet the card account has not come across as the ideal alternative.

Although MPs make party political points on this issue, all of us know how important the post offices in our constituencies are and how much they are valued and used. We want to find a solution to this dilemma that will give confidence for the future. The Government face a great challenge; they are going through a process that is demoralising and damaging to confidence, and most sub-postmasters and sub-postmistresses are not at all convinced about how the endgame will finish. I have made some constructive suggestions, and I hope that the Government will address them in a sensitive manner. They must ensure that the combination of business and whatever subsidy is required will guarantee a future. The fact is that 85 per cent. of rural post offices are not profitable, and unless we solve that problem, swathes will be cut through the service in rural areas. Postmasters and postmistresses will simply walk away, as they will be unwilling to continue to subsidise the Post Office, because the tables have turned; the Post Office is not subsidising them any longer; it is the other way around now.

This has been a good debate, and I am sure that we will continue to discuss the subject through the coming election campaign.

10.31 am

Michael Fabricant (Lichfield) (Con): We have had a number of debates on the Post Office in the past few years, and one thing that characterises them is a sense of unanimity. There is a strong feeling among MPs of all parties, who, after all, are elected to represent their constituents, that the post office system has tremendous value. We recognise that post offices exist not just to sell stamps; they also play a valuable role in our communities. Debates on this subject are pleasant because, although we might have specific differences about how to maintain the post office network, we all agree that it has huge value.

It is a great pleasure to me that my hon. Friend the Member for Castle Point (Bob Spink) has secured the debate, and I congratulate him on that. He and I, and

my hon. Friend the Member for Ribble Valley (Mr. Evans), who was present earlier, were elected to the House at the same time, in 1992. We are still here—more or less.

The debate has been interesting. All Members, regardless of political party, care about the Post Office. The hon. Member for Stroud (Mr. Drew) pointed out the importance of the Post Office brand, and, as the hon. Member for Gordon (Malcolm Bruce) said, that brand is not being utilised enough. I think we all agree on that. The Post Office brand is recognised and respected, and it is regarded as having great integrity. The BBC used its brand to enable it to operate in a wider range of areas, which has cross-subsidised its programme making, but the Post Office has decided not to use other services as a way of keeping post offices viable, either because of externally applied restriction or because of its own restrictions.

The hon. Member for Gordon raised a fascinating point: he explained how, historically, there are differences between post offices that had always been sub-post offices and those that were originally Crown post offices. What does it matter if they are now sub-post offices and they want to offer certain services, such as providing passport applications? Why should they be disallowed from doing so? I have no idea. Can the Minister answer that? Have the Government put that restriction in place, or, as I suspect, has the Post Office done so? Either way, will the Government intervene to ensure that all post offices are able to offer a large number of services, because that is what will keep them viable?

The hon. Member for North-West Leicestershire (David Taylor) spoke about the fact that some people find it difficult to get to their post office. With regard to the urban reinvention programme, the Post Office said that it would not close post offices more than one mile distant. The Post Office also claimed that it would take into account natural obstacles, but that simply does not seem to be the case. We have heard time and again, not only in this debate but in debates in the main Chamber, about areas where elderly people live and where there are mountain ranges, canals or torrential rivers—I exaggerate slightly, but I am making my point—and the Post Office says, "Well, there are two post offices within a mile of each other, so one of them can close," even though, in practice, the other is inaccessible. That is wrong, and it must be addressed.

The Government cannot get off lightly, because they have played their part. We heard from the Minister today that 4 million post office users are now account holders, but not all of them wanted to be. Many elderly people have difficulty in operating cash cards. Many have difficulty in remembering their personal identification number—as do I. Many, and many disabled people, too, find it difficult to enter their PIN on the little keypads that are provided; they really are quite small. For understandable reasons, the banks are now introducing chip and PIN, but lots of people have problems in operating keypads, when they go to the gas station to buy petrol, for instance. That is an important issue.

The Government are spending an extraordinary amount of money to try to persuade people to give up their cash books. Some £10.5 million of taxpayers' money is being spent to persuade benefit claimants to abandon their order books in favour of direct payment; that figure has been obtained by the National Federation of Sub-Postmasters. That is equivalent to the taxpayer spending £70 per benefit claimant. Of course, the direct payment facility should be available at post offices for people who have bank accounts, or who do not like dealing in cash; it was initiated by a Conservative Government, and I applaud new Labour for continuing with the programme. However, it is wrong to do that in a way that prevents people who wish to keep their benefit books from doing so, particularly as those people are vulnerable, and find using such benefit books difficult enough.

In this debate, and in others, we have heard of the many campaigns that Members have run to keep their post offices open. Postwatch has played its part. It may not have replied to the hon. Member for Stroud, but it is generally quite proactive. As I mentioned in an intervention, it opposed 73 closure proposals in the west midlands but only 15 were withdrawn. When there is unanimous opposition to certain post office closures among local authorities, local communities, Members of Parliament, and Postwatch, and yet the Post Office still closes those post offices, one has to wonder whether it is completely deaf. Does it not recognise that the Post Office, as well as the Government, has a duty of care in this area?

Mr. Sutcliffe: The hon. Gentleman suggested in his earlier intervention that my constituency was part of the west midlands. Bradford does not want to join the west midlands. It is strictly Yorkshire.

Michael Fabricant: I am grateful for that helpful intervention; I do not know what made me think that the Minister represented a west midlands seat. My geographical knowledge of the United States is far better than that of the United Kingdom. I thank the Minister—I like to refer to him as my hon. Friend—for making that helpful, creative intervention.

Postwatch also pointed out the question raised by the hon. Member for Gordon: when is it convenient and when is it not convenient to close a post office? Sometimes it is convenient to do so because the postmaster wants to take payment from the Post Office to surrender their position. As Postwatch said:

> "We believe that POL's choice to use subpostmaster preference as a major part of selecting which post offices to close has in a number of cases meant that businesses closed that were in some ways better than those that remain."

That issue must also be addressed by the Government. Although I understand and accept that Post Office Ltd is a separate organisation in law, the House and Members should not forget that it is a wholly owned subsidiary of the Government. It is not right for them to say, "Mea non culpa. This will operate at arms' length. We shan't intervene". As a former Secretary of State for Trade and Industry might have said, the Minister should be intervening before breakfast, before lunch and before dinner, so far as some closures are concerned.

It is not just hon. Members who have been intervening, or trying to intervene, to keep post offices open. I have received a series of e-mails and letters from people in their communities who have been trying to keep various post offices open. Such people include: Pamela Singleton in

[Michael Fabricant]

Pudsey; Marco Forgione in Richmond Park; Ian Gibb in North Warwickshire; Stella Kyriazis in Telford; Richard Aitken-Davies in Derby, North; Robert Buckland in South Swindon; Richard Willis in Sutton and Cheam; Margaret Harper in Worcester; Mark Garnier in Wyre Forest; Justine Greening in Putney; Andrew Griffith in Corby and east Northamptonshire; Alexandra Robson in Wolverhampton, North-East; Anne Milton in Guildford; Mike Freer in Harrow, West; and George Lee in Leeds, North-West. They have all run campaigns to try to keep their post offices open. They have joined in the local community. In some cases they have succeeded, and in others they have not.

Under the Conservative Government, about 1 per cent. of post offices closed each year; under the new Labour Government, the rate is running at 7 per cent. The total number of post offices has fallen by more than 3,200—17 per cent.—since the Government came to power. The last figures available show that 15,304 post offices in the United Kingdom still existed at the end of 2004.

The hon. Member for Stroud, whom I am pleased is taking part in the debate, tabled a written question. He asked the Secretary of State for Trade and Industry

"what discussions she has held with . . . parish . . . councils".

The Minister for Employment Relations, Consumers and Postal Services replied:

"I have not held discussions with parish and town councils or with the National Association of Local Councils at this stage."—[*Official Report, House of Commons*, 21 December 2004; Vol 428, c 1615–16W.]

I hope that the Minister will hold such discussions, because I know that he cares about the issue. He is a caring sort of Minister, but caring just is not enough; doing is what matters.

Mr. Drew: As the hon. Gentleman has quoted me, I would like to respond. To be fair to the Post Office, the rural network has tried to evolve an interesting way in which parish councils and other voluntary groups can be brought in to help run it. That is exactly what should be done as a matter of urgency. We need that to be brought forward and not left as a future possibility. Does the hon. Gentleman agree?

Michael Fabricant: As I said near the beginning of the debate, many of the issues cross party boundaries. Yes, I agree with the hon. Gentleman's point. There should be greater community involvement, not only at the stage of discussing whether there should be a closure, but, as was said, to help keep post offices open in a constructive way; that could be as part of a village shop or, as we heard from my hon. Friend the Member for Ribble Valley, as part of a pub.

There are all sorts of different mechanisms of having full-time or part-time post offices by which we can create a footfall. But the position has been damaged under the Government because of the Post Office card scheme. I am talking about a footfall that improves the viability of post offices. Sub-post offices depend on people coming into them for their survival. Under the Government much business has been lost. We have stated:

"A Conservative government would aim to increase the number of services available from urban and rural post offices and so increase their long-term viability. We will . . . work . . . with the National Federation of Sub-Postmasters".

I meet with that body on a regular basis.

The Government have failed to give adequate backing to the Post Office card account. They have made too complicated the process by which customers open accounts. The Government have betrayed the trust of local people by doing so, and they have tried to dragoon people into using card accounts, as my hon. Friend the Member for Castle Point said. That has been done against people's will, and public money has been used to force them to do it. That means that customers are likely to open bank accounts out of frustration. Trade at the local post office, which is the village shop, will dry up.

Local post offices provide a focus for the community as well as merely being places that provide stamps. Our aim must be to create an environment where post offices thrive in the United Kingdom, not only for the benefit of the Royal Mail, but for the benefit for the communities we serve.

10.47 am

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I congratulate the hon. Member for Castle Point (Bob Spink) on securing today's debate. He has been assiduous in voicing local concerns on behalf of his constituents about Post Office Ltd's urban reinvention programme proposals for his constituency. I add my congratulations to him and his colleagues on the efforts that they have made on behalf of their local community. I was pleased to hear him say that one of the post offices will reopen. I congratulate him on that.

Since I became the Minister with responsibility for postal services in September 2004, I have examined the whole area of postal services with great interest. Some people have accused me of being a masochist in accepting that responsibility, given the nature of the problem that we face in relation to a trusted service. My hon. Friend the Member for Stroud (Mr. Drew) is correct in saying that despite all the issues relating to the Royal Mail and the Post Office, people still trust them as brand names.

The hon. Member for Castle Point spelt out his views clearly and fully. That is why I questioned him on subsidy. He spoke strongly about the social aspects of post offices and the importance of maintaining subsidies. I will return to issues relating to his constituency a little later if I have the time to go through them in great detail and if he allows me to do so.

Today's debate has been important. I agree with the hon. Member for Lichfield (Michael Fabricant) that what tends to happen in situations such as those that we are discussing, particularly with a possible general election around the corner, is that the issues become politically emotive as we all knock spots off each other in determining who was responsible for things. I will return to some of those issues.

I agree that all of us, when we get down to the detail, want a viable post office network, and we want the Royal Mail to survive and develop. We need to try to find ways of examining the issues together. I was grateful for some of the suggestions that the hon. Member for Gordon (Malcolm Bruce) made. We are at the next crucial stage. The first plan for Royal Mail recovery was in 1999, and it concludes this year. We need to consider what the next plan will entail. Remarks were made about the rural subsidy. What is interesting is that the time frame has given us the opportunity to see what local communities want to do about the range of services that post offices should provide. Some innovative ideas have come from the pilots, which could contribute to a future plan.

The post office network is relevant to every Member of Parliament. We all share concerns about the future provision of post office services in our constituencies. I assure hon. Members that the Government are fully committed to maintaining a viable nationwide network of post offices. The truth is that there have been decades of underinvestment, and the business was in a spiral of decline. If the network is to survive and thrive, it needs to change significantly. The Government want a post office network that can prosper on the needs of today and the future, not those of 20 or 30 years ago.

Because the Government have grasped the nettle and taken the necessary steps to restructure and revitalise the Post Office, the future of the network has rightly become an issue of national debate. We all share concern for the future provision of post office services in our constituencies, and we want to maintain a viable network. Everyone involved faces a massive challenge. I pay tribute to those local communities and people who have voiced their concerns about post office closures. However, I take the point that my hon. Friend the Member for Stroud made about the fact that some people have unfortunately joined the campaign after the horse has bolted, so to speak, given the massive problems that the network was facing.

The starting point for Government policy on the post office network was the performance and innovation unit's report of 2000, "Modernising the Post Office Network". The Prime Minister called for that report in 1999, because it was clear, following decades of decline and zero investment, that dramatic action had to be taken to get the business on track. We set about producing policies that would help secure a future for the post office network, which was something that the previous Government failed to do.

I was interested to hear the Opposition say what they would do if they ever return to power. I would ask why they did not do those things when they had the opportunity during their previous reign.

Michael Fabricant: The Post Office was not under such pressures then. It is primarily because of the introduction of the card scheme that we now have to propose such measures.

Mr. Sutcliffe: That was a good try, but not an effective enough one, because closures were already taking place during the Conservative reign, as hon. Members have pointed out. If we consider the problem honestly, we find that it has much to do with the relationship between the Royal Mail and the Government. They have basically been at arm's length since 1967. On other agencies using the Royal Mail and post offices, lots of good work could have been done to ensure that Post Office Ltd played an integral role in community regeneration, especially if we consider the money that the previous Government invested in regeneration and what this Government have done. There could have and should have been an opportunity to involve post offices and other services in such regeneration. That did not happen, and we all stand to blame for that.

The PIU report showed quite starkly that the network of post offices had not kept pace with the changing needs of its customers. Too often, post offices had become dingy and shabby through lack of investment and were losing business. The Post Office faces an enormous challenge. In recent years, Post Office Ltd has incurred substantial losses: £163 million before exceptional items in 2001–02, £194 million in 2002–03, and £97 million in 2003–04. Some 96 per cent. of the nation's post offices are run by sub-postmasters—private business people who have invested not only their own money into their businesses but a great amount of care and effort into helping the post office network to achieve its high status.

I pay tribute to the National Federation of Sub-Postmasters. I meet the federation regularly and have discussed its manifesto, which contains many interesting ideas, although, as the federation acknowledges, they are uncosted. It is run by people who are committed to the network, as hon. Members have said. It is vital that we listen to the federation and to people who have invested many years of their life in the network.

It was right that Post Office Ltd gave those people who wanted to get out the opportunity to do so through the payments that were made. Some people were put under a great deal of pressure over some decisions. I shall return to the example that my hon. Friend the Member for Stroud raised from his constituency, because I am concerned if people have been put under the pressure that he described. I will write to him with details about the two post offices that he mentioned and will look at the issue of undue pressure being put on people.

The post office network has been contracting since the 1960s. The previous Government presided over 3,500 closures between 1979 and 1997, but in all that time produced no policy on how to structure the network and ensure that it would remain relevant in the 21st century. There have been reductions in post office usage for all sorts of reasons. The absence of investment by the previous Government was an important one. However, major advances in technology, greater mobility, and changes in shopping and financial habits mean that a large proportion of our constituents simply do not use post offices as they used to and that custom has sharply reduced. That trend is not a matter of the Government or some unseen market force acting against the interests of the Post Office and its customers; rather, it is about ordinary people—our constituents—making choices.

The decline in transaction volumes has not been caused just by the changes in benefit payment arrangements that have recently been completed. The decline started well before the move to direct payment and applies not only to benefit payments but to a much

[Mr. Sutcliffe]

wider range of services, including Girobank and National Savings transactions, telephone bill payments and postal orders.

As the recent National Audit Office report noted, the change is not a uniquely British phenomenon. Research commissioned by Postcomm, the regulator for postal services, has noted that people in other countries increasingly access services electronically over the telephone and through the internet. In response, most countries have been remodelling their networks, usually by closing the smallest or least profitable offices and converting directly run offices to agency offices. In Germany, for instance, the number of post office branches has been reduced drastically, from 30,000 to 13,000. In Britain, other networks, such as those of the retail banks, have also been scaled back. Like them, the post office network needs to adapt to changes in people's preferences and new ways of doing business. Such external changes pose big challenges to the network of post offices, which have to be addressed not ducked. That is what the Government have done and it creates the emotion that we have seen.

Postwatch has done a tremendous job of creating a picture for consumers, through its response to Post Office Ltd's plans. That was a deliberate plan by the Government, in order to create a balance, so that a number of things could be dealt with. Royal Mail and Post Office Ltd were losing money, and the Government set them targets: to turn the situation round, to stop those loses, to maintain a viable network, and to ensure that there were no unplanned closures. The difficulty would have been an acceleration in those closures, creating gaps, which would not have put us in the position of having post offices within a mile of one that had closed.

Postmaster preference, Postwatch operating on behalf of the consumer, and Post Office Ltd were involved in trying to create a viable network. Clearly, there have been difficulties. Since becoming the Minister with responsibility for postal services in September 2004, I have tried to ensure that hon. Members in all parts of the House have had the opportunity to meet Post Office Ltd directly. I have done that through arranging surgeries in the House on Thursdays with senior management of Post Office Ltd, so that hon. Members can at least have face-to-face discussions about the concerns that have been raised.

The Government are listening. When we look at the new plan, we shall have to consider the role of Postwatch and Postcomm, the regulator. Postcomm is looking at a survey of how the urban reinvention programme has affected certain areas. If gaps appear, we shall have to ensure that they are filled.

We are debating a difficult issue to which I am sure we shall return, notwithstanding what happens in the general election. Hon. Members have shown great dedication in dealing with the issue. If we take party politics out of the debate, as I am sure we will after the election, and consider the good ideas that are around, I am sure that we can restore and develop our constituents' confidence in Royal Mail and Post Office Ltd. That way, we can ensure that our constituents understand what has happened and what we all agree is the need for change, and that the change is as painless as possible for them. If we do that, I am sure that confidence will return.

Western Balkans

11 am

Mr. John Randall (Uxbridge) (Con): I am pleased to have been given the opportunity to raise this subject, which, unlike many others, will not be high on the list of issues in the run-up to the forthcoming election in the United Kingdom, so we can get away from the party politics that pervades too many of our debates at the moment.

First, I want to pay tribute to the Foreign Affairs Committee, which recently produced a report on developments in the western Balkans. Although it is something of a curate's egg, there are more good bits than bits that are not to my taste, and I certainly welcome the Committee's involvement. It is important that the UK and the rest of Europe take the future of the region very seriously, not only because it is in Europe, but because it holds the key to stability and peace in Europe and therefore must not be ignored.

As it happens, today is the sixth anniversary of the eve of the bombing of Yugoslavia and it is interesting to consider how far we have come since then. The region had already been in turmoil for some considerable time, but in many ways the bombing of Serbia—Yugoslavia as it was then called—was a turning point for it. I always make the point, and the Minister for Europe has heard me do so on many occasions, that history plays an important part in the region and is forgotten at our peril, but I want to be more positive and concentrate on what has been going on recently and what can be done in the future.

Some recent developments have been positive. I am delighted that the UK and the European Union are trying to be as even-handed as possible in the area. That has not always been apparent to some people, but recent insistence in the case of General Gotovina in Croatia and the indictment of the Kosovan Prime Minister, Ramush Haradinaj, have shown that the west is trying to change the fact that too many people in Serbia and the diaspora feel that they are the only victims of what has happened. Also today, the President of Serbia and Montenegro, Mr. Svetozar Marovic, is visiting the UK again. I do not know what discussions he is having or with whom, but I hope that those diplomatic efforts will not go unrewarded.

I will not deal with the whole region, not only because of the lack of time, but because in recent years I have concentrated my efforts on several specific parts of this diverse region. I shall start by talking about Macedonia, which is an interesting part of that area of the world and, in many ways, as successful as any country there in implementing policies that the west would like. It is certainly keen to join the European family. Also, it has tried hard to implement the Ohrid agreement and has succeeded, despite the nervousness caused by a recent referendum that could have put that in grave jeopardy. Successive Governments have made every effort to ensure that the country is a model of integration in the Balkans.

In light of Macedonia's efforts—it has supported the coalition in Iraq and a member of its armed forces has even been killed over there—we sometimes need to give more support than mere words.

Michael Fabricant (Lichfield) (Con): Does my hon. Friend agree that Greece could be more helpful in its relations with Macedonia and provide additional encouragement to its long-term ambition of joining the EU?

Mr. Randall: My hon. Friend pre-empts me. Greece is being helpful to Macedonia in many respects, certainly economically, which is to be welcomed. Other countries, including the UK, could help economically through business and bilateral arrangements, but the big problem with Greece is still the sticking point over the name of Macedonia. In most of our deliberations in the House and elsewhere, most people—even Ministers who normally have to be very wary about such things—will refer to the country as Macedonia, because that is its name. However, my hon. Friend may be aware that the Greeks, and therefore the EU, have insisted on the full title being the former Yugoslav Republic of Macedonia. I am not sure whether Greece would like to be referred to as the former Ottoman province of Greece, or whether Finland would like to be called the former Russian province of Finland. They would not be altogether chuffed with that idea.

As in so many parts of the region, there are little nuances—the title of a country is more than a nuance, however—but it is about time we got past the problem with the name. After all, the United States, China and Russia have accepted the name of the country as Macedonia without the "former Yugoslav" bit tacked on. The UK has a wonderful opportunity, through our forthcoming presidency of the EU, to have a chat with the Greeks and try to make them see sense. I am not an expert on German politics, but I believe that the Bundestag, the lower House of the German Parliament, recently passed a resolution to that effect, so we might be able to find help and allies on the subject.

Unfortunately, there are signs that the problem with the name is becoming a bit like our problem with Gibraltar and Spain. Recently, I heard that a plane carrying the Macedonian Prime Minister to talks in Turkey was not allowed to go through Greek airspace because "Macedonia" was written on its side. One hears all sorts of stories in that region. That story came from an eminent source but, not having access to the Macedonian dailies, I cannot verify whether that happened, although I believe it did. If it did, the UK Government ought to have more than a quiet word with our colleagues in Athens, because I would be nervous if a problem over the title of a country got down to what we would all agree are childish levels. I do not think I will be going to Greece on my holidays in the immediate future, after that little diatribe.

The Minister for Europe (Mr. Denis MacShane): The hon. Gentleman could go plane-spotting.

Mr. Randall: Although the Minister claims that plane-spotting would be an amply good pastime for me, one of my constituents did that, which did not help his summer holidays that year. Having been a bird watcher, I know the perils of walking around the Balkan countries with a pair of binoculars around my neck.

More seriously, I return to existing conditions in Serbia. Before the civil war, Serbia was not exactly at the forefront of economic success. It was doing quite well years ago when I was a student there, but it fell behind under successive Governments. In 1990, the income per

[Mr. Randall]

capita was $2,850; now it is only a few hundred dollars. We can see what has happened to a large proportion of the population: unemployment is 38 per cent. and rising, and sadly, industrial production is down 50 per cent. compared with 1989.

I understand, and I know that the Minister will repeat, the insistence on the bringing to trial in The Hague of Mladic and Karadzic, and I know from speaking to members of the Government in Serbia that they are keen on that too. All I can say is that I would like to know whether the British Government or our allies—NATO or whatever—have firm evidence of where those people are. If I thought that the authorities had been given firm evidence and were unwilling to help, I would have less sympathy for them.

I remain open on that issue, which I know is very big in the country. The Serbs feel that they were not granted the same rights as the Iraqi people to try those who caused severe problems—problems is an understatement. The issue gets to the people there. They saw a further such example when there was no international tribunal in The Hague, or anywhere else, for the criminals who caused all the difficulties in Iraq.

I know that this is a big problem, but I hope that the British Government and others are not saying, "We want those people," if they have firm intelligence. If they can offer help on the ground with intelligence, I hope they are doing so. If they are not being helped by the authorities, I would certainly have a deal less sympathy for what is going on there.

That said, there is a severe humanitarian problem in Serbia and—albeit less so—in Montenegro. Of course, Kosovo is included in that, and it is sad that a number of people come to my surgeries in fear of returning to Kosovo because of action by the Kosovo Liberation Army. They feel that the army is still in control despite international efforts.

Kosovo is not the wonderful idyllic state that perhaps we sometimes want to think it is following our intervention there. In many ways, I presume, the indictment of the former Prime Minister of Kosovo reflects, without stirring up too many other problems, our obsession with Irish republicans. It becomes difficult to accept that they have given up military and criminal action, and we have seen in recent months that they have not given up what they say they have given up. Kosovo is like that, only more so.

A mere Back Bencher can possibly do a service by raising a matter continually. I cannot do the grand politics of the region, but I can raise the humanitarian problems that exist. This country was instrumental in making things worse by the bombing, however well intentioned the Government and the majority of people in this country—although I happened not to be one of them—thought the intervention would be. What worries me is the huge number of refugees living in Serbia: there are internally displaced people living in appalling conditions, but they are not the only ones who are important. Because of the economic state of the country, there is incredible poverty away from the major cities.

One of the problems is that people such as me tend to go to Belgrade when we visit and we see a café society that is still almost blossoming. It is a pleasant place, there is affluence and the shops are full of items, but if one goes a few miles away to villages that were never really developed anyway, one is back in an era that many people would be shocked to see in Europe today.

Indeed, I heard a report from someone who recently visited a hospital in Zemun, which is just outside Belgrade, on the other side of the river. The last of that hospital's cookers had packed up, so patients could not have any hot meals and it was down to a couple of volunteers to keep things going. However, Zemun is a major conurbation; it is really part of Belgrade. That that should happen anywhere in Europe—virtually in the capital city of that country—is a disgrace and we must do whatever we can to help.

Pensions and pensioners are one of the biggest problems. There have been masses of suicides because elderly folk cannot afford medication or, in many cases, food. I do not think that I am exaggerating: I really do think that there is a humanitarian disaster there, and we must do something. We owe it to those people not only because they are in Europe, so we should be doing something anyway, but because of the history—not just the recent history—and the fact that the Serbs have been our strong allies in the past.

Incredibly, the Serbs still have great respect for the British. This is the moment to show that we can and we shall help them in their hour of need—not just paternalistically by giving aid, but by treating them as equal partners. The future of that area lies in ensuring that it integrates within the European family. That is some way off, but we must give those countries hope.

11.18 am

The Minister for Europe (Mr. Denis MacShane): I am genuinely grateful to the hon. Member for Uxbridge (Mr. Randall) for introducing the debate, because it allows the Government to place on the record in the House our current thinking on the western Balkans. I pay sincere tribute to him, as he has consistently brought to the House—in the form of parliamentary questions, oral questions, Adjournment debates and interventions in broader European debates—the issues of the western Balkans in general and of Serbia, to which he is greatly attached, in particular. He has done so very moderately, avoiding some of the polemic to which the region has given rise.

I entirely take the hon. Gentleman's point that the people of Serbia deserve a better deal, if not a new deal. For me, Belgrade is the natural capital of the western Balkans. The people of Serbia are cultivated, intelligent and skilled, and in every way have the potential to deliver enormous benefits to the European economy. No Government more than this one would want to see Serbia as anything other than a full member of the European family of nations. I welcome President Marovic's return visit here; his political business was done on his previous visit a couple of weeks ago. I am in regular and, I hope, friendly contact with other leaders in Belgrade, but it would be helpful if all Serbian elected politicians and leaders in Belgrade spoke with one voice on behalf of the Serb people.

It would also be helpful if Serbia moved forward with economic reconstruction. I refer hon. Members to the interesting article in today's *Financial Times* about the problem of investing in Serbia and, in particular, the

difficulty of ensuring that land is available for investment. According to the *Financial Times*, great swathes of land are still held under state control, with no liberalisation of land ownership. That results in a paradox: Serbia is one of the poorest countries of Europe, but its housing is among the most expensive. So, there is much that the Serbs themselves can do. I have also had meetings with leading British multinationals to urge them to invest in Serbia and the region. For example, I would like to see direct, low-cost flights to Serbia, as we now have to Croatia. That would be a good step forward.

Unfortunately, there is the fundamental problem of coming to terms with what happened in the 1990s. The entire elected leadership must clearly say, urbi et orbi, that the indicted war criminals—not just the fugitives Karadzic and Mladic, but the generals whose whereabouts are known—must go to The Hague. We welcome some of the transfers, but I would like 2005 to be the year in which there is a real effort in Serbia, including the Republika Srpska in Bosnia and Herzegovina, to bring to an end the problem of sending indicted generals and leaders to The Hague.

One might wish that the tribunal process were different, but we cannot rewrite history. Honourable men have gone there, including Ramush Haradinaj, the Prime Minister of Kosovo, who immediately accepted his responsibilities when he was indicted and flew to The Hague without fuss. Others might care to follow his example. We would like 2005 to be the year when we make clear and definite progress in the western Balkans.

It is nearly two decades since Slobodan Milosevic made his infamous speech in Kosovo Polje. We all remember with shame the inability of European Governments in the early 1990s to rise to the challenge of stopping the murderous nationalism that was unleashed in that beautiful part of our common European home.

On Sunday, I took my children to see the film "Hotel Rwanda", and I know how often you have raised the issue of human rights in Zimbabwe, Mr. Deputy Speaker. It was horrifying to be reminded of how, 11 years ago, a British Government colluded with other European Governments and the United States to prevent the United Nations from backing its forces in Rwanda to stop the genocide. I recommend that all Members of the House take their children to see "Hotel Rwanda".

That happened in 1994, but a year later there was a genocidal attack on European citizens, when 8,000 were killed in cold blood at Srebrenica. They were killed because, like the Jews and Roma in the Nazi era, they belonged to the wrong religion or the wrong community. We all thought that the scapegoating of Jews and Gypsies had stopped in 1945. Well, Srebrenica proved us wrong. The United States had to intervene to impose the Dayton settlement, but four years later we saw waves of asylum seekers—I am sure that all Members of the House have had them in their constituency surgeries—fleeing Kosovo because of the brutality there. By then, at least, Britain had a new Government, who were not prepared to sit on their hands. We had decisive British leadership to put together a coalition that was not frightened to use force to deal with tyranny and terror.

That is history—the last century. Today, let us try to look forward, not back. This year, we have a chance to close the chapter on that lost decade and, in particular, to send a message to the men and women of Serbia that their talents and skills deserve a full future in a Serbia fully in Europe.

The same is true for Croatia. I regret that it was not possible last week for Croatia to begin talks on accession to the European Union. In my view, it is question of when, not if, a Croatian Minister sits in the European Council and Croatian MEPs take their place in the European Parliament at Strasbourg. Britain wants Croatia in the EU.

When I was made a Foreign and Commonwealth Office Minister four years ago, one of the first visits I undertook was to Zagreb. I asked the then Croatian Government to take immediate action to deal with the case of Ante Gotovina, the Croatian commander accused of serious war crimes by the international tribunal in The Hague. Alas, my entreaties fell on deaf ears, and they have done so every year since.

For four years, I have been repeating that message, and so have Ministers from other major European Governments. Alas, too many agents and officers in the Croatian state apparatus defied the authority of the elected Government and, far from co-operating in persuading Gotovina to report to the Hague, they colluded with him in evading both his and Croatia's responsibilities under the international rule of law. No one can join the EU on the basis of refusing to accept their responsibilities under the international rule of law.

Let me make this appeal through the House of Commons to General Gotovina. An officer of any rank in the army of any democratic state must accept the authority of the elected Government. An officer of any rank in the British Army, the American army or any European army who is charged with any crime in connection with his command has to answer to the Government.

The patriotic and honourable course for General Gotovina is to stop holding the Croatian nation to ransom and to report to The Hague. He will face a fair trial, his living conditions will be good and he will have full legal representation. If he surrenders voluntarily now, there is even the possibility of bail, although I must emphasise that that is a matter for the tribunal, not for any Government, and nor is it a question of negotiation between the tribunal and the accused. As a soldier, General Gotovina should do his last great patriotic duty by going to The Hague. I urge him to open the door to Croatia joining the EU by reporting to the international tribunal.

The same goes for Messrs. Mladic and Karadzic. We have sought to work with Serb authorities, but, in the end, it is Serbs who can track down and capture a person wanted in Serbia or the region of Serbian nationality. It is up to the Church and the communities to understand that Serbia's route to Europe lies through The Hague. We will continue to offer co-operation and officials, including from the Ministry of Defence, are seeking to work with the Serbian Government. The British Government want Serbia on the road to Europe, but not at the price of sweeping under the carpet the terrible crimes committed at Srebrenica 10 years ago.

[Mr. Denis MacShane]

The hon. Member for Uxbridge mentioned Macedonia, and I understand that the position is difficult, but he is slightly wrong, as the United Nations, NATO and other international bodies use the name attributed to Macedonia when it split from the former Yugoslavia more than a decade ago. This is a passionate issue in Macedonia and in northern Greece. In Macedonian northern Greece, 2.5 million Greeks see themselves as Macedonian. The name, for them, is a passionate issue. I am not a Solomon in the House of Commons or the Foreign Office to decide between Skopje and Athens. I know that talks are going on. In English, we say that a rose by any other name smells as sweet. I do not know whether that is a proverb in Greece or in Macedonia, but I urge Athens and Skopje to try to find a solution to the problem.

Mr. Randall: I understand that there is a problem with the name, but will the Minister give an assurance about relaxing the visa regime? At the moment, Macedonian diplomats still have to get visas to come here. We are one of the few EU countries where they have to do that.

Mr. MacShane: We take the view that all citizens from a country where we have a visa regime in place have to apply for visas. Obviously, diplomats accredited to the United Kingdom travel on a diplomatic passport. That is the normal position under the Vienna convention. I am happy to look into that, but where there are visa requirements for citizens, we are not, for obvious reasons, granting the right for anyone to obtain a British visa without going through the normal procedures.

I have not been able to deal with Kosovo, but there is a review procedure in that regard. If the hon. Gentleman and I are returned as MPs after the election, we may be able to discuss the issue in whatever positions we find ourselves. Again, I pay sincere and genuine tribute to him for how he brings these issues to the House. The presence of someone who is so interested, committed and sincere in his knowledge of the region represents a wonderful opportunity for the Government.

11.29 am

Sitting suspended until Two o'clock.

Coal Health Claims

2 pm

Mr. Kevan Jones (North Durham) (Lab): I am very grateful to Mr. Speaker for allowing me to initiate this debate. The subject is of interest to many right hon. and hon. Members who represent mining and former mining constituencies.

I am very proud that the Labour Government put in place the coal handling agreement, which compensates miners and former miners who were affected by their exposure to dust. Thousands of miners and former miners and their families have been compensated for having their health ruined by exposure to coal dust, but no amount of compensation can restore the health of those men, or make up for the heartache that many of their families went through in watching their loved ones die. However, it helps, and in my constituency the scheme has paid more than £18 million to miners and their families. That is evidence that the Labour Government recognise the injustice that was done to those men, and are trying to put things right.

Proud though I am of the scheme, the way in which some solicitors and, more sickeningly, claims handlers have sought to exploit it and the victims—who are often elderly or dying—disgusts me and many of my parliamentary colleagues. I am at a loss to know why their sickening and cruel practices have not been highlighted or given more publicity. I can only repeat what I said in this Chamber on 26 August 2004: because the victims are in coalfield communities, rather than leafy, middle-class suburbs, the media choose to ignore their plight. I hope that by raising the issue again today, we can publicise the way in which claims handlers and solicitors exploit vulnerable and dying people.

To highlight the appalling way in which claims handlers exploit coal claim victims I shall describe the case of Mr. R. Jobes of Tanfield in my constituency and his dealings with an Ashington-based company, Industrial Disease Compensation Ltd, which is now known as Freeclaim IDC. Mr. Jobes, a former miner, had just over £3,000 of his compensation deducted by IDC. It passed his case to a firm of Liverpool solicitors, Silverbeck Rymer, which, on completion of the claim, deducted the money to recover "IDC's costs" under the agreement that Mr. Jobes had signed.

Silverbeck Rymer was first instructed on 5 February 1999; the judgment that led to the setting up of the coal handling agreement was given in 1998. Therefore, when the firm took the case from IDC, it knew that the scheme was under discussion and that it would not have to enter into any litigation on Mr. Jobes' behalf. Ironically, it was also a member of the claimant group of solicitors, so it was well aware of developments. Indeed, the judge at the time warned the claimant group not to incur any unnecessary disbursements while negotiations on the scheme were taking place. When it took on the case, Silverbeck Rymer knew, as did IDC, that there was no risk at all. When the handling agreement was put in place in September 1999, it also knew that its costs would be covered by the DTI and that the DTI would not attempt to recover costs from claimants in cases that failed. Why, then, did Silverbeck Rymer and IDC deduct that money from Mr. Jobes' settlement?

I reported Mr. Jobes' complaint to the Law Society, and I would like to record my thanks to the case officer, Mr. Ian Roberts, for his work on Mr. Jobes' behalf. The adjudicator considered the report, found in Mr. Jobes' favour and directed Silverbeck Rymer to pay Mr. Jobes £3,775, including £250 compensation.

In what I can describe only as a highly critical judgment, the adjudicator is clear that Silverbeck Rymer should have advised Mr. Jobes that there was no risk in his case and that there was no need for the agreement with IDC. His report states:

"I have concluded that they did not explain matters to Mr. Jobes so that he could properly understand the funding arrangements and he was not, therefore, in a position to give informed consent to the deductions made by them later".

In this case, there was no risk to IDC. It simply gained £3,000 for passing the case from its client to Silverbeck Rymer. I shall go into this further later on, but clearly the relationship between claims handlers and solicitors is important; claims handlers could not exist without the collusion of some solicitors. A question that still remains is what else did IDC get from Silverbeck Rymer? Did it buy the case and get a fee? I shall highlight a case shortly in which a fee was paid by a solicitor to a claims handler.

Although IDC has changed its agreement since Mr. Jobes' case, there must be many hundreds of claimants in the north-east and nationally whose compensation, like that of Mr. Jobes, has been plundered by IDC. I strongly urge them to come forward, because their cases need to be investigated. What IDC did in Mr. Jobes' case was unjustified and there must be many other people in a similar situation.

Freeclaim IDC is still operating and, according to its website, is

"one of the leading compensation claim funding specialists in the UK."

It goes on to claim that it is

"genuinely 'win no fee'... There is no need for a client to pay the registration fees, administration fees... or start-up costs levied by other compensation service companies."

If that sounds too good to be true, it is. Certainly, Mr. Jobes' dealings with the company were not "win, no fee": he lost more than £3,000. Later, when it changed the agreement, it charged those registered with it an administration fee of £35. To say that its service is "win, no fee" is absolute rubbish, and it is certainly not true in relation to its latest product.

Having satisfied its bank balance by milking the victims of coal health handling agreements, Freeclaim IDC is now targeting asbestos victims by charging £587 for a CT chest scan and getting people to take out £1,500 loans for insurance policies to cover unsuccessful cases. I have real concerns about unqualified individuals asking people to have CT scans. Will the Minister ask the relevant Department to look into those activities? It worries me that a company with no medical expertise is exposing people to high levels of radiation.

Clearly, contrary to the claim on the website, the service is not "genuinely win no fee". I have read the agreement, which states:

"In the event of a successful claim Freeclaim IDC guarantees the maximum of £399 will be deducted from your compensation to cover legal expenses which cannot be recovered from your opponent".

It goes on:

"This includes a fee of £100 + VAT to cover administration costs in arranging for the CT scan."

The sting in the tail is:

"Please note—"

it says in very small print—

"that if you are a Trade Union member and if the court considers that it would have been more appropriate for you to pursue a claim via your Trade Union, IDC reserves the right to raise the £399 maximum deduction from your compensation to £800".

Surely, solicitors should advise their clients—as they should have in Mr. Jobes' case—that there are alternative ways of funding and pursuing their cases. For example, if they are members of a trade union their cases can, in most cases, be handled for nothing. Likewise, if they look at their household or other insurance policies, they might find that they are covered for legal expenses. Why are solicitors not advising people that there are alternative ways of pursuing cases? Asbestos victims are still finding themselves out of pocket.

The *Newcastle Evening Chronicle* highlighted the case of a trade union member who went to IDC but decided to pursue his case through his trade union, Amicus. He has been left with a bill for more than £500.

The Law Society needs to take an urgent look at the relationship between its members and claims handlers. It is not good enough for it to state that claims handlers are unregulated; the actions of its members are allowing claims handlers to operate, to the financial detriment of individuals who could get access to justice more cheaply and, in many cases, more effectively.

I thought that I had come across every scam there is in relation to miners' compensation claims, but there is a new firm operating in the north-east. An advertisement from a company called Mineworkers Compensation Services appeared in last week's *Sunday Sun* in Newcastle:

"Do you have an ongoing compensation claim against the coal board? Transfer your claim to us and get £100."

It is not clear from the advertisement whether that is from a Government organisation, so I rang the freephone number and posed as a potential client. What I have to expose alarms me greatly. I spoke to a Mr. Philip Rogers, who was very helpful and forthcoming. He gave me a lot of information. I understand that he is a partner in a claims handling company. He stated that he set it up because a lot of law firms had taken on too many cases and, he said, could not deal with the backlog. I asked him whether he and his colleagues were solicitors. "No," he said, "but we have a close relationship with a North Shields-based company called Hindle Campbell." I asked him what would happen if I moved a claim to his firm. He told me that I would be given £100 straight away for transferring it. I asked whether anything would be deducted from the compensation. He replied, "Oh, no, certainly not—we get our fee from the solicitors." The firm of solicitors is paying his company to steal cases from other firms dealing with such cases, which is scandalous.

The more worrying point arose when I asked Mr. Rogers about his relationship with Hindle Campbell. He told me on the phone, less than half an hour ago, that he works for both organisations. He is a

[Mr. Kevan Jones]

partner in the company that he has set up, and he also works for Hindle Campbell. That is against Law Society rules, and it demonstrates that claims handlers—in this case, Mineworkers Compensation Services—could not exist without the collusion of, if not working in partnership with, firms of solicitors.

I also asked about Hindle Campbell's record in miners' compensation. Is it an expert or large firm? I understand that it is a small practice in North Shields that does personal injury work like any other company, and that it has no expertise in miners' compensation work. I shall certainly write to the Law Society about this, but I must also ask the Minister whether he will have a meeting with the Law Society, or at least raise with it the issue of collusion. None of these claims handlers could operate if they did not have firms of solicitors working with them.

The Government must regulate claims handling firms. Self-regulation has been tried and the Claims Standards Council has been set up, but it is not acceptable to me. On its website, it claims to ensure

"that its members deal with consumers on the basis of decency, probity and fairness."

It claims also that it is "independent from the industry" and

"achieves this by... Vetting... organisations seeking membership".

I am not sure what vetting is performed, because on the same website one finds that one of the council's members is Freeclaim IDC. Under the membership section, the website goes on to say that members

"must be able to demonstrate their integrity and financial probity as well as their being 'fit and proper' for membership."

If Freeclaim IDC is a member of that organisation, that is a clear joke.

I am concerned that the Claims Standards Council is recommended on the website of the Department for Constitutional Affairs. It should be removed at once. If those companies are involved, I would love to know how the organisation vets them. I would not want the Government to give the organisation any credibility whatsoever.

I understand that the Claims Standards Council has applied to the Office of Fair Trading under the OFT's consumer code approval scheme for the approval of its code of practice. I urge the OFT and the Minister to resist any moves by the council to have its code endorsed while a company such as Freeclaim IDC is allowed to be a member.

The activities of Freeclaim IDC and other claims handling firms are a scandal. Innocent and often poor people are being exploited because of their ignorance of the legal system. That must stop. Many of us in this Chamber went into politics to fight injustice. In my experience, there is nothing as unjust as the cases that I and other Members have come across, and the way in which claims handlers have exploited the old, the vulnerable and the weak.

Legislation is urgently needed. Action is urgently needed. I plead with the Minister to introduce regulations for those organisations and, in the meantime, consult the Department of Trade and Industry to see whether some of those groups can be closed. Some of their advertising is misleading; they make out that they are solicitors when they are not, and the Law Society is turning a blind eye to the activities of some of its members. I find that appalling.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I am grateful to the hon. Gentleman for the way in which he is highlighting the abuses. Would he go so far as to say that the people who represent individuals in legal matters should be professional lawyers, or is he saying that there is a role for a person who is not legally qualified to give legal advice? Does he have any thoughts on the idea that seems to be emerging from the Clementi review that non-lawyers should be able to own legal practices?

Mr. Kevan Jones: As someone who for 12 years practised in industrial tribunals and was not legally qualified, I accept the Clementi review. Certain things can be done without legal qualification. The important point is that regulation is required. It is woefully lacking in terms of the Law Society, and the organisations I have mentioned are outside its remit. They must, however, be regulated.

I urge the Government to act, because if they do not, the scandal that has gone on for the past few years over miners' compensation will continue. With new scams being invented, it is clearly continuing. More importantly, the vultures are moving into other areas of compensation, and the poor, the weak and the vulnerable will lose out.

2.19 pm

Paddy Tipping (Sherwood) (Lab): I am delighted to follow my hon. Friend the Member for North Durham (Mr. Jones). I shall not follow his path of highlighting individual cases; I merely want to speak to the principal issue that claims handlers should be regulated, not self-regulated.

This is an ideal time for the Department for Constitutional Affairs to act. We have already heard about the Clementi review. I note with interest the comments made by the Lord Chancellor yesterday, and I want an assurance from the Minister that claims handlers will not fall outside the net. They are cowboys: they are making false claims, raising false expectations, taking money out of people's pockets who cannot afford it, and on many occasions leaving people in debt. Enough is enough.

The Minister knows well about those complaints. He told the House not long ago that claims handlers were in the last chance saloon. My hon. Friend the Member for Bassetlaw (John Mann) and I went to see the Lord Chancellor earlier this month, and I am delighted that the Lord Chancellor has taken up the opportunity to go to the heart of the Nottinghamshire coalfield to Thoresby miners welfare this Friday—Good Friday, a public holiday—to talk directly to the people involved. The claimants will talk with strong voices about the way in which scams have operated on them.

The time has come to act, and we cannot delay any longer. I hope that the Minister will be impressed by today's debate. I am sure that the Lord Chancellor will be impressed by the voices of men and women in

Nottinghamshire who have been quite bluntly given false hopes and expectations. The problem is simply this. People in coalfield areas are honest and hard working. Many of them have given their health and, in many cases, their lives working down the pits to keep us warm. Although there have been difficulties, the two coal health schemes have been enormously important in north Nottinghamshire. My hon. Friend the Member for North Durham quoted figures for his area; in Nottinghamshire, the two schemes together have brought in £265 million to former miners because of injuries to their health. Of that £265 million, however, a significant amount is simply being siphoned off.

My hon. Friend talked about claims handlers, and one body of claims handlers is the trade unions. I have talked to a variety of trade unions in the coal sector: the National Union of Mineworkers, the Union of Democratic Mineworkers, the National Association of Colliery Overmen, Deputies and Shotfirers, the deputies' union, and the British Association of Colliery Management—Technical, Energy and Administrative Management, the managers' union. All of them make some charge for handling coal health claims.

The BACM makes a small charge in lieu of trade union membership. I do not object to that. It is right that if a trade union operates for somebody outside the membership, it should charge a membership fee. I fundamentally object to companies such as Vendside, which is connected to the Union of Democratic Mineworkers, in effect double charging. Let us be clear that with coal health claims the union gets its fees from the Government, and they are significant and substantial fees. I am at a loss to know why any trade union should be ripping off members and former members by double charging and taking a fee out of the compensation awarded to miners. That is wrong, it must stop, and those bodies, which are about fraternity, ought to act more sensibly.

Huw Irranca-Davies (Ogmore) (Lab): Does my hon. Friend agree with the comment made by Mr. Bleddyn Hancock of NACODS South Wales, who said way back in 1998 in an interview in *The Independent*:

> "The individual will end up with a fraction of what they will get. The general procedure is that miners go through their union because it will back their claims and we have the miner's interests at heart"?

Does my hon. Friend think that Bleddyn Hancock would be on sounder ground if NACODS South Wales were not deducting 10 per cent. from claims?

Paddy Tipping: I have taken a great interest in the matter. That individual does not operate only in south Wales; his organisation operates in the Kent coalfields, and significant sums are being made. I know also that the gentleman concerned was a trustee of the miners pension scheme and made some fairly outrageous comments and false promises about that. Organisations ought to look after the people they represent, and the double-claiming in the trade union movement is quite wrong and should stop.

As my hon. Friend the Member for North Durham said, given the tremendous amounts of money coming into the coalfields, claims handlers are casting their net wider. Asbestosis has been mentioned. One area of operation is the making of false promises to women who used to work in the textile sector over their deafness claims. Many of those individuals are claiming through Vendside, many of them have taken out loans, and many of them have been left with loans when they cannot make payments on the cost of an unsuccessful case. Instead of no win, no fee, it is no compensation and real debt. That is most unsatisfactory. I say to the Minister that that is a real scandal and the time has come to act.

The second scandal is the issue well illustrated by my hon. Friend—the unsavoury relationship between some claims handlers and some firms of solicitors. I am delighted that the Law Society has begun to consider the matter more closely; I am sorry that it has taken so long for it to act; and I hope that it will act with vigour, so that those claims handlers who have a relationship with firms of solicitors, leading to the conning of people in the Nottinghamshire coalfield, are dealt with appropriately. Professional people who ought to know better are letting the desire for money work against their public interests and, more particularly, their professional interests. If that is the case, they should be disciplined.

2.28 pm

John Mann (Bassetlaw) (Lab): This is the biggest, richest and best industrial injury compensation scheme in the world. It has already benefited miners and their families in my constituency to the tune of about £60 million, but on the margins is a problem that will become the biggest scandal in British legal history—the solicitors who have routinely ripped people off. The Government have not given it proper attention, but they need to do so—not least in the Lord Chancellor's Department.

A subsection of the biggest scandal in British legal history is the claims handlers; they are the dirtiest side of it all.

Chris Bryant (Rhondda) (Lab): Will my hon. Friend give way?

John Mann: May I first pay tribute to my hon. Friend the Member for North Durham (Mr. Jones) for securing the debate? More importantly, I pay tribute to him for taking the lead and exposing solicitors and claims handlers, irrespective of the pressures and threats that they may bring to bear on him, me and others.

Chris Bryant: I join my hon. Friend in paying tribute to my hon. Friend the Member for North Durham.

My hon. Friend the Member for Bassetlaw (Mr. Mann) was moving from the problem with solicitors to that with claims handlers. I wonder whether his experience has been similar to mine. It has been easier to get money back from solicitors, but the danger is that we do not know how many people might have been double charged by solicitors. Would he support the Government's conducting a systematic trawl through the people who have received final settlements to find out how many have been double charged, so that we can get their money back for them?

John Mann: I would wholeheartedly endorse that. The problem is that people feel that once they have

[John Mann]

signed a piece of paper they are legally bound. The solicitors who are given the work by the claims handlers write and tell the individuals, and take a dual instruction—one from the claims handler and another from the claimant. I have letters, received in the past week, from the largest firm of solicitors when it comes to outstanding claims, Beresfords, warning people of the danger of not paying money to claims handlers. That is a routine feature of the system.

Let me explain how claims handlers go about their business. I can give a good example. Only two weeks ago, I was on the Larwood estate in my constituency. A widow aged 92 had received a knock on the door. A claims handler had gone to a pensioner's bungalow—it would be a good bet in Worksop that a miner or a deceased miner would be related to the person living there—and asked: "Has anyone in the household or any of your relatives worked in the mining industry since 1954? There's money due to you and we can get it."

In the miners' welfare clubs, it is the same. I suspect that some miners' welfare clubs were paid to put leaflets out. Men, some of whom have retired, and widows of men who may have died many years ago were told that they could get some money at no risk to themselves. The companies said that they would do the work and that those people need do nothing. It seems perfectly reasonable, on the face of it, that there should be a payment for the work that has been done.

I have referred more than 700 cases to the Law Society in which solicitors were negligent about advising that, with this scheme, uniquely, the defendant had conceded the costs and they would be paid in full.

Mr. Kevan Jones: Does my hon. Friend agree that the case of Mr. Jobes against Silverbeck Rymer highlights that point exactly? The company was working not in the best interests of Mr. Jobes, as solicitors should, but in its own best interests to get the fee or the work.

John Mann: My hon. Friend makes a pertinent point. Who are the solicitors who work for such companies? For example, Moss Solicitors threaten me and my constituents, but, having read an adjudication from the Law Society, it has been repaying money in the past week as a good will gesture. Why is it repaying a good will fee to my constituents if it has done nothing wrong?

Moss is the firm of solicitors that told my constituents that, as the Law Society has confirmed in writing, I—as the MP—was "playing politics" by challenging it. I do not know whether we have the advantage of free libel advice in this place. If we have, I appeal to a solicitor who is an expert in libel law to come forward, because anything that I can win from Moss Solicitors I will donate to the miners who have not received at least £500. That is an offer that a decent firm of specialist solicitors might like to take up.

Why do I have only 700 cases, when there are thousands in Bassetlaw alone? People believe that because they signed on the dotted line, they are legally bound. They do not understand, even when they read my column in the *Worksop Guardian*, that they did not have to sign and that the advice was negligent. In the case of those who understand, another factor comes into play. People come in drips and drabs, because of embarrassment. They feel that they have been made fools of, and that is a key consideration.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): Does my hon. Friend agree that a claims handling company that calls on a home in a mining community and encourages people to sign on the dotted line but fails to inform them that the DTI would pay the legal fees is culpable and should have to make a refund?

John Mann: I have demanded that. My hon. Friend mentioned IDC. I have dealt with similar cases, and I have written to suggest such a refund but the company has declined to correspond with me. There is PR Associates; large amounts of money have been taken from claimants when they have rightfully won their compensation.

Another such company is Union and General Services. I would like to sue that firm but, of course, I cannot do so because it has gone into voluntary liquidation. So, who can we find? Mr. A. J. Revill was the owner. We can do something to him, because information provided to me in the past few days suggests that Mr. Revill is a member of a party that I know rather well. Should it be the same Mr. Revill—I apologise to my fellow party member if it is not, but the details seem remarkably similar, as the address is near to that of Union and General Services in Thorne in Doncaster—our party should expel him forthwith because he is not fit to hold a party card of the Labour party, or, indeed, of any party.

Huw Irranca-Davies: My hon. Friend is making a commendable speech. Does he have any sympathy with IDC? The article that I mentioned from 1998 cites IDC's managing director, David Towler, who said:

"We only take a 32 per cent. cut on a small proportion of claims. Our average cut is 11 per cent.".

Does my hon. Friend not have any sympathy with that?

John Mann: It is money for old rope.

The name, Union and General, sounds reputable—it sounds like the kind of company one might go to: the deal, to the individual, sounds good. It will take only 10 per cent. or so. The fact that the defendant had conceded the entire payment of the fees was not made clear, and that is the point of law.

The biggest firm, Vendside, was mentioned by my hon. Friend the Member for Sherwood (Paddy Tipping). Many interesting things will begin to emerge about Vendside in the next few weeks, I am certain. One issue that my hon. Friend the Minister could consider referring to his friend, the Chancellor, is the VAT charged by the claims handlers. In the case of Vendside, is there an input VAT as well? Are there union costs? Is a company being set up to maximise tax benefits that would not be available if so-called membership or union fees were being paid? Union membership fees are not "VAT-able". The Inland Revenue needs to address that imminently.

Mr. Kevan Jones: Does my hon. Friend agree that one of the confusing features of such cases is that people who were associated with trade unions—including

Mr. Towler, who started off in the unemployment centre in Sunderland but now drives a nice new Mercedes and lives in a big house in Northumberland—have given legitimacy to some of the claims handling companies? Frankly, we cannot blame a lot of people for thinking that the companies are part of the trade union and labour movement. Until recently, I understand that Freeclaim IDC was registered in Guernsey.

John Mann: Such companies have that legitimacy. Claims handlers and solicitors are swapped between companies. I believe that some of those connected with Vendside worked elsewhere, including for Capita Insurance Services—or Aon IRISC, or any of the various names that it has gone under. That should be specifically investigated by the Minister to see whether there is any impropriety about data protection and the exchange of information and whether Government contracts have been suitably worded to stop people illicitly transferring information or knowledge from one organisation to another. I do not know, but with all the claims such things need to be considered.

There are other solicitors: Moss, AMS Law, Beresfords, Frank Allen Pennington, Robinson King, Kidd Spoor Harper, Mincoffs, and Watson Burton. Those are merely the ones I have referred to the Law Society. They are not tin-pot, diddly-squat organisations, but big, rich, wealthy solicitors, who are bringing down the good name of solicitors across Britain. We need stronger action against them from the Law Society and the Government.

In my view, the Government could do more. We cannot just wait. Frank Allen Pennington repaid £705 only last week to one of my constituents. This week, it refused to pay.

We cannot take cases in dribs and drabs and ones and twos at the whim of any solicitors who have conspired with the claims handlers to take money illicitly, in my view, from our constituents. The Law Society should be doing a lot more and should also be considering that collusion. I have handed some of my files to the fraud squad. I do not believe that everything is in order and have suggested that the fraud squad investigate. It is one of the biggest scandals I have ever seen.

Mr. Deputy Speaker (Mr. John McWilliam): Order. Let me stress that nobody has broken the rules yet, but if any of those cases has been submitted to the court it becomes sub judice and falls under that rule. No one has broken it yet, but this is a wee health warning.

John Mann: Mr. Deputy Speaker, I have a list of cases but I have no intention of referring to a single one. The generalities are the issue. The DTI could and should have done more, and should be doing more. The Lord Chancellor's Department is, rightly, answering the debate, so may I suggest to the Minister that his Department look at funding test cases against each of the claims handlers to prove to our constituents that the money should never have been taken? That would open the floodgates. Rather than each individual having to take civil action at risk to themselves to prove the point, the Government should take test cases to show that in the spirit of the agreements such people should not have been deducting the money.

Finally, for other kinds of claims, such as the textile, deafness and knee claims, we clearly need a system that works far better. Having been enticed into making a claim, a constituent has found that having won the claim they owe money because of the interest that has built up under the insurance policy. I am challenging that, and I believe that our challenge will succeed. However, we should not have to challenge it, as regulation should be much tighter—at least as tight as the Financial Services Authority's remit over insurance sellers and others. Claims handlers should fall within the ambit of the Law Society, which should have increased powers to deal with them. We need to get the money back for our people from those hideous organisations.

Mr. Deputy Speaker: The purpose of Westminster Hall debates is for the Member raising the topic to receive a full reply from the Minister. We have yet to reach the winding-up speeches, but if the hon. Member for Barnsley, West and Penistone (Mr. Clapham) promises to be brief, I will call him.

2.45 pm

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I will indeed be brief, Mr. Deputy Speaker. First, may I congratulate my hon. Friend the Member for North Durham (Mr. Jones) and apologise to him for not being here for his opening speech?

Claims handlers came on to the scene just after the two compensation schemes were widely publicised. My hon. Friend the Member for Bassetlaw (John Mann) referred to some of the names that claim handlers use, such as Union and General Services, the Miners Welfare and Compensation Agency and PR Associates. Many of those names are meant to mislead. Many people in mining communities associate the Miners Welfare and Compensation Agency with the Coal Industry Social Welfare Organisation, and they associate Union and General Services with the trade unions. People have been misled into putting their claims with solicitors through go-betweens—claims farmers—which have taken large amounts of money.

Let me give an example from my constituency. I shall not name the widow because the case is likely to proceed to court, but she was visited by the Miners Welfare and Compensation Agency. She thought that it was an official organisation related to the Coal Industry Social Welfare Organisation, and she gave it permission to take her case. It lodged the case with a firm of solicitors called Lopian Wagner of Manchester. That lady had £9,000 taken from her total compensation, and the company went as far as making a deduction from her bereavement payment. It took the full weight of this place and the focus of the media to force the company to refund her.

Claims farmers need to be controlled, and I urge the Minister to think about how that can be done. I suggest that it can be done through the way in which the Law Society controls solicitors. We could make the solicitor taking on the work from a claims farmer responsible for paying the fee, rather than the claims farmer being able to charge the client. If we controlled the system through the solicitor, we would get to grips with this scandalous operation, and solicitors would be extremely wary of taking on a contract with a claims farmer.

[Mr. Michael Clapham]

It must also be pointed out that there are two ways in which claims farmers deal with solicitors. Sometimes they take cases and charge a solicitor for delivering the cases to them, but on other occasions they come to an understanding—almost a contract—that the solicitor will pay their fee from the compensation the claimant receives before the cheque is sent on to the claimant. If we tackle the situation first through ensuring that claims farmers, like solicitors, have to have insurance, and secondly by controlling them through the solicitor by making the solicitor responsible for the way they behave, we could get to grips with the problem. However the Minister decides to proceed, this scandalous problem must be dealt with.

2.49 pm

Paul Holmes (Chesterfield) (LD): I join others in paying tribute to the hon. Member for North Durham (Mr. Jones) for securing the debate and to all other hon. Members who have spoken and reinforced, with many local examples, the points that he made. The importance of the debate is shown partly by the fact that it is one in a long series of debates over the past few years that hon. Members have raised about claims handlers and solicitors double charging.

As we have already heard, it is an important issue because of the number of people affected and the amount of money involved for people who are often elderly, sick or bereaved and are gaining compensation for injuries or deaths in the family resulting from work that was performed. In Chesterfield alone, up to January more than £6.6 million was paid in compensation just for respiratory diseases. About 2,300 claims have been settled or are in the process of being settled, with interim and outstanding settlements, and there are about another 1,800 after that. It is a major problem in ex-coal mining constituencies, and it results from the way the system has been so disgracefully exploited and abused.

We have heard many stories of disreputable behaviour, initially by solicitors double charging, and we heard today about claim handlers or firms, which are exploiting people who, as we have heard repeatedly, are often elderly, sick or from families of miners who have died. We have heard examples of their activities, such as cold calling, misleading claims of no win, no fee, and conning people into paying for expensive insurance, which makes a mockery of the idea of no win, no fee.

We are fairly lucky in Chesterfield in that my constituency case load and my talks with the local unemployed workers centre yesterday reflect the fact that there do not seem to be any problems with the main group of NUM solicitors—Graysons—which deals with most cases in my area. There are complaints, though not on the same scale as those that some Members have reported, about claims handling companies operating in the area. We are relatively lucky, but we do experience many of the problems that we have heard about.

Chris Bryant: Part of the difficulty is that we do not know the real extent of the problem. In all the cases in my constituency in which we have tried to get money back from lawyers, we have been successful, but we have not been so successful with claim handlers. However, I have no idea whether I have seen the real extent of the problem; the Government need to trawl through so that we know the extent of the problem.

Paul Holmes: I agree absolutely with the hon. Gentleman: we do not know if we have dealt with or uncovered the tip of the iceberg or a substantial part of the problem. We simply have no idea how extensive the problem is.

Huw Irranca-Davies: We are scratching the tip of the iceberg. It was estimated that one of the biggest claim handlers in my region—NACODS South Wales—had raised £13 million by the middle of last year. That is only one organisation with 40 members, so where is the money coming from? The Minister must take on board and feed back to the DTI the fact that we need a root and branch investigation of what is happening with claim handlers, because I think that millions of pounds are being skimmed off from miners.

Paul Holmes: I agree that we do not know how big the problem is. I have come across examples of elderly people who either do not want to pursue the matter because they are too old, or are embarrassed because they feel that they have been made a fool of and ripped off. Unless we find the people responsible, we will not know how many are out there, because there are many hidden cases.

We have heard lots of details today and in previous debates about what happens and about individual cases, and I will not rehearse that. I want to talk about why it happens and what we can do about it. As we all know, unscrupulous people in any area of activity will always exploit loopholes to make money, even when that means exploiting elderly and sick people. Some abuse has been immoral but legal and within the scope of the law. What can and should the Government and the Law Society do to minimise such abuse?

The original 1997 agreement could have explicitly prohibited the charging of an additional fee for solicitors' work, as has been done in other cases, but the Government did not do so. That led to the exploitation of double charging. The rules were changed later, which has led to most, but not all, solicitors stopping double charging.

Reimbursements by solicitors who double charged are being made, but often only when the individual, perhaps through their MP, pursues the case. Some firms of solicitors have made a lot of money out of double charging, but are not systematically going through their files and automatically reimbursing the money. Individuals bringing cases forward are, again, just the tip of the iceberg.

Mr. Kevan Jones: Last year in Westminster Hall, I raised the case of a company in Newcastle, Mark Gilbert Morse, which has about 29,000 claims, but has reimbursed only about 50 individuals. I have tried to urge the Law Society to trawl that company's books to see who it has not paid back. Would the hon. Gentleman support the Government taking action to force that company and others to pay back every single penny, not when people complain to them, but as a matter of course?

Paul Holmes: The hon. Gentleman touches on the point that I was going to raise at the end of my

comments. We need to consider what the Government can do to close loopholes and enforce compensation or reimbursement if people have been exploited. Between them, what can the Government and the Law Society do? Rather than wringing their hands and saying, "This is terrible, but it has happened and it wasn't totally illegal", action must be taken. It is almost worthless for a law firm to deal with only 1,000 individual cases that have been brought to its attention out of a total of 19,000, because the vast majority of people who have been exploited and ripped off are not getting the compensation they deserve. The Law Society could have been more proactive earlier, and I ask the Minister what the Government and the Law Society could do.

Claim handlers, which we are specifically discussing, can flourish only when solicitors work with them by buying claims from them—otherwise there would be no point in having claims handling firms. Therefore, by using such firms, solicitors are endorsing their activities. Many people criticise the Law Society for being ineffective in policing itself and its members, and I have a lot of sympathy with those criticisms, but at least it is willing to talk about the need for better regulation of groups other than lawyers and solicitors.

The Law Society has talked about claim handlers and claims management companies needing greater regulation. It points out:

"Before March 2004, solicitors were not permitted to pay third parties for the referral of cases. The rule was designed to ensure that there were no improper influences constraining the independence of advice given by solicitors to their clients. However, the rule was subject to significant criticism from the Office of Fair Trading (and some solicitors' firms) as being anti-competitive."

The rule was changed in March 2004, but with certain conditions—for example, that there should be no cold calling, although we have heard that that still happens on a large scale. Will the Minister tell us where we are in reviewing that change made a year ago, and whether the Government plan to reverse it to prevent claim handlers from selling on bulk cases to solicitors, which was prohibited under the original rule?

The Law Society also states that, for some years, it has been

"pressing the Government to introduce effective regulation of claims handling companies. The Society has suggested that this could be done by amending the definition of litigation in the Courts and Legal Services Act 1990, so as to cover advice given in contemplation of litigation."

That suggestion would mean that

"only those who were qualified to conduct litigation could operate claims handling businesses on a commercial basis."

Alternatively, the Law Society suggested that

"regulation could be achieved through the Office of Fair Trading."

Will the Minister tell us where the Government have got to on that subject, and, in the light of Sir David Clementi's review, what action they plan to take to control claims handling firms and stamp out the abuses that we have heard about?

It is not enough to complain about the exploitation of the elderly, the sick and the bereaved in our constituencies, as has so eloquently been described today and in previous debates. What action will the Government take to close legal loopholes and stop abuses, especially with regard to claim handlers, and, if necessary, to enforce action to ensure that all firms of solicitors refund double charging that they have legally extorted from people in the past? Surely solicitors who abuse the system and refuse to refund the money, or are difficult about doing so, should be struck off, because they are not fit to continue practising.

2.59 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): We have had a most useful debate; I congratulate the hon. Member for North Durham (Mr. Jones) on securing it, and on speaking as he did. He exposed a range of abuses in the coal health claims system, under the two schemes that were started following the success of the group actions in 1997 and 1998.

It is worth reflecting that, having established liability—the unions must take a good deal of the credit for pursuing the cases in the way they did—the handling agreements were a major step forward. At least in principle, those agreements should mean that the people who suffered, their widows and their dependants receive the money much more quickly than they would if everything had to go through court. However, there are still well over 400,000 claims to be dealt with, so there is still some way to go.

One aspect has not yet been mentioned, and I would be grateful if the Minister commented on it. It is the criticism in *The Northern Echo* earlier this year about Capita IRISC, if it is still called that, a claims-handling business that the Government use to deal with claims through the Department of Trade and Industry. According to senior civil servants, a memorandum disclosed to *The Northern Echo* suggested that

"the work of Capita Irisc should be put out to public tender as soon as possible, to allow other companies to bid for the contract."

The article went on:

"Capita Irisc 'has been causing concern' over the years and successive officials 'have not grasped the nettle'."

Mr. Kevan Jones: I accept that some of us have a slight advantage over the hon. Gentleman, as we have lived and breathed this issue for a while, but I point out that Capita is not a claims handling company, although I concur with some criticisms of how it handled the coal claims dealt with by the DTI.

Mr. Heald: Capita IRISC is described as the claims handling company for the DTI, but, of course, it does not play the same role as the claims handlers that the hon. Gentleman is talking about.

Capita IRISC seems to be criticised substantially for

"allowing 'a paper mountain to develop within the system' with 'layer upon layer of low grade staffing'."

It has been suggested that there is a

"clearcut breach of the department's procurement rules"

in allowing it to continue to do its work over such an extended period.

Paddy Tipping: I sympathise with criticisms about IRISC. The criticisms that the hon. Gentleman read out appear to come from the DTI, but if there are real criticisms to be made, they are of the DTI itself for not giving clear guidance on policy and for badly

[Paddy Tipping]

miscalculating the number of claims that would be made. The real problem is not with IRISC; it is with poor policy advice that initially came from the Department.

Mr. Heald: The point that I was about to make—and it ties in with what the hon. Gentleman says—is that it looks as though there is a case for a review of what happens at the DTI, to see whether it can speed up what it does. The hon. Gentleman makes the point that the initial estimated number of cases was wrong. I think that the Department estimated there would be 100,000, and in the end there were about 750,000, so no one could argue with that.

The schemes are very important, and the points that have been made by hon. Gentlemen today are important, too. If, as it seems, people have been given false hope, and told that claims were worth while when they were not, that needs to be addressed. There has been substantial double charging, and not just in relation to the £2,000 that the Government provide; in addition, substantial proportions of claims were taken by solicitors and claims handlers. That needs to be addressed, too.

David Taylor (North-West Leicestershire) (Lab/Co-op): The issue is much wider than one of claims-handlers encouraging would-be claimants to think that their claim would be much more substantial than it was. There has been any number of cases in which they encouraged the gullible claimants or their descendants to exaggerate or fabricate the evidence or extent of the illness or injury caused by mining. That is utterly reprehensible, is it not?

Mr. Heald: Yes, indeed. Every time a false or hopelessly exaggerated case is brought, it slows the payment of claims to those who desperately need the money, many of whom are elderly.

I agree that we should look at the relationship between solicitors and claims handlers. It is welcome that the Law Society has said that double charging is unethical, and has asked firms to pay back the money that was double-charged. I agreed with the point made by the hon. Member for Barnsley, West and Penistone (Mr. Clapham): the Law Society might be the best focal point, in terms of trying to achieve some control over the whole system. It would be well worth the Minister's while to consider that, and to see whether there is some way in which solicitors' rules can be tightened to ensure that the claims handling side of the system works better.

Huw Irranca-Davies: May I postulate a way forward that the hon. Gentleman might want to consider? It arises from Sir David Clementi's review. He sets out six broad guidelines on how legal services should operate, and they include matters such as the protection and promotion of consumer interest. However, what is not mentioned in those six points is ethical behaviour and ethical standards, although he does talk about them later, and says that they should be in the regulatory framework.

Does the hon. Gentleman believe that anything that comes out of the review should result in us putting the need for ethical behaviour from solicitors in regulations, and right at the top of those regulations, too? Does he agree that there should be an ethical duty on solicitors that forces them to avoid getting into the same situation again, a situation in which some of the most vulnerable constituents—let us not beat about the bush—are being ripped off by solicitors?

Mr. Heald: As I said in an intervention on the hon. Member for North Durham, there is concern about what happens once we say that people who are not professional can represent others in legal proceedings. I practised in industrial tribunals as a lawyer for many years, but I know that often the trade union representative knew more about the matter than I did. There was some excellent representation on offer from the trade unions, and indeed employers. However, we want to be sure that people are given good quality advice. I am worried by the idea of an organisation that does not have a person trained in legal matters undertaking work when it is not skilled in what it is doing. The trend at the moment seems to be towards allowing more of that sort of approach.

The hon. Member for Ogmore (Huw Irranca-Davies) said that there has been a change, and that previously solicitors were not allowed to buy in great classes of cases. One could argue that there were good reasons for that. All movement seems to be towards opening up legal practice to more competition from people who are unqualified. Although there might well be a case for that, I agree with the hon. Gentleman that ethical conduct, high professional standards and all those aspects of the matter should be at the centre of our concern.

Huw Irranca-Davies: Does the hon. Gentleman feel that ethical conduct should be set out as a duty in regulations? That is the strongly held feeling of many hon. Members; such conduct should be a duty for those involved—whether they are lawyers, solicitors or a management organisation—and not something implied.

Mr. Heald: Certainly, one needs to achieve that outcome. We are still considering the Clementi review, and I imagine that the Government are doing the same. If one follows the logic of the review, which is that people who are nothing to do with the legal world can own solicitors' practices, it opens up the possibility that one of the claims handling firms that has been discussed could buy a firm of solicitors and operate it, even though it was not legally qualified in any way, and might not have the same standards as the solicitors' profession would normally expect. It is important that we act in a way that retains the ethical standards of the solicitors' profession, and I agree that it is important to focus on the Law Society and its role.

I would have thought that, by and large, trade unions probably provide a pretty good service in this area. However, if there are concerns about how trade unions are operating, there should not be any barrier to ensuring that they are properly regulated like everyone else.

There seem to be concerns about how the DTI and solicitors operate. That needs to be addressed, and perhaps that is also true of claims handlers, through the Law Society. Perhaps the trade unions need to raise their game, in some cases. I will be extremely interested to hear how the Minister intends to accomplish all that.

3.10 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I congratulate my hon. Friend the Member for North Durham (Mr. Jones) on securing this good and important debate. I particularly thank my hon. Friends the Members for Sherwood (Paddy Tipping), for Bassetlaw (John Mann) and for Barnsley, West and Penistone (Mr. Clapham) for their powerful and passionate contributions.

The debate is, in effect, about justice—social justice. It is about what all of us in this Room went into politics to do: assist people who are vulnerable and who cannot speak up for themselves. Therefore, it is most definitely about the role of our solicitors in society, and the claims management industry that has grown up over the past few years. Central to that discussion is the subject of regulation, particularly of our solicitors.

We expect the highest standards of our solicitors and lawyers; on the whole, they are respected across the world, but it is the practice that we are debating today that goes furthest towards undermining that reputation. That is why the Government made the decision, which they announced yesterday, to accept Sir David Clementi's recommendation on the regulation of solicitors: that is, to separate their representative function—their function as a trade union of solicitors—and their regulatory function. It is precisely because of some of the frustrations that we have heard about this afternoon that that decision had to be taken. There is an issue about how our solicitors are regulated, notwithstanding the work that the Law Society has done and is doing on the issue. I will come back to that.

The sharp and wicked practices in the claims management sector must stop. My hon. Friend the Member for Sherwood reminded me in the House a few months ago that the sector was in the last chance saloon; the saloon door is now closed. The Government are moving to regulate that area. It really is outrageous what some of our vulnerable constituents have had to experience.

Obviously, I do not represent a former coal mining area, and particular issues arise in those constituencies. However, what my hon. Friends and I share is the fact that we represent some of the poorest constituencies in this country—the constituencies that come high up in the index of deprivation, the constituencies where over 50 or 70 per cent. of children are on free school meals. We understand what that means for those people. We understand the incomes that they have, and we understand what it means when someone knocks on the door, advertises in the newspaper or appears on television, wearing a suit, and says, "Look, I can provide this service." We understand what it means to those very hard working people who take on face value what professionals claim to offer before moving on to exploit people.

When we talked about the issue, we tended to assume that claims handling is a dry, technical or legal issue, and we heard in this debate that it is far from that. It is not about legalese; it is about the everyday lives of some of the most vulnerable people in this country, especially in former mining areas in the north, and in the Welsh valleys and other areas.

This issue is about access to justice. It is about ensuring that people have honest, accurate and effective legal support that does not raise expectations but is fully committed when a client has a genuinely good case. People must have proper routes to redress, where redress is required, and compensation must be targeted on those with genuine cases who deserve the full weight of our support. The Government's position on this issue is clear. We need to tackle the practices that help to encourage false expectations of compensation, and to improve effectiveness and efficiency for people who have a genuine claim.

Let me explain why some of the practices of claims management companies have been unacceptable. Their methods of dealing with potential clients are often inexcusable. Some of them use the hard sell, putting the squeeze on people even if there is little chance of them receiving compensation. Their practices are even worse because of the kinds of people they approach—ordinary working miners and former miners, and people who work in the textile industry and factories. They are vulnerable people who expect more from lawyers, and from people who operate with lawyers and the insurance industry. The law can seem like a minefield, and it is the job of legal professionals to help people plot their way through it. At its best, the legal system in our country is the finest in the world, providing honest, transparent and expert advice. However, claims companies have failed to live up to that standard. Many of them earn money by using complex systems of referral fees and charges, and, ultimately, the losing party picks up the cost.

Mr. Kevan Jones: I welcome today's announcement on the regulation of claims handlers, although it will take some time to come into effect. Meanwhile, I would like the Minister to urge the Office of Fair Trading and other organisations to act against some of the claim handlers. Will he agree to join me and other Members who are present in meeting the Law Society and other organisations to see what we can do to clamp down now on some of their sharp practices?

Mr. Lammy: Absolutely. I will meet all colleagues in this Room and beyond who want to continue to take action on this issue before a regulatory framework is put in place. I will continue to work with the Claims Standards Council to see what more we can do, and I would be happy to meet the Law Society, which is doing work in this area. We must do more with solicitors, too.

Members have raised issues to do with the Department of Trade and Industry. The Trade and Industry Committee is looking at this issue, and it is due to report shortly. Colleagues in the DTI will want to wait and see what its report says before taking action. All across the Government, the pips are squeaking for this group of people; that is happening because of pressure applied by Members who are present.

David Taylor: All Members for mining areas and former mining areas will welcome that announcement. Will the Minister clarify whether the regulation he mentions will operate within the terms of the Courts and Legal Services Act 1990, to which the hon. Member for

[David Taylor]

Chesterfield (Paul Holmes) referred, so that the definition of litigation is widened to include advice given in contemplation of litigation?

Mr. Lammy: It might be. We are moving forward: we are accepting the Clementi recommendations; later this year, we will publish our White Paper; we have stated that we are bringing the claims management sector into the loop. As we continue to introduce legislation, we must look closely at the key issues. As we move to regulate the claims management industry and to set up a new regulatory framework for our lawyers, we must look at any gaps that exist, and at how to get the best legislation possible.

Chris Bryant: Everybody will have been glad to hear the Minister say that the saloon door is closed. However, although I do not want to mix metaphors too much, unfortunately, in many cases, the horse has already bolted. There are many cases throughout the country—thousands we suspect, but we do not know precisely how many—where people have already had the money taken from them. That is a serious problem, and changing the legislation now will not affect those cases. Will the Minister look into how we can establish the precise level of this problem in our country? That might be a matter for the DTI, rather than for his Department.

Mr. Lammy: Colleagues in the DTI continue to look into that, and, as I have said, the Trade and Industry Committee is working on it. Many people who are caught up in this way are out there in the system. In its newsletter to former coal miners—not just individually, but through their networks and organisations, and through the citizens advice bureaux and other organisations—the DTI has called for people to come forward. There are problems caused by the fact that some of these cases began a long time ago; people might have moved or died, for example. However, that work is going on, and through the networks and the concerns voiced in this debate, colleagues in the DTI might be able to take it forward in a more strategic way, regardless of what the Trade and Industry Committee says. We should not underestimate the size of this issue, or how long some of these cases go back.

I have spoken a little about the effects of some of these practices—the cold calling, the hard sell, the aggressive behaviour, the unprofessional conduct—on vulnerable people in our communities. We have heard a lot about that from Members today. The Government have favoured self-regulation, and I welcome the steps the Claims Standards Council has taken. It has attempted to produce comprehensive rules and consumer and commercial codes of practice—although I was concerned by what my hon. Friend the Member for North Durham said about the fuzzy line of some of that practice between solicitors and claims managers, and I will look into that.

Mr. Kevan Jones: I have enjoyed the Minister's contribution, and I welcome what he has said, but how can the Claims Standards Council have any credibility when organisations such as Freeclaim IDC are founding members? That is not merely akin to giving Dracula the keys to the blood bank; such organisations have been given a say in how to construct the council. It can have no credibility at all if the very companies that are ripping off my constituents and those of other Members are founder members.

Mr. Lammy: I hear my hon. Friend's frustration. We said that we would move to self-regulation; that has happened within the last year, and I said that such companies were in the last chance saloon. I know that my hon. Friend will accept it in the right spirit when I say that for all regulatory frameworks—for those covering doctors as well as solicitors, and, indeed, for the rules governing the professional conduct of Members of Parliament—there will always be bad apples. However, the Claims Standards Council has been in a position where it can ill-afford its own members to be engaged in some of the conduct that my hon. Friend has done so much to bring to the attention of the Government and the country. That is why I take what he has said in this debate very seriously.

Huw Irranca-Davies: I also welcome much of what the Minister has said. However, I want to make it clear that many Labour Members feel that this is not a matter of the occasional bad apple; the whole barrel is stinking and rotten.

With regard to the adoption of the Clementi principles and the review that the Minister has carried out, he has talked about extending into the regulatory framework the claim handlers. Does he also want to include the unions in that?

Mr. Lammy: A separate set of regulations governs the unions. They would be surprised if the Government were to suggest that they should be brought within the regulatory framework for solicitors. However, I have heard what has been said about some associations that operate in and around the unions.

It is also important to acknowledge the good work that unions do for poor people throughout the country. I have met enough union members, leaders and solicitors who have made representations to me about things like small claims to know that the unions do a lot of good work, and I would not want them to be tarnished by a few bad apples.

Huw Irranca-Davies: I entirely agree with the Minister's sentiments. I am not asking him to consider pulling the unions within the entire regulatory framework, but where unions act as commissioning agents to solicitors, they must fall within it, because no other framework will regulate their activities in that regard. NACODS South Wales raised an estimated £13 million from people, and many of them now want their money back. That can be achieved only if the union falls within this framework.

Mr. Lammy: That is right, where there is a clear crossover. That reminds me that lawyers are often employed within our unions, and that they deal with solicitors and with claims managers, and that all of that behaviour must come within the scope of proper professional conduct. That is what my hon. Friend the Member for Ogmore (Huw Irranca-Davies) wants.

When we produce our legislation, he and his colleagues will be keen to ensure that it contains the principles and language that provides that professional conduct.

It has also been said that we should emphasise the concept of ethical behaviour. That has always been at the heart of what we expect of a lawyer in this country, along with independence, honesty and integrity. That is why the Government take this matter so seriously. This activity is damaging that perception. I say that with no self-interest as a consequence of being a lawyer myself.

Mr. Deputy Speaker: Order. Strangely enough, lawyers do not have to declare an interest in this House, which is a situation that is unique to them.

Mr. Lammy: There are a few of us in the Government.

Mr. Kevan Jones: Too many.

Mr. Lammy: Some people think there are too many of us, as my hon. Friend says.

I have explained our position on self-regulation. We must carry on working with the Claims Standards Council, while investigating what my hon. Friends have mentioned, but we must also continue moving towards regulation. I encourage my hon. Friends to engage in that process.

I agree with the DTI about solicitors or claims handlers who overcharge. Those charges are unethical and immoral. The DTI has advised claimants to make sure that they check the charging policy, and that they should not sign anything without having read it first. It has also asked claimants to seek advice from an independent source, such as their local citizens advice bureau.

Mr. Deputy Speaker: Our time is up. I invite Members who do not wish to wait for the next debate to leave quickly and quietly. I must also suspend the sitting for a moment, for which I apologise to the hon. Member for Aberdeen, North (Mr. Savidge).

3.30 pm

Sitting suspended.

Weapons of Mass Destruction

3.33 pm

Mr. Malcolm Savidge (Aberdeen, North) (Lab): In some ways, this debate should be considered in the context of two previous Westminster Hall debates. The first took place on 18 January 2000, when we looked ahead to the new millennium and the issue of weapons of mass destruction. We need to consider how we have moved forward in the past five years. The second debate, which took place on 8 March 2005, was secured by my hon. Friend the Member for Islington, North (Jeremy Corbyn). We examined the nuclear non-proliferation treaty review. I mention that if only to try to minimise the repetition of points made by me and by others in that debate, for which the same Minister was present.

Mr. Deputy Speaker: The same Deputy Speaker as well.

Mr. Savidge: And the same Deputy Speaker.

I also want to concentrate on the relevant section of the United Nations Secretary-General's high-level panel report, "A More Secure World: Our Shared Responsibility", to which the Secretary-General responded yesterday.

I said in the debate on 18 January 2000 that I felt insufficient media attention was given to this subject, although it has received considerably more subsequently. Initially, that was in part due to the all-party group on global security and non-proliferation, which was established that same week.

The Foreign Affairs Committee, in a report that year on weapons of mass destruction, said:

> "Media interest in nuclear weapons and arms control treaties was boosted in March 2000 when Michael Douglas, UN Goodwill Ambassador, urged Members of Parliament to encourage the Prime Minister to take a leading role in preserving arms control regimes."

It said also that while the British and international media coverage had "eye-catching headlines", it gave serious coverage to the issue, which was followed up in a further meeting that we had with the then UN Under-Secretary-General for Disarmament Affairs, Jayantha Dhanapala.

More permanently, the issue has also featured highly as a result of the terrible events of 9/11. Although they did not involve WMD, they bought to our attention the threat of WMD and terrorism. It is a matter of common consent that they are a major problem and one about which our worries have increased since 2000.

As I have said before, it is important that we use careful definitions in relation to WMD and terrorism, particularly as they can be used as a pretext for war. As many people have said, the term "WMD" contains the danger that, although it is a useful phrase, it blurs the difference between the threats posed by different forms of weapon. The radiological weapon, or dirty bomb, is sometimes included in this area. As the high-level panel's report says, it should perhaps be described as a weapon of mass disruption in that it would probably cause comparatively few fatalities, but could lead to a large part of a city being uninhabitable for a while.

The vast majority of chemical and biological threats would also not cause mass fatalities. A lot of loose talk is used in relation to lethal materials such as ricin, which

[Mr. Savidge]

have not been put into a weaponised form that could be used to kill a large number of people at the same time. Similarly, it should be remembered that the worst case analysis of an anthrax attack on Washington was based on a highly sophisticated weaponised version of that agent being used.

However, one cannot rule out the possibility of serious biological attacks if, for example, someone wished to cause indiscriminate death on a large scale and distributed a virus in a hub airport. There is also the possible danger, as the report indicates, of biotechnology or genetic manipulation enabling things of a much more serious nature to occur. In general, it is true of nuclear weapons that we can say, as the report does, that any use would be catastrophic.

On terrorism, it is perhaps important to define the terms we use, because while all terrorism is heinous—the high-level panel correctly condemns all forms of terrorism—it is probably true that the majority of political terrorists would not find it in their own interest to cause massive fatalities. However, they might find that something such as a dirty bomb would be in their interests.

It is only the absolutist, unconditional, apocalyptic groups of the type that the Prime Minister described shortly after the events of 9/11 that would want to kill very large numbers of people. We think primarily of al-Qaeda, but we should not think just of Islamic fundamentalism, as can be seen from the examples of the Aum sect or Timothy McVeigh. We should also recognise that we cannot rule out the possibility that political terrorist groups can become absolutist terrorist groups, be it through fanaticism or frustration.

If we are to reduce chemical and biological terrorist risks, we need to get far better control of the stocks that exist, particularly in the former Soviet Union. As the high-level panel says, we need to apply the chemical weapons convention and set about trying to destroy all chemical weapons by the target date of 2012. We also need to seek to establish, through negotiation, a biological and toxic weapons convention with proper verification.

Llew Smith (Blaenau Gwent) (Lab): I recently asked the Foreign Secretary in a written question if he would

"list each multilateral negotiating forum in which United Kingdom nuclear weapons are under discussion pursuant to . . . Article 6 of the . . . non proliferation treaty."

My hon. Friend the Minister for Europe, answering on behalf of the Foreign Secretary, stated:

"None." —[*Official Report*, 10 March 2005; Vol. 431 c.2002W.]

Does my hon. Friend the Member for Aberdeen, North (Mr. Savidge) agree that that puts the United Kingdom in breach of its obligations under article 6 of the NPT? It states:

"Each of the Parties to the Treaty undertakes to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament".

Mr. Savidge: With my hon. Friend's permission, I would rather leave it to the Minister to say what the Government's position is on that.

Llew Smith: Will my hon. Friend give way?

Mr. Savidge: I am sorry, but I am short of time.

The greatest immediate threat is from nuclear weapons. The high-level panel indicated that there is a real possibility of terrorists producing a simple gun-type nuclear device, whereby the combination of two amounts of highly enriched uranium could produce a bomb roughly similar to that which the South African Government produced during the apartheid era. The panel suggests that the use of such a weapon in a major city could lead to the deaths of anything from tens of thousands of people to more than 1 million.

One need only imagine the scenario of, say, a suicide bomber in a van in London taking out the whole of Westminster, Whitehall and Buckingham palace. If they chose the state opening, for instance, they would destroy not only the buildings, but the people, which would decapitate the state. One can picture similar scenarios in different capitals. An attack in Washington during the State of the Union address could take out the Executive, the Congress and the judiciary. One can repeat that example for various capitals, whether of dictatorships or democracies. Such an attack could devastate a country and cause panic worldwide. Modern capitals cannot ban vehicles from their centre, so it is therefore in the common interest of all countries, of whatever type, that we co-operate to reduce that threat.

It is important that we reduce proliferation both of nuclear materials and among states and non-state actors. The high-level panel report indicates that the nuclear non-proliferation treaty has enjoyed considerable success, with only eight definite nuclear weapons states—with the possible addition of North Korea—over 40 years, as compared with the much higher number that most experts predicted beforehand.

However, the "atoms for peace" strategy, as Eisenhower put it, has had problems. Civil nuclear energy and military production were assumed to be completely separate, but we now know that they can have considerable dual use. We must therefore beware of the fact that the nuclear power industry produces not only materials that terrorists could use, but targets that they could attack.

The report also indicates that as many as 40 of the 60 states that now have nuclear power are suspected of being able to produce nuclear weapons fairly rapidly. It warns of the risk of a cascade of proliferation. We must therefore recognise the basic risks in the nuclear power industry. However, on the assumption that it will continue to expand, we must certainly try to reduce reprocessing and enrichment, ensure the use of low-enriched uranium rather than highly-enriched uranium, enforce the additional protocol and increase security in the ways discussed at the International Atomic Energy Agency conference that the Government hosted in London last week.

We must also have the utmost control. It is not satisfactory that Sellafield cannot account for significant quantities of weapons-grade material, not only because of the risk of material that is not being properly checked being passed to terrorists: how can we answer if a country such as Iran claims that it cannot account for significant amounts of such material? Will we find that acceptable?

I repeat the appeal that Senator Sam Nunn made when he spoke at the conference and here in Parliament: when the UK is to try to persuade the G8 to deal with the problems of climate change and global poverty, we should also insist that we fulfil the promises made at the G8 meeting in Canada to give proper financial support to the threat reduction programme of decommissioning. That is vital in and of itself, but it is important also because not fulfilling past pledges gives little meaning to the commitments that we make at future G8 meetings. Furthermore, the four issues of poverty, climate, weapons of mass destruction and terrorism are crucially interlinked as we try to build a safer world.

The report makes many other constructive suggestions, which I shall not go into because of time and because some were covered in our debate on the nuclear non-proliferation treaty, but I repeat the one major claim made on the nuclear weapons states. We should not abandon the 13 steps that were agreed at the NPT review conference in 2000 and we should give evidence of good faith as to our commitments, including those under article 6, as my hon. Friend the Member for Blaenau Gwent (Llew Smith) indicated.

The report comments on the A. Q. Khan threat of black market distribution of such materials and suggests that the proliferation security initiative deserves support in that respect. The only caution that one should offer is to be wary of precipitate military action, because that can obviously be dangerous, in which context it is correct that the world community is thinking of diplomacy to address the difficult situations with Iran and North Korea.

We should also not forget that there are worse dangers than nuclear terrorism, such as regional nuclear war. Only two or three years ago, India and Pakistan faced terrible risks. There was an acute danger at that time, and we should give our fullest support to the leaderships of both countries, including the past and present Government of India, in their work in the peace process. I am sure that they would say that a number of other countries, especially the US and the UK, played a crucial, positive role in helping to defuse that dangerous situation. However, we must face the fact that if there is more proliferation, further risks of regional war may increase.

There is also the risk of accidental nuclear war. It is surely insane that, this long after the end of the cold war, there are thousands of nuclear weapons, exceeding any possible rational defence or deterrence requirement of any country involved. It is even more insane that so many weapons are on hair-trigger alert. The United Kingdom has set an example by de-alerting, and we should urge other nuclear weapons states to follow it.

I stress the views in the report of the high-level panel, but one cannot ignore the fact that there are different views in the world today. There are influential voices in the United States—neo-conservatives and other hawks—who, in their most extreme version, take a view of US national sovereignty that opposes international treaties, arms control and the United Nations. Such commentators take the view that military might rather than common security should be the basis of defence and that aggression should take preference over diplomacy. Also, they talk of pre-emptive and preventative war. The Project for the New American Century talks of seeking US military dominance throughout the century. There are also plans for new nuclear weapons, and the military-industrial complex seems to be even more powerful than when General Eisenhower coined the phrase.

Such voices give frighteningly different visions from that espoused by George Bush senior of a new world order. Indeed, I would suggest that such views are very different from the mainstream tradition of both the Democratic and Republican parties. If such counsels prevail, we will surely increase rather than reduce the risks we face, and we may even face the risk of global nuclear war, whether before or after the end of the century, which could endanger humanity as a whole.

In a world where nuclear weapons cannot be disinvented, and if we are to have a more secure future, we need to strengthen the United Nations and international treaties and progressively to develop a fair system of international governance and law whereby conflict can be resolved without resort to war. That might seem an impossibly distant vision for a human race whose entire history and culture have been dominated by war, but it shows the scale of the challenge we face.

3.50 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): My hon. Friend the Member for Aberdeen, North (Mr. Savidge) raises an important subject, in which I know he has a long-term interest. As he said, he took part in the debate on similar matters that occurred here two weeks ago. We all agree that weapons of mass destruction pose one of the biggest threats to the security of the United Kingdom and its interests, at home and abroad.

My hon. Friend referred to the recommendations of the UN high-level panel. That is a body which has our support and we are already acting on many of its recommendations. I shall also deal at this stage with his point about Sellafield. He made a point that I do not suppose he would want to press too seriously, comparing the situation in Sellafield with that in Iran. UK civil nuclear facilities, unlike those in Iran, are fully open to International Atomic Energy Agency inspection, so there can be no doubt about our willingness to co-operate fully and answer any questions that the international community may have, although I note his point.

The main threat is the use of WMD by states and terrorists against the UK or against British economic interests.

Llew Smith: On the question of weapons of mass destruction, in particular nuclear weapons, going back to a previous job held by the Minister and a far more important one, editor of *Tribune*, I know that he was a supporter of the Campaign for Nuclear Disarmament, if he was not a member. With that in mind, does he agree that there are no circumstances that justify the use of nuclear weapons? While I am on my feet, I ask him to answer the question that my hon. Friend the Member for Aberdeen, North (Mr. Savidge) refused to answer on the non-proliferation treaty.

Mr. Mullin: I shall have to come back to my hon. Friend on the point about the non-proliferation treaty;

[Mr. Mullin]

I shall drop him a note about that. As he said, I was an undistinguished editor of *Tribune* and it is extremely difficult to foresee any circumstances in which nuclear weapons could be used. That, I think, given my current incarnation, is about as far as I can go.

Llew Smith: My question was not whether the Minister could foresee any circumstances. I asked whether he accepts that under no circumstances could the use of nuclear weapons be justified. This is a Government position and I assume, as the Minister is part of the Government, that he has no problems answering that particular question.

Mr. Mullin: I know what my hon. Friend is attempting to do: he wants somehow to separate me from the rest of my Government colleagues, and I decline, if he will forgive me, to go any further down that road.

I spoke about how the main threat is the use of WMD by states and terrorists against the UK or against British economic and strategic interests overseas. We are addressing the production and trafficking of WMD-related material by states, companies and individuals, and working to guard against less obvious risks such as the use of higher education courses in the UK and elsewhere by individuals seeking to acquire technology for proliferation purposes.

Limiting the threat posed by WMD requires coherent policies to detect, deter, check and roll back programmes for the development of WMD and related delivery systems in countries of concern such as North Korea and Iran. We are deeply concerned about North Korea's decision to suspend participation in the six-party talks and its claim of an enhanced nuclear capability. We urge North Korea to re-engage and support the efforts of the US, China, Russia, Japan and South Korea to that end.

We also have serious concerns about Iran's nuclear programme. Following our agreement with Iran, we—along with colleagues from France, Germany and the European Union—are engaged in discussions with Iranian officials. We want a long-term agreement that will provide objective guarantees that Iran's nuclear programme is exclusively for peaceful purposes. The steering committee established under the agreement is meeting tomorrow to review progress.

Mr. Savidge: Can my hon. Friend tell us whether there is any truth in the reports in the press last week that Iran suggested a joint project with the United States so that the US could be reassured about its programme?

Mr. Mullin: I am not aware of any.

Given such clear threats, we must strengthen international co-operation against the proliferation and the use of WMD. We must at all costs maintain an effective multilateral regime. As I said when we debated this subject two weeks ago, the nuclear non-proliferation treaty remains the cornerstone of nuclear non-proliferation. It is a strong treaty, with the widest membership of any arms control treaty, and it retains the wholehearted support of the UK and the vast majority of the international community.

However, recent events have shown that a number of states continue to pursue clandestine nuclear weapons programmes and that there are individuals willing to assist them by providing sensitive materials and technology. The treaty must, therefore, be strengthened.

Llew Smith: Will the Minister give way?

Mr. Mullin: If my hon. Friend will forgive me, I have only a few minutes left and I am unlikely to get to the end of my speech. I shall happily have a discussion with him after the proceedings are over.

We have no wish to reopen the treaty, but we need stronger measures to address non-compliance. We also want to build support for new measures to combat the spread of sensitive technology. We want to ensure that sensitive nuclear items are not exported to states that may use them for weapons purposes or allow them to fall into terrorist hands.

We are working with partners to make the necessary amendments to the Nuclear Suppliers Group guidelines. We are also working to put into effect the principles set out in the written statement to the House of 25 February 2004 from my right hon. Friend the Foreign Secretary, which said that states that fail to comply with their IAEA safeguards obligations should forfeit access to enrichment and reprocessing equipment and technology.

As regards biological and chemical weapons, we continue to work towards universal adherence to the chemical weapons convention and the biological and toxin weapons convention, in particular to include states such as Egypt, Syria and Israel. This year marks the 80th anniversary of the Geneva protocol against the use of chemical and biological warfare and the 30th anniversary of the biological and toxin weapons convention. The UK will chair this year's annual meetings, where we will be discussing such issues as codes of conduct for scientists. As president of the G8, we will follow up on a range of earlier suggestions on tackling biological threats.

A stronger international framework is essential, but not sufficient in itself, as I am sure my hon. Friend the Member for Aberdeen, North will agree, to meet the proliferation threat. We want greater practical engagement in counter-proliferation by other states and regional groups. We played a major role in the formulation and unanimous adoption of UN Security Council resolution 1540, adopted on 28 April 2004, which was the first to address the threat posed by WMD proliferation. It obliges all countries to introduce robust legislation to tackle the threat. We welcome work done by the UN Secretary-General's high-level panel.

We are also committed to supporting the G8's global partnership and the proliferation security initiative. We contribute £36.5 million to the global partnership, which deals with dismantling nuclear submarines; safe and secure storage of over 20,000 spent nuclear fuel assemblies; the safe destruction of Russia's chemical weapons stocks; and new employment opportunities for former nuclear scientists and engineers in the former Soviet Union. Over a 10-year period, we expect to invest about $750 million.

The UK strongly supports the May 2003 proliferation security initiative to prevent trafficking in weapons of mass destruction and related technology by states and

terrorist groups or criminal networks. Export control is only as strong as its weakest link. We must ensure that multilateral export control regimes are effective and that progressive proposals are not unreasonably held back by one or two states. We must also keep such controls proportionate and simple to administer. In addition to those international efforts, we must act effectively at home.

The first line of defence is an effective outreach programme to alert industry and academic institutions to the possibility that UK technology could help proliferators and to raise awareness of export legislation. The Export Control Act 2002 includes a range of measures aimed at preventing WMD technology from falling into the wrong hands. We should never underestimate the potential threat posed by WMD, but the Government believe that such threats can be minimised through effective multilateralism and concerted domestic efforts. Counter-proliferation will remain a key priority for us and we shall continue to take the lead in promoting a strong international response.

Council Housing (Southwark)

4.1 pm

Simon Hughes (Southwark, North and Bermondsey) (LD): I am very pleased to have the opportunity to introduce an Adjournment debate. As I walked over here, I reflected that it is almost 22 years to the day since I made my maiden speech. That was on the Budget, but this debate is on an issue that is equally important to the majority of my constituents and to many others as well.

The Minister will be aware that the borough in which I live and in part represent—I share it with the Solicitor-General, the right hon. and learned Member for Camberwell and Peckham (Ms Harman), and the Secretary of State for Culture, Media and Sport, the right hon. Member for Dulwich and West Norwood (Tessa Jowell)—is the largest local authority landlord in London and the fifth largest in the country. It is not surprising, therefore, that, periodically, each of us returns to the management and future of council housing in Southwark as important issues for our constituents.

I checked the figures, as far as I could, and I believe them to be accurate. I would like to set them out to show the significance of such issues in our borough. There are some 105,000 households in Southwark, under 10 per cent. of which are owned outright by those who live in them. About 20 per cent., or one in five, homes are owner-occupied with a mortgage. Only 1 per cent. have shared ownership, but four out of 10 people in the borough live in local authority property. In my part of the borough—the old borough of Southwark and the borough of Bermondsey—the figure is well over 50 per cent., so very many more than half the people I represent are local authority tenants.

In addition to being the largest local authority landlord in London, with 42,500 properties run by the London borough of Southwark, we also have one of the largest amounts of leasehold properties—those bought under the right to buy, but where the council retains the freehold interest. The figure I was given last Friday was 12,600. Just over 15,000 properties have been sold under the right to buy, but some of those are completely freehold, rather than leasehold.

I want to put three other statistics on the record. First, the current figure from the office of the director of housing is that nearly 14,000 people are waiting either to become council tenants or to transfer within the local authority stock. Secondly, of those, 4,000 are waiting for a transfer while the others are waiting to become council tenants, so there are 9,000 people in the queue. Even though we are the largest landlord, there is still an enormous queue. Thirdly, the number of local authority properties being built is about 150, of which 100 are on the Elmington estate in Camberwell, in the constituency of the Solicitor-General, while 40 are on the Coopers Road estate in Bermondsey, near where I live. There are, of course, other developments that are not local authority developments.

That is the backdrop, and I want to put on record a few statements of what I believe the vast majority of my constituents regard as the issues. I hope to continue to engage with Ministers in the Office of the Deputy Prime Minister, including the Minister in the Chamber today and the Minister for Housing and Planning, in the

[Simon Hughes]

constructive discussions that are talking place. I also hope to encourage them to continue doing the right things in the few weeks left, if the election is to take place this spring, and to ensure that those statements are on the record for whoever inherits ministerial office in relation to looking after housing in London after the election.

I want to say unequivocally that all the experience and information that I have confirms that the vast majority of Southwark council tenants wish to remain Southwark council tenants and therefore want what is colloquially described as the fourth option. The Government are very keen that the relationship between local authorities and their housing stock and tenants moves on. This has been well rehearsed on the Floor of the House: I have put questions to the Prime Minister and the Deputy Prime Minister, and many other colleagues have raised the issues, including the hon. Member for Great Grimsby (Mr. Mitchell), who has regularly introduced an early-day motion on the subject.

Many have argued the case that if people want to remain conventional council tenants, they should be able to do so. I hope that that remains an option. The Minister will know that there was a ballot on one of the large Southwark estates, the Aylesbury, which is predominantly in the constituency of Camberwell and Peckham, although a small part of it is in my constituency. There was a 70 per cent. turnout—very high these days—and a 70 per cent. vote against transfer.

There was a possibility a few years ago of another estate—Tabard Gardens, which is entirely in my constituency—being transferred to the Peabody Trust, when my colleagues in the authority began, for the first time, a Liberal Democrat administration. My colleague, Councillor Beverley Bassom, who was then the executive member for housing, took the view that the tenant management co-operative that was then in place would not vote yes in a ballot for transfer to the Peabody Trust, so she stopped that process—rightly, in my view.

I hope that the Minister will accept that the fourth option for boroughs such as ours—with the overwhelming support of the tenants, the tenants' council, the representative bodies and the local authorities—can remain. That is the first and most important point that I want to make.

Secondly, I am conscious that the Government have rightly said that the immediate task is to find the money to achieve decent homes standards for all council tenants. I sign up to that; it is a laudable objective. People living in substandard council stock clearly need to be in much better homes, and I accept the timetable that has been set out. I hope it will be possible for the funding—not just of the coming financial year, which starts next week, but of years ahead—to make it possible for that to be achieved. I hope that, if there is a difficulty or a sticking point with funding from Government sources, according to the current projections, but it is possible to make up any difference through all the regeneration and other schemes that the local authority is happily exploring or proceeding with, we can achieve decent homes standards but retain the council stock.

It was a surprise to Ministers in other Departments that the decent homes programme does not require improvements that you and I, Mr. Deputy Speaker, and probably the Minister, would regard as necessary. For example, a decent home on a decent estate might require a CCTV system to ensure proper security. As I understand it, that is not programmed in; I think it should be. Security and safety doors might be wanted at the bottom of a block where the concierge system might be. That should be included. Playgrounds and safe play areas for children ought to be included. I hope that we can improve decent homes standards to be able to give all the tenants on all the estates in Southwark—all local authority tenants—the opportunity to have a decent home that is also safe and in a safe, decent and respectable community.

I am keen to hear from the Minister—I hope he can be helpful—that there is now increasingly joined-up government between the ODPM and those responsible for housing, both nationally and in the Government office for London, and in other Departments dealing with, for example, leisure, safety—the Home Office—and open spaces and the like.

The third issue is a live issue, and the Solicitor-General and I share a view on this. Leaseholders who bought under the right to buy in boroughs such as ours have often had a bad deal. Some were badly advised when they bought their homes—we all have constituents who bought not knowing what the implications were and who did not get good legal advice—and some have not received a good service. My colleague, Councillor Stephen Flannery, who has just become the executive member for housing, is writing, as we speak, to all the leaseholders to apologise about the fact that people have had a bad service in the past, such as delays and inaccuracies with bills.

I have two propositions to put to the Minister. He might want to give an immediate response, but I want to feed them into the programme of government. First, a lot of people think it is unfair that an estimate for capital or other works is effectively a take-it-or-leave-it estimate once the council has put the job out to tender. Yes, people might be able to negotiate to pay in instalments; yes, Southwark and other local authorities have introduced a buyback scheme for people who discover that the cost is too big; yes, in extreme circumstances, a charge can be put on the property so that people do not have to pay and, following death or assignment, it goes to someone else who has it deducted.

However, the one thing that I have found hugely frustrating over the years—I was partly responsible for setting up the Southwark Association of Leaseholders and leaseholder organisations because of the many frustrations—is the fact that, once a section 20 notice is served, the council has put the job out to tender. So, effectively, although people are entitled to make "a reasonable response" as a leaseholder, if the council believes that the cost in the original tender is reasonable or that what is included in the works is reasonable, it is unalterable.

I propose that we should build into the legislation through a small amendment—I hope that Southwark will do this without legislation—something that will allow independent arbitration of the cost of capital or other works, so that after the council proposes, but

before it disposes, leaseholders can go to an independent body and say, "We think this is too much. It is unreasonable and it encompasses other things."

I move to my second proposal. A private leaseholder in a private block for which there is a management company effectively goes out into the market, gets in some tenders and opts for one of them, but that is not possible for local authority leaseholders. Therefore, people who lease council homes from local authorities do not have the same rights and control as private leaseholders. Can the legislation be amended so that things can be handled that way round? Leaseholders would get the advice, then the council would say, "We need to put on a new roof, do security works and talk to you about new windows." Then we would have an agreed way forward.

Just this week, two reports were submitted to Southwark council about the Aylesbury estate, which the Minister may have etched in his political memory because it is the estate where the Prime Minister went to look out over the blocks and talk about the new Britain that would come under new Labour. The people on the Aylesbury are always hopeful that what was promised will be delivered; they are still hopeful, although it has not been delivered as quickly under this Government as they would have liked. They deserve to be looked after.

The northern half of that part of Walworth where the Heygate estate is, which the Minister will probably know from his travels around London, is to be demolished and replaced. The council is absolutely committed to providing at least as many affordable properties as before. Everybody who was on the Heygate will be able to return to an affordable property there, and everybody who wants to remain a council tenant will be able to do so. I have signed up to that, as it is a good scheme.

The southern half of that middle part of Walworth is the Aylesbury estate, which is one of the largest estates in London. The reports show, happily, that some concerns that were cause for alarm are not borne out. One report states that only the five and six-storey blocks on the Aylesbury, built using the large-panel system, need to be strengthened and that all other blocks, both higher and lower than that level, do not require any changes. Work also needs to be done to ensure that people in those blocks do not use gas and that they are transferred to an electricity supply.

Aylesbury New Deal for Communities—an organisation I support, which covers the whole estate—is working to ensure that the quality of life there improves. I hope that the Government will support Aylesbury NDC by providing the money needed to do the work that has clearly been identified as necessary. The report is not alarmist; the buildings are not about to fall down and there is no cause for panic, but work must be done on certain blocks to ensure that people are safe and feel safe, and the Government should respond positively to that.

When I was elected, which was around the time that Lord Heseltine's urban development corporation in London was set up, there was huge development along the river: wharves were converted to luxury flats and there were many new builds, shared ownerships and other property developments. However, there is still more than a bit of a tale of two cities. Things are fine for people on the lowest incomes who are happy to stay in council property, or people who are happy irrespective of their income. There is council property, but not enough. We need more.

People whose income means that there is no limit to what they can spend on accommodation can be offered places such as those at Butlers wharf, but for those whom we often refer to as ordinary, decent, working people—those who aspire to go up the ladder a bit, who want to stay in a borough such as ours, who love the inner city, whose families are there and whose children go to local primary schools such as the one I went to this afternoon—we still do not have enough suitable property.

We need to ensure that our council housing is of the highest quality. I ask that we should be allowed to continue to build more good-quality council housing, but that—I accept that the Deputy Prime Minister has been alive to this issue—we do not keep losing stock out the other end through the old Conservative right-to-buy policies, which meant that the best stock went, and was often sold on and lost. We must continue to have good-quality, rented, affordable housing so that Southwark can become a mixed community of the sort that people can be proud to come to and stay in, not least because the housing is of good quality.

I am grateful for the Government's work so far, and I think that we share the same objectives. I probably have the largest number of council tenants of any English Member of Parliament, so I hope the Minister understands that this is a hugely important issue whether it is election year or not. I also hope that the investment, support and work with my local authority will continue.

4.17 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Phil Hope): I congratulate the hon. Member for Southwark, North and Bermondsey (Simon Hughes) on securing the debate. I assure him, his constituents and all Southwark council's tenants that we are committed to delivering decent homes for all.

The hon. Gentleman may not know this, but I visited the Aylesbury estate last Thursday—not that part that is in his constituency, or I would, of course, have informed him accordingly—and I conducted, for the first time, a street audit regarding an organisation called Living Streets and what can be done when local issues affecting people's lives are addressed, as well as how changes can be made by the community, the local authority and other partners to improve the quality of life on the pavements, along the shop fronts, in the streets and among traffic. I may say some more about that.

The hon. Gentleman began with a good summary of the position in Southwark—the number of houses in council ownership and so on—and I want to put that description of Southwark into a national context, because it is helpful to see its relevance. There are 4.1 million social homes, which are a tremendous asset in financial terms—worth around £400 billion—and an immeasurable asset to the community and the country. However, the impact of decades of neglect and under-investment left us with a £19 billion backlog of repairs in

[Phil Hope]

1997. We responded to that huge challenge by radically changing our approach to housing policy, building in far greater flexibility and greater capacity for investment in that housing stock because of the scale of the problem.

The results of that radical change since 1997 have been dramatic. We have reduced the number of non-decent social homes by no fewer than 1 million and we have increased the proportion of vulnerable households in the private sector living in decent homes to 63 per cent. That is important to us. We have massively increased investment: local authorities have invested more than £13 billion in bringing their homes up to a decent standard and a further £5.3 billion—£1 billion being £1,000 million—has been levered in from the private sector through transfer. On top of that, local authorities' plans suggest that they will invest a further £11 billion in their stock by 2008. That is a huge investment in our local social housing stock.

We are on track to meet our target that, by 2010, everyone living in social housing will have a decent home and that 70 per cent. of vulnerable households in private accommodation will also have a decent home. By the time that we meet our target, we expect that local authorities and housing associations will together have spent no less than about £42 billion on ensuring that their tenants live in decent homes.

That target is not merely about bricks and mortar—a point the hon. Gentleman made. It is about individuals, families, the young and the old, and their right to live in a secure and stable environment. That is absolutely right. The spending of that £42 billion by 2008 is a crucial part of our commitment to create safe, sustainable communities. Last month, the Deputy Prime Minister launched "Homes for All", the Government's five-year plan that sets out the way forward for housing. Decent homes and the decent homes target are, of course, an integral part of that plan. I am confident that we all agree that the decent homes strategy is tremendously important to our communities and neighbourhoods.

I will now talk about Southwark specifically. The hon. Gentleman rehearsed some of the facts. For example, 44 per cent. of Southwark's homes do not meet the decent homes standard. Southwark is considering what is achievable with the resources that it has. It may be viable for Southwark to deliver most, if not all, decent homes using the borough's resources. That is, of course, for Southwark to determine. It is the responsibility of the London borough of Southwark to work with tenants to develop a strategy for the council to achieve its decent homes target and to close the funding gap.

Other London boroughs with a large housing stock have taken on that challenge. The London borough of Lambeth, for example, is also one of the country's biggest landlords. The council's option appraisal—the appraisal of the various options for improving the stock in Lambeth—has just been signed off. I stress that we need Southwark to do the same. I do not for one moment underestimate the size of the challenge facing Southwark. As the hon. Gentleman said, it is one of the largest landlords in the country, and the largest in London, with responsibility for more than 45,000 properties.

There are options and choices, and I shall mention one route that might be appropriate for Southwark. If retention is not an option, the arm's-length management organisation option is one that will deliver additional resources to deliver decent homes while keeping the stock in local authority ownership and ensuring that tenants retain all existing rights. That is important, because it is not the popular understanding.

As there has been much misleading campaigning about that option, not just in London but elsewhere, I want to be clear about the fact that ALMO programmes are not a means of privatising housing by the back door. The hon. Gentleman will be aware that, where tenants opt to have their homes maintained by an ALMO, those homes remain the property of the local authority. That is an important point. The option, therefore, is not only not privatisation—I will keep saying that until people finally understand it—but it offers tenants an improved service, with many council housing departments making particular efforts to raise their performance so that the ALMO can achieve the necessary two-star rating and attract additional Government funding to help it to deliver decent homes. Southwark is in that position. So, we have opportunities and options.

Separating management and maintenance functions enables councils to focus their efforts more directly on the strategic management of their stock, while the ALMO focuses its efforts on delivering the highest standards of service to tenants. Those high standards are delivering results. This year we will see the first ALMOs bring all the council stock that they manage up to the decent homes standard.

So, I understand why the hon. Gentleman mentioned what he called the fourth option—a different option for investing in housing. That does not exist, but ALMOs do, as does the option of retaining the existing stock. I hope he recognises that ALMOs are an option that merits attention.

Simon Hughes: Of course I recognise that point. I have never disputed it. The issue is what the tenants want.

Phil Hope: Indeed.

Simon Hughes: If tenants prefer one option to another, I hope the Government will support that option.

Phil Hope: That is absolutely right. To start that debate with tenants, Southwark needs to engage in the options appraisal process. Southwark has started some of the necessary steps to make that process work and is working closely with the ODPM and the Government office for London to come up with a strategy to take forward the options appraisal process.

Given the hon. Gentleman's point, the important aspect is that effective tenant engagement is critical to the options appraisal. He is absolutely right about that. Tenants are at the heart of the options appraisal process and the need to engage with them to seek their views on future management of their homes is vital to our

policies. All local authorities are obliged to draw up communications strategies that set out in practical terms exactly how they intend to involve tenants and other stakeholders.

We go further than that. We also ensure that tenants are properly equipped to make informed decisions about the options open to them. We recognise that it is fundamental to tenants' rights that they can access impartial information without bias to any option. That is why we encourage local authorities to use an independent tenant adviser to ensure that tenants have a clear picture of the process.

Our community housing task force, which brings together expert advisers from a range of social housing backgrounds, provides advice and support to local authorities on all aspects of options appraisal, including how best to inform and consult with tenants. Tenant engagement does not stop once a decision has been made: tenants make up about a third of the governing boards of transfer housing associations and ALMOs, which broadens tenant participation to estate and neighbourhood level.

The hon. Gentleman raised one or two points other than the specifics about decent homes. I want to address them. First, on the wider questions of security, safety, playgrounds and play areas, he will be aware that the Government have adopted a public service agreement—PSA 8—which is about liveability and ensuring that we have cleaner, safer and greener communities. That is my shorthand for it.

That PSA target requires not just one but nine Departments to work collaboratively. We have established an inter-ministerial departmental group made up of Ministers from each of the relevant Departments—the Home Office, the Department for Transport, the Department for Environment, Food and Rural Affairs, the ODPM, which is in the chair, and others—to consider what we can do to bring together the various strategies that affect a local community.

When I did the street audit that I mentioned, it was clear to me that a vast number of organisations are affected. I did a short walk from St. Peter's church to Walworth road and back to the bottom end of the Aylesbury estate. We are considering issues surrounding crime, policing and community support officers, as well as waste management and litter clearing. We are also considering questions of shop frontage, roads up and down the Walworth road, crossing the road safely and access for people with disabilities or who have buggies.

Those issues have to be tackled using a joined-up approach or this simply will not work. We are promoting such street audits as a good way of engaging local councillors, MPs—I am sure the hon. Gentleman would enjoy undertaking one of those activities—and, in particular, local residents. I was on the Aylesbury estate with local residents and two young people who are year 6 pupils at the local St. Peter's school. They were very articulate and they pointed it out to us that people of a certain height can see certain things, but that those who are slightly smaller see other things on the streets with regard to their lives and what would make those streets a cleaner and more pleasant place to be. This is an effective process.

We are publishing three new guides. We have already published the first, on town centre management. It joins together all the resources and powers available to local authorities and other partners to make town centres better. There will be a second guide, on managing residential areas, to be published, I hope, in June—depending on events that the hon. Gentleman alluded to—and a third, on parks and open spaces, to ensure that those are properly managed and delivered.

We are alive not only to the specific issue of decent homes and the long-term future—working with organisations such as Aylesbury New Deal for Communities, which is doing a magnificent job—but to the everyday management of the street, which is important when people walk out of their front door, through the parks and into the town centre and the shopping centre. What is life like for local people and how can we make it better? I am delighted that, as the hon. Gentleman said, the board of Aylesbury New Deal for Communities is at the forefront of taking forward new proposals to improve quality of life on the estate.

The issue involves not only decent homes, but putting together a comprehensive package of improvements for local residents. Southwark has started to make progress, which is encouraging. That means that Southwark's tenants should all be living in decent homes by 2010. I hope that the hon. Gentleman can use his influence in the council to ensure that members of the council remain committed to the stock options appraisal process. He can use his influence among tenants to ensure that there is positive engagement with what is an important agenda.

It being twenty-nine minutes to Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Wednesday 23 March 2005

[MR. FRANK COOK *in the Chair*]

Women in the Criminal Courts

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Ainger.]*

9.30 am

Vera Baird (Redcar) (Lab): I am pleased to have drawn this debate on the day after the recommencement of the Fawcett commission on women and the criminal justice system, which I chair. The commission was re-launched by my right hon. Friend the Home Secretary last night, and we also saw the launch of our new document "One Year On".

The first phase of the Fawcett commission was set up by the Fawcett Society as a result of concerns about the treatment of women in the criminal justice system. It is a system largely designed by men for men, and it continues to be a man's world. That is something about which it is possible to feel ambivalent, because at its root is the fact that 90 per cent. of all crime is committed by men, as is about 95 per cent. of all violent crime. It is reasonably well known that about the same percentage of senior judges are men.

David Taylor (North-West Leicestershire) (Lab/Co-op): I stand second to none in my admiration for the work that my hon. and learned Friend does in the House in this regard, but does she accept that there can be a gender bias against men in the courts, particularly in cases involving child custody?

Vera Baird: I do not accept that there is a bias against men in such cases.

David Taylor: Or can be.

Vera Baird: Nor that there can be. In a small percentage of difficult cases, the parties can become polarised. My hon. Friend will be aware that there is a new Bill on that very topic, and I am a member of the Committee that is scrutinising its drafting. I think that he will find some of our suggestions to improve it helpful.

I return to the criminal courts, and the treatment of women—the topic of the debate. It is not surprising, given the figures that I quoted, that women have been treated as an add-on, an after thought, an also-ran; they are tacked on to the end of the male system as if they had no distinct or separate needs. Indeed, that was the finding of the first phase of the Fawcett commission. In the year prior to March 2004, we gathered a great volume of our own evidence, and we also drew together existing research on adult women in the criminal justice system in England and Wales.

We found a common theme, with systemic disadvantage being faced by women in the courts, whether as victims, offenders or as practitioners. To address that disadvantage, our primary recommendation was that public bodies should have a duty to promote gender equality, and we are delighted that the new Equality Bill contains provisions for exactly such a duty.

The diversity of agencies that work in the criminal justice system makes a firm argument for such a duty. The Prison Service, the courts, the Crown Prosecution Service, the police, the National Offender Management Service and a range of other services all come together to form the criminal justice system, and it is difficult for each organisation to ensure that it has no gender bias. It is imperative that they work together to end it. The Fawcett commission felt that the need for a gender duty was pointed up strongly by the criminal justice system.

Our findings were published in March 2004, and they received widespread attention both domestically and internationally. My right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett), the former Home Secretary, described it as

"a unique and invaluable contribution to the debate on the reform of criminal justice".

So far as we are aware, it is truly the first study undertaken in the United Kingdom on women and the criminal justice system.

The Fawcett Society lobbied the Government and the courts to make the necessary reforms, and we monitored progress on our recommendations. We then produced our report "One Year On". We had found systemic disadvantage, but that was in March 2004, when our money ran out, so all we could do was say, "Everything is terrible, but I'm afraid we have to leave the job now." Happily, we can now express our gratitude to the Esmée Fairbairn Foundation and to the Barrow Cadbury Trust, which have allowed us to continue for two further years. "One Year On" launches this new phase.

In our view, there are two key strategic challenges for the Government in connection with women and the criminal courts. First, there is an overwhelming need for a coherent and structured approach to addressing violence against women. Secondly, there is a similarly powerful need for all agencies to take responsibility for stopping the ongoing horror of self-inflicted deaths and injuries in women's prisons. These two areas are closely related.

Violence against women is an issue of fundamental human rights that includes, among other offences, rape, sexual exploitation, trafficking, domestic violence, forced marriage, crimes in the name of "honour" and female genital mutilation. These offences have a terrible impact on the lives of women and girls and are far more widespread than is commonly thought. The most recent British crime survey shows that almost half of women have experienced domestic violence, sexual assault or stalking. Violence against women also has a wide impact on society. Government research estimates that domestic violence alone—just one of the strands of violence against women that I have cited—costs the country £6 billion a year, rising to £23 billion if the human and emotional costs are taken into account.

Our report on victims and witnesses who are women in phase 1 of the commission highlighted the "post-code lottery" of services for victims. We have found in our review "One Year On" that provision is still pretty patchy. We are therefore throwing our weight, such as it is, behind the call from Amnesty International and the

[Vera Baird]

Women's National Commission for a comprehensive strategy cutting across all Departments to tackle violence against women.

We also need to develop a more sophisticated understanding of the relationship between women's victimisation and their offending. Our courts categorise people as either victims or offenders, ignoring the considerable overlap between the two. Good research by the Fawcett gender and justice policy network shows that a disproportionately high number of women in prison have a history of suffering violence, abuse and victimisation. Those are features of people's lives that tend to lead to self-harm, too. It is a shocking fact that death and self-harm are a matter of routine in women's prisons. We are deeply concerned about the systemic failure to protect vulnerable women in the state's care. Since we reported in March 2004, there have been a further 12 self-inflicted deaths by women who were sent to prison by the courts. The Government committed themselves in the 2004 spending review to funding radical alternatives to custody for women offenders—that was the turn of phrase—which was a welcome move. However, the provision must be resourced properly if it is to be effective.

The third approach that we took to women, the criminal courts and the broader justice system was to consider their experience as workers in the criminal courts. We strongly believe that improving the treatment of women practitioners will lead to better treatment of women victims and offenders. Since we reported in 2004, it has been a difficult time for those in the prison and probation services, because of the changes taking place and the merger of what, even to the most casual observer, are the two completely conflicting cultures of the probation and prison services. However, we welcome the progress being made and Government proposals to set up the judicial appointments commission and to make reforms to the police service. We hope that both sets of proposals will help to improve diversity.

These are the general ways in which we considered the position in 2004. Specifically with regard to the courts, women's lack of representation at senior level in the judiciary was the most obvious thing that jumped out at us. The system of appointment varied across the judiciary, and still does. It is much more transparent and open in the lower parts of the system—for example, in the magistrates courts and tribunals—where the work force are consequently more diverse. The independent Commission for Judicial Appointments has found systemic bias against female and ethnic minority candidates in the appointment system, and the evidence that we collected suggested the same.

Our male-dominated criminal courts have affected the experience of women who come before them as victims, witnesses or defendants. We found—this is not new to insiders—that rape victims felt that they were the ones on trial, rather than the defendants, and they blamed the attitude of the judiciary in large part for that.

David Taylor: My hon. and learned Friend outlines the case comprehensively. Is not the judicial system disfigured by a pernicious stereotype of women? Where women are offenders, are they not doubly disadvantaged, because they are measured by whether they fall short of some idealistic expectation of good womanhood, as Helena Kennedy has said? Is that not a problem in the legal system?

Vera Baird: I can perceive that it may be a problem in society more widely, but there is much in what my hon. Friend says. There has been a huge domination by males in the judiciary, and consequently there is a canteen culture that can confirm out-of-date stereotypes of women. That makes it difficult for those in the judiciary who, with the best will in the world, intend to be independent and neutral, to shed those biases when they come to do their work. I thank my hon. Friend for making that point.

We found in our research that special measures to help vulnerable witnesses, introduced as long ago as under the Access to Justice Act 1999, were not being implemented properly in court. Those special measures are opportunities for vulnerable witnesses to give their evidence in a sheltered way, such as from behind a screen, by television link or, ultimately, on video; that way, they would not have to go into court at all. However, we found that these measures were not being implemented consistently, and that they were still regarded rather as measures for children, not adults.

We found also that lengthy court processes could lead to the withdrawal of vulnerable victims. As for domestic violence, lengthy court processes provided the opportunity for further violence and intimidation to occur. Domestic violence has the highest rate of repeat victimisation of all crime, at 50 per cent. Specialist domestic violence courts have been established to try to improve victim safety and ensure an integrated approach. I shall return to those specialist courts later.

In our research inquiries, we found widespread concern that the courts were becoming increasingly punitive against defendants, particularly women. In 2002, 12,650 women were sent to prison. Last year, the figure was about 500 more. The majority of those women are no risk to the public, and the single most common offence for which women are imprisoned is shoplifting. Almost 40 per cent. of women in prison had attempted suicide at some stage in their life prior to going to prison—a much higher figure than for men in prison and for the general female population. The growth in the female prison population has much outstripped the growth in the male prison population. On 19 March, the number of women in prison stood at four thousand, eight hundred and thirty-something.

The average sentence that the courts give a woman is 39 days. That is insufficient for any rehabilitative process to commence. It is insufficient for any courses to be gone on, or for women to address their offending in any way, and of course they are not required to do so; all that they are required to do on short sentences of that sort is cool their heels until they are released. It is, however, quite long enough for women to lose their homes, to lose their jobs, or to have their benefits disrupted for their children to require a different sort of care. Their lives, as I shall describe, are often chaotic in the first place, and are thrown into even deeper chaos by the time that they come out of prison.

Nothing is gained by short sentences, especially as two thirds of women who have been sentenced to prison for non-violent offences reoffend within two years.

Short sentences do the women damage and, given the disruption to their children's lives, are bound to knock crime into the next generation. Nor do they do us any good, because they simply do not work.

In the course of our research, the Law Commission examined partial defences to murder, which is particularly relevant to women who kill a domestically abusive partner. They often go to court facing that charge with no appropriate defence available to them. They have not killed because they lost their self-control as a result of the provocative behaviour of their male adversary. Usually, they act in fear rather than in anger. If they have acted in self-defence but have gone too far, perhaps by stabbing—the most common form of domestic killing of an abuser is stabbing him, having run away from him into the kitchen and seizing a knife from the draining board—they are guilty of excessive self-defence, which carries a conviction for murder, not for manslaughter.

To be fair to the Court of Appeal, it has stretched case law in this area, through famous cases such as Sara Thornton and Emma Humphreys, until it has almost cracked, and it cannot cope with such cases much longer. There is an urgent need for the law to be reviewed.

Furthermore, although the Court of Appeal has stretched case law, which is to the benefit of women in the appalling position of having to strike back against an abuser who has often been violent to them for many years, these developments are not very well known. They are not, for instance, statutory. Given that the understanding of the relevance of domestic violence to the way women react in such situations is relatively new, we have a real fear that several women are in custody or have been convicted of murder who should not be in that position, and we are anxious to persuade the Government to assist us to review those cases.

One year on, is there a great deal of change in the courts, Mr. Cook?

Mr. Deputy Speaker: Order. I would be remiss in the exercise of my duties if I did not ask hon. Members to bear in mind that in establishing this parallel Chamber, the House decided that the Chairman should be addressed as Mr. Deputy Speaker when the Chair is occupied by one of the four senior members of the Speaker's Panel of Chairmen.

Vera Baird: I cannot apologise enough. The fact that I am familiar with the Deputy Speaker day to day—not in the way that your facial expression suggests, Mr. Deputy Speaker, but as he is my next door parliamentary neighbour but one—has lent me to be inappropriately over-familiar in my mode of address. I am sorry. I thought that I had done something absolutely terrible, and I have.

One year on, have things changed in the criminal courts? Perhaps unsurprisingly, there is little change in women's representation in the senior judiciary from a year ago. There are, of course, the one woman in the House of Lords, to whom we all cling as a sign of light at the end of the tunnel, two women in the Court of Appeal and 10 women in the High Court. A very pleasing development that we must make a point of noting is the appointment of Linda Dobbs, the first black and minority ethnic woman to be appointed to the High Court.

Despite changes to the system of appointing judges, which are already ticking over, the independent Commission for Judicial Appointments and our research still found cases in which comments had been made about women's dress sense or their marital status when their appropriateness for an appointment was being discussed. There is a deeply embedded cultural problem in the system, which will be hard to crack, but the Government's document welcomes increasing diversity in the judiciary. We make recommendations in our paper "One Year On" that are very similar to those made by the Government.

We would add that part-time work as a judge will be important in ensuring that women play a fuller role, and we hope that that will be given greater emphasis as the Commission for Judicial Appointments develops. Largely as a result of pressure from the commission, High Court judges, like circuit judges, now have to attend training on serious sexual offences before they can hear rape cases. Only two years ago, High Court judges had no training whatever on those offences, but in the last year, we have seen research on section 41 of the Youth Justice and Criminal Evidence Act 1999 about judicial attitudes. That section attempts to restrict occasions when previous sexual history can be given in rape trials to discredit the complainant, and research into its efficacy was carried out by the Criminal Bar Association; it was problem based and merits a good read.

Contrary to the research's conclusion that section 41 should never have been passed and has made no difference, it shows some very good thinking by a small number of judges about the relevance of previous sexual history. It shows that they have taken on the spirit of the section and that they require their own thinking to go through the hurdles and over the fences in order to prove a sexual history. They looked again at the measure's relevance and said, "I would have let that in before, and section 41 has made me think differently." The overwhelming bulk of judges do not think like that and the way they approach problems is, frankly, a disgrace in this modern time. I recommend anyone who takes an interest in the issue of women and criminal justice to read the research, by Neil Kibble, to understand the depth of cultural attitudes, and the extent to which they still prevail in our modern judicial system.

We have genuine worries about the calibre of judicial training because there is a problem persuading judges that there is a distinction to be drawn between their preserving their independence, which is imperative, and their need to understand complex modern issues such as domestic violence and rape. Any attempt to teach them modern attitudes to these offences which they can take into account in their judicial functioning is seen by them as an assault on their independence, which it should not be.

As to defendants, intermittent custody has started to be implemented since the commission first reported; we considered it in the new report and found problems for women. The pilot study showed that when and if it is rolled out, the fact that there are only 19 women's prisons, far fewer than there are men's prisons, means that women will be required to travel longer distances. There is evidence that it is extremely difficult and expensive for women to get to intermittent custody

[Vera Baird]

locations for the weekend. None the less, it is imperative that women, especially, should be given that opportunity so that they can keep their jobs and stay with their families for the rest of the week.

The Government will have to bite the bullet and pay the costs for women travelling to intermittent custody. If that is positive discrimination, it is based on the fact that women live further away from the prisons than men, that overall they are poorer than men and that many women who go into custody, intermittent or otherwise, have been convicted of crimes that are linked to poverty. It is a problem, and we invite the Government to consider it.

A single community order will replace all current community sentences in April, with the aim of allowing such a sentence to provide a tailored package for the individual needs of the offender. That will work for women only if the National Offender Management Service tailors community provision to be women-specific, of which it does very little now.

We were pleased that last night, in launching our report, the Home Secretary announced £9.1 million over the next four years for community provision for women offenders to replace custody. It is clear that the detail has not been fully realised, but we are pleased that for the first time, as we requested, attention and money are being given to women-specific sentences. That was the thrust of the report.

It is likely that poor mental health contributes significantly to women's involvement in crime. We have found that vulnerable women whose psychiatric condition is giving courts concern are often remanded in custody—put into that dangerous location—specifically to obtain psychiatric reports on their state of mind. That seems short-sighted and wrong. We believe that local psychiatric services and voluntary services have to be brought together with local courts to provide fast-track psychiatric assessment and appropriate community treatment packages. That should be done as a matter of urgency.

We make some specific recommendations in "One Year On", which I commend to the Minister. We are convinced that the gender, race and disability duty should apply to the new judicial appointments commission. I cannot see any reason why it should not. Could the Minister confirm that? We also recommend that the Sentencing Guidelines Council should take account of diversity issues, including gender, when it drafts guidelines on sentencing for the court, and that the Home Affairs Committee, which scrutinises its work, should likewise take account of diversity, including gender.

As the new public duty to promote gender equality will not apply to the judiciary—there is an express exclusion—can the Minister confirm that it will apply to the Sentencing Guidelines Council so that gender can be taken into account when the judiciary is sent guidelines? We think that where the defendant has caring responsibilities, they should not be remanded or sentenced to prison without a report on the impact of that incarceration on their dependants. We should like to see that become a rule of law. We think that where the defendant appears to the court to have mental health problems but does not justify admission to hospital, they should not be remanded or sentenced to prison without a medical report on the impact of incarceration on their mental health.

In view of the problem that we have raised about intermittent custody, we believe that it and the new community orders should be monitored carefully to ascertain their impact on women offenders and the impact on families. We support the call I mentioned, which was first raised by Justice for Women and Southall Black Sisters, that the cases of women currently in prison serving murder sentences for the killing of violent partners should be reviewed, because we have real fears that many of them are there wrongly.

I return quickly to the issue of specialist domestic violence courts. Research carried out by the Government shows that they are improving the treatment of victims, increasing effectiveness and promoting information sharing. We visited a very good example of a domestic violence court in west London. We wonder what is to happen to these courts. There have been five pilots—in west London, Derby, Leeds, Wolverhampton and Cardiff. The Leeds one is five years old. The Derby one is now 18 months old. They all differ but they are all grounded in some pretty straightforward principles.

The police identify cases at the earliest opportunity to ensure that they go to the special domestic violence court. In west London, it meets every Thursday. None of these centres meets every day. Overnight arrests and remands in custody are bailed or remanded again by the ordinary courts to the domestic violence court, once the offence has been identified. District judges are trained specifically in domestic violence. There is great reliance on professional district judges, as everyone seems to think that they are preferable to lay magistrates for these cases. They build up a body of experience and do not consequently have the sort of light attitudes to domestic violence that other judges, who are less well trained and less well versed in the complexity of these issues, may have. Yet these district judges are capable of being fair to defendants.

In addition, Crown Prosecution Service representatives are experienced and trained so they are particularly able to make early applications for special measures such as screens. Pre-trial reviews are held early to fix a trial date. They deal with all the issues, including child care and transporting the complainant to court, and trials are fixed within 28 days if possible. A specific case progression officer monitors all cases to spot and to try to iron out glitches causing unnecessary delay. The specialist court also has copies of any civil orders against a defendant in relation to domestic violence.

A domestic violence police officer is invariably available by the time of the trial, and they are always present whenever the complainant is. The witness services make special provision for the complainant to be brought into the building separately and looked after in every way. They facilitate a court familiarisation visit if she wants to get a sense of the surroundings before the court date, and the probation service is also available to help. In most cases, a system of domestic violence advocates, who are essentially befrienders from the voluntary sector, look after the interests of a domestic violence complainant from the start. In normal courts

the notification of bail sometimes goes wrong, but in the special courts care is taken to send bail decisions and conditions to the complainant.

These are the principles according to which the courts operate, and they have led to much quicker hearings. That means that there is less opportunity for intimidation or for women who may be ambivalent about giving evidence against their partner to change their minds. The courts have also reduced the number of hearings, of which there are typically seven or eight in a normal court for the simplest domestic violence case, to 3.5 on average in west London, and a similar number elsewhere. That is obviously helpful, and the figures for repeat victimisation in the west London court, which were at the national average of 50 per cent., have dropped to 32.7 per cent.

What do the courts cost? According to the Government's own evaluation, not much, and I am sure that they have read the bottom line. The courts involve a remarshalling of existing resources rather than the provision of new ones. The evaluation of the five pilot specialist domestic violence courts expressed positive views about them and pointed to the improvements. However, that was in January 2004 and nothing has happened since. In our manifesto at the last general election, we said that we would consider the effectiveness of special domestic violence courts. Now that we have considered them, can we have a commitment to roll them out nationwide?

I return briefly to the Fawcett Society's theme of the two challenges facing the courts and the criminal justice system. They are the need for a coherent strategy on violence against women, and the need to stop vulnerable women, who are often victims of violence at an earlier stage, from going to prison where they deteriorate or from where they sometimes do not emerge. We urge the Government to consider those challenges as two sides of the same coin and to examine closely the courts' role in failing adequately to protect the first cohort in general and the second cohort by too readily sending them to prison. We invite the Government to rise to those challenges.

10.3 am

Mr. David Heath (Somerton and Frome) (LD): First, I congratulate the hon. and learned Member for Redcar (Vera Baird) both on securing the debate and on what she said. I also pay tribute to the commission on women and the criminal justice system, which the hon. and learned Lady so ably chaired on behalf of the Fawcett Society, which has made an extremely valuable contribution to the debate in many ways. I hope that she feels that that contribution has gone some way to informing the debate and moving it forward.

There has been a small but perceptible shift in attitudes over recent years. There is more understanding of the parameters of the debate, certainly in Government—I acknowledge the role that they have played—and, more widely, in the legal professions. There is a recognition of the need to take further action on these issues; what is disappointing is the glacial movement on many of them. The problems have been identified, but it has sometimes been more difficult to find the solutions.

I shall not repeat everything that the hon. and learned Lady said because that would be pointless, but I agree with the basic structure of what she has said today and in her reports. There are three broad areas in which women encounter the criminal justice system: as victims of crime or witnesses to it, as offenders and as workers within it. That is a useful framework in which to set one's comments.

I shall deal first with women as victims of crime. The hon. and learned Lady is right to identify the great concern about women who are subject to violent crimes, including domestic violence, rape and sexual assault. Although such matters are dealt with better than they were at one stage, they are still often not addressed coherently, and the performance of courts and investigating authorities throughout the country is patchy. The hon. and learned Lady rightly drew attention to the value of specialist courts such as the domestic violence courts dealing with this issue, and it is right that they do. However, most people do not have access to them; even if we rolled out the programme in the way that she suggests, it would still be a considerable time before women in my constituency, for instance, had the benefit of such a court. We need to see these courts as "beacons of excellence"—to use the Government's phrase—in the treatment of domestic violence, but we must not forget the need to examine the performance of other courts, including lower courts, on these issues.

The reports also bring out the fact that there is a huge disparity in police attitudes. Some police forces have gone a long way from where they were a few years ago in dealing with complaints of domestic violence and in investigating allegations of rape. Others, unfortunately, are still fairly antediluvian in their attitudes and seem not to have the mechanisms to provide for a successful intervention. We should recognise that the police service is still seen as a masculine domain. Going into a police station—if one can find a station that is open, which is unlikely in my constituency, although I know that there are stations that are open—is still intimidating for many people, but particularly for women. The likelihood that they will then face a male officer is a great concern. One hopes that he will not have preconceptions and prejudices, but it is perhaps more likely that prejudices will exist.

Having gone through the investigative process, we then have the court process. In many ways, that, too, is not very friendly. The Fawcett Society reports bring that out, and I do not propose to cover the same ground. However, there is a failure to recognise the particular difficulties that many women have in attending court when they are family carers, or to provide for them in any sensible way. I have often brought up the closure of small courts, which has an effect on victims and witnesses. It has a disproportionate effect on those who do not have their own transport and have family commitments of which they cannot easily divest themselves. They face a barrier if the nearest court is many miles away, and is not accessible by public transport. We need to address the fact that few courts take seriously the difficulties involved in providing child care facilities for those with younger children. Many of the support systems for victims of crime are still inadequate. The continuing follow-up, following the conviction of an assailant, is insufficient to provide the support that people need.

The numbers of women in our prisons have increased significantly, although they still represent a small proportion of the prison population. In 1993, there were

[Mr. David Heath]

1,560, and in 2003, 4,461. As the hon. and learned Member for Redcar says, that is due largely to crimes not of violence but of acquisition, normally shoplifting. Many are serving short sentences, whose effectiveness in preventing recidivism is dubious. In their cases, it is clear that prison does not work.

The effect of prison on the individual and her family, however, can be considerable. There is a disproportionate propensity among women prisoners to self-harm and suicide. That should worry us. The innocent families of women who are sent to prison are hugely affected: they are subject to stigma and privation as a result of the women going away, and can find themselves in considerable difficulties as a result of the imprisonment. As there are few women's prisons, their geographical distribution is extremely skewed, so in many cases women are sent to prisons that are a long way from their families.

All that suggests that, first, the courts should more often use dispositions that do not involve a custodial sentence—they are more effective—and, secondly, early intervention is a more satisfactory answer for an offending female, so it should be resourced and used more effectively.

Mr. Deputy Speaker: Order. I ask the hon. Gentleman to increase the volume of his delivery. I am partially deaf, and I need to hear what is being said.

Mr. Heath: I must apologise, Mr. Deputy Speaker. Perhaps I was not speaking sufficiently in the direction of the microphone. It is unlikely that I was speaking quietly. I shall increase the volume a little, but I do not want to bellow.

Women prisoners also have a propensity to mental health problems. That suggests that mental health provision to women's prisons should be increased. It is certainly inadequate at the moment.

Taking all these factors together, it is demonstrable that short-term prison sentences are often not the answer to women's offending behaviour. Courts do not always—particularly in the cases of women from abroad—take into account the circumstances of offenders who find themselves under duress, and the effect of that on their behaviour. It worries me that there is a substantial population who have effectively been trafficked here, and who are required to commit offences. They are really the innocent victims, rather than the perpetrators, of criminal offences.

Mr. Dominic Grieve (Beaconsfield) (Con): I am following with interest what the hon. Gentleman is saying. It is probably wrong to criticise the courts about this, because if one goes to the average women's prison and ascertains the proportion of women who are there for drug importation-related offences, there is no point in criticising the judges for putting them there for sentence. If that is to be an area of criticism, it must lie with Parliament for having made absolutely clear that those sentences have to be imposed in tariff fashion.

Mr. Heath: That is a valuable intervention.

I turn now to women working within the criminal justice system. The hon. and learned Member for Redcar gave a clear exposition about the deficiency in numbers of women working in the criminal justice system. That is so in the case of judges, chief constables, chief probation officers and chief Crown prosecutors. In all those professions, there is a gross deficiency in the number of women represented at senior levels. In the case of the police, there has been a welcome advent of women chief officers, and there are now a few scattered around the country but, of course, not nearly enough to represent the population as a whole.

Women in the police say that there are still distinct institutionalised discriminatory processes within the service, despite the best endeavours of those who are trying to institute equal professional practices. There is still a distinct propensity to divert able women officers into particular specialisms, which often do not have the highest status, and therefore act as a bar to senior promotions. That is unfortunate because there should be no differential: some of the most effective police officers are women who have had the opportunity to use all of the specialisms available within their profession. That fact remains, and the situation is probably the same within the probation service, although the present financial constraints of that service mean that is difficult for all probation officers to meet the demands that are placed on them.

Within the legal profession, there is an extraordinary pyramid that has been illustrated time and again. The majority—59 per cent.—of law graduates are women, and 50 per cent. of lay magistrates are female. At the bottom end, as it were, there is no discrimination, yet that pyramid tapers towards the top end. There is, at long last, one female Law Lord, but no more than that, and there is a gross under-representation of women at the level of High Court judges and QCs within the Bar.

Underpinning that taper is a pay differential, which has still not been satisfactorily explained to me, both within the solicitors' profession and the Bar. There is also a wastage of able women at the level of pre-partnership in solicitors' firms, and a similar wastage at the Bar: some women face difficulties in reaching the level of silk. Only 8 per cent. of QCs are women, yet the hon. and learned Lady is a very fine advertisement of the value of women QCs.

I know that such matters are being addressed in rhetorical terms, if nothing else. I hope that the new judicial appointments commission will do much better. However, it seems abundantly clear that until we achieve a degree of parity in the legal profession, we will have a one-sided, one-gendered profession that will not serve the country as well as it might.

I look forward also to the first woman Lord Chancellor. Now that there is no bar, as the result of the passing of legislation in another place, there is no obstacle in the way of the hon. and learned Lady as the first woman Lord Chancellor. I look forward to her undertaking that role in the near future. But there we are: even in the House we have difficulties recognising the fact that there should be equality of treatment in the legal profession at the senior level. The Equality Bill, so ably championed by my noble Friend Lord Lester of Herne Hill, will do some good in that respect, as the hon.

and learned Lady said. However, despite the improvements in recent years, there is a still a long way to go.

10.21 am

Mr. Dominic Grieve (Beaconsfield) (Con): It is a pleasure to participate in this debate. I suspect that I shall give the Minister ample time to respond, and I am sorry that there has not been more participation. I welcome this opportunity and congratulate the hon. and learned Member for Redcar (Vera Baird) on securing the debate. I was aware of the Fawcett commission's work; indeed, my hon. Friend the Member for Chesham and Amersham (Mrs. Gillan) was involved in it prior to taking her place on the Front Bench, and I know that she found it particularly valuable. I certainly found the conclusions interesting and useful.

The issues that the hon. and learned Lady highlighted—which I am delighted to hear will be considered further in work by the commission—are absolutely the right ones. Women confront a series of problems in the criminal justice system, whether as victims, defendants or participants—I adopt the same model as the hon. Member for Somerton and Frome (Mr. Heath)—that need to be addressed.

It is sensible to start with women as victims. One of the problems with the debate is that it is difficult to know the extent to which the much-needed reforms introduced by the Domestic Violence, Crime and Victims Act 2004 will work in practice. That legislation may provide compelling improvements in the way that women are treated as victims in the criminal justice system.

I certainly acknowledge, from personal experience, that the courts can be a difficult and hostile environment for victims at the best of times. That is particularly so if the offences of which the victim comes to give evidence have major emotional and physiological content. In truth, that is often so in the sorts of case about which the hon. and learned Lady talked. I do not think that that is necessarily a gender issue, and in some cases the problem applies to men who come to give evidence. However, in the order of things, it is women who are principally put in that position.

The lack of facilities in court for people to be found a place to sit before giving evidence, the delays that are inherent in the criminal justice system—all practitioners and judges try to eradicate those delays, but they continue to plague us—and the difficult task of balancing the right of the defendant and his representatives to cross-examine with the right of the victim to be protected from intrusive questioning are all difficult matters. My experience is that much can done without any statutory change at all, simply when people are much more sensitive to the underlying issues. There I agree with the hon. and learned Lady.

It is unfortunate, but although we often see wonderful examples of good practice in court that create an atmosphere in which justice can be done and the victims can feel that they have been treated properly, we are still confronted by plenty of examples where that does not seem to happen. That seems to be due to ignorance, although on some occasions it is possibly due to prejudice. However, I suspect that ignorance underlies it, which raises issues about judicial training, and potentially the question of providing continuing training for advocates in areas that are slightly removed from advocacy but that relate to proper conduct in such cases. There are some fertile areas for exploration in relation to these topics.

As the hon. and learned Lady knows, in the domestic violence legislation we have provided for some changes in the law in practice in court. It is too early to say how that will work out. However, these are positive steps and we welcome them. The Government were right to take them, and I hope that they produce some benefits.

The second area about which I wish to speak is that of women as defendants. The hon. and learned Lady put forward an astonishing statistic about the average period of imprisonment that women undergo. I believe that there is universal agreement that very short sentences are entirely useless—whether for women or men—so that statistic raises serious issues as to why that average stands as it does. However, an average is an average; it would be necessary to examine carefully how it is working out in practice.

As I said, there is a universal view that short sentences—under 12 months spent in custody—allow for no opportunities of constructive rehabilitation and training. What, therefore, is going on? I suspect that what is happening—as the hon. Member for Somerton and Frome highlighted—is that, as a consequence of societal changes, the number of women going through the criminal justice system has been increasing. Although it may be true that the majority of these women are being imprisoned for shoplifting offences—I suspect that that must be for persistent repeat offences, because it is unlikely that someone would be imprisoned for a first time offence of that nature—there has also undoubtedly been an increase in the involvement of women in violent offences. I suspect that that increase has taken the criminal justice system largely by surprise, and that it has been unable to respond adequately—people have been flapping around searching for a solution.

The hon. and learned Lady rightly highlighted the fact that in some instances one cannot distinguish between victim and criminal. In many cases—this applies to men as well—people who are victims of crime are also perpetrators of crime. However, in the context of violent crime, I have no doubt that that correlation exists in relation to women. Indeed, one of the reasons why more women may be involved in violent crime in general—such as girl teenage gangs on the street—may be that there is a greater incidence of violence against them. We do not know. The Fawcett commission may be interested in examining that area, because it is certainly an area of societal change. It may reflect a greater sense of empowerment in women generally, so that they stray into more male areas. It is a worrying phenomenon, and I suspect that the courts are unable to cope with it and do not know what to do about it.

Vera Baird: We always assumed in the Fawcett commission that although we were studying women, and expected to find that they were at the sharp end of features of the criminal justice system, our findings would have application to men as well. We hope that some of our recommendations will play out in the area of male involvement.

[Vera Baird]

I also want to reassure the hon. Gentleman that when the hon. Member for Chesham and Amersham (Mrs. Gillan) withdrew from the commission, she was replaced by the right hon. Member for South-West Norfolk (Mrs. Shephard), who serves us very well.

Mr. Grieve: I am grateful to the hon. and learned Lady for reminding me of that—I had temporarily forgotten it. I well remember the circumstances in which my hon. Friend the Member for Chesham and Amersham started to work on the commission. I know that she was delighted to participate in that work.

In relation to women as defendants, there is also the question of prisons. The truth—I think that it applies to the custodial system generally—is that the variability is astonishing. I know that the commission visited Holloway. I remember discussing it with my hon. Friend the Member for Chesham and Amersham, who was horrified by the conditions there. Against that, not so long ago I visited Send prison near Guildford, and I was impressed—although I am always hesitant when talking about the prison system, because changes seem to happen in it very quickly. There were opportunities for drug rehabilitation at Send. In excess of 50 per cent. of its inmates were foreigners, most of whom were serving prolonged sentences for offences linked to drug importation, but despite having to cope with that situation, it provided a humane regime for the women incarcerated there; there was a great deal of hope in the atmosphere. The trouble is that such examples are all too rare.

The link between self-harm in women and imprisonment, and the problems associated with women's prisons generally, as well as the fact that many women prisoners have serious mental health problems—that applies to male prisoners, too—are important issues. It is also the case that many women who commit offences that bring them to public notice, as opposed to merely the notice of the courts, experience degrees of demonisation that are often unjustified, and that they experience them because they are women. That is a societal problem with which we have great difficulty in grappling. Given all those circumstances, I am unsurprised that mental health problems are prominent.

The hon. and learned Member for Redcar highlighted the fact that considerable progress has been made with regard to practitioners in the system, including Law Lords, members of the Court of Appeal, and High Court judges. The criminal justice system often operates at a lower level than that, and it is now unusual to find a court where there is not a female Crown court judge sitting, along with other colleagues.

However, there are serious problems in the recruitment of women to the judiciary, and they are rather more complicated than has sometimes been acknowledged. In recent years, there has been a tendency to look at career structure, and to identify as the key obstacle the desire of many women to take a period off work in which to have children, but I am coming to the conclusion that that is not the real problem. The real problems were highlighted in a recent meeting of the all-party group on the Bar that I attended. The first is the number of women who are deterred at an early stage from pursuing careers in advocacy or the solicitor profession. Recruitment statistics suggest that there is a large input of women, but many leave the profession within three or four years of starting in practice. Secondly, what has always been underestimated is that the problem for women who take time off to have children is not that period itself, but the period when they have returned to work—as my wife, who is a barrister who has returned to full-time practice after having had children, points out to me. That is potentially the busiest time of their careers, and it is when judgments are likely to be made about whether they are suitable for appointment to the judiciary, if that is their chosen career option. It is the time when the ambition of many women filters away; they do not put themselves forward for promotion when plenty of them are worthy of being appointed.

These are complicated issues, and I very much hope that the judicial appointments commission will address them. We have welcomed its creation, and I hope some changes will flow from it. We must encourage—subject, of course, to the overriding consideration of merit—a wide pool of talent, and we must ensure that women are represented throughout the criminal justice system. That is essential; it applies not only to advocates and judges, but, as the hon. and learned Lady said, at every level, whether that be the police or the National Offender Management Service. We all know that in those areas, particularly in the police, there has often been a culture that many women may not find congenial in terms of participation. There are some big issues to address.

In conclusion, I welcome what the hon. and learned Lady has said. I am particularly pleased to hear that there will be an opportunity for the commission to do further work; I did not know that. I congratulate her on securing the debate and on putting her points forward, and I look forward to hearing the Government's response from the Minister.

10.35 am

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): First, I congratulate my hon. and learned Friend the Member for Redcar (Vera Baird) on her contribution in steering the Fawcett Society's commission on women and the criminal justice system, which covers such vast ground that it has been useful to have a proper, quality, in-depth look at its results and conclusions, and to hear such a warm welcome for many of its findings.

I want us to pay tribute to the commission's work, but I do not want to give warm words of welcome only; I want to consider what action might be taken in several areas. We know that reform in the criminal justice system can be fairly gradual and slow, but good steps forward are being taken. However, there is still a long way to go toward an equal and fair justice system for all that is more sensitive to the needs of certain groups of society, particularly women—the largest group in society. It is important to set that work in the wider context of what the Government are doing on women's policy in general. We want to ensure that there is an improvement in gender equality in all areas of policy and work, and we must keep at the forefront of our

minds the basic principle that all people must be equal in the eyes of the law and that we must therefore have fair approaches to achieve equal opportunities.

My hon. and learned Friend talked about the positive duty being put into the Equality Bill to give the promotion of gender equality a statutory footing much the same as the existing duty on race equality. That will go a long way toward delivering some of the more general aspirations of the commission's recommendations on duties on public bodies. We need to work out the implications for each public body, particularly those in the criminal justice service. I would like to consider them one by one and write to my hon. and learned Friend about that, and about how the measure will apply to the Sentencing Guidelines Council and other bodies. That is an important issue: how in generality we can say these things, and how they will work out in practice.

We should always remember the difficulty that the criminal justice system has had in dealing with domestic violence. Of course, that crime affects both men and women, but women are disproportionately afflicted as victims. Everybody has the right to feel free from crime and to feel that when a crime takes place it will be dealt with justly by the criminal justice system. We must make significant changes regarding domestic violence, particularly to aid women who have been victims; there are major steps that we can take.

We need to be much more determined to tackle the issue; the Domestic Violence, Crime and Victims Act 2004 is the biggest overhaul of domestic violence legislation for at least 30 years, and is a crucial part of our wider strategy to prevent domestic violence by protecting and supporting victims and bringing perpetrators to justice. The Act ensures that both civil and criminal law offer the maximum protection to all victims to stop violence recurring and to bring offenders to justice. The Act is clear and straightforward and will significantly aid women. For example, it makes breaches of non-molestation orders a criminal offence, so that the police have clearer powers of arrest when attending incidents, and will extend the eligibility of non-molestation and occupation orders so that victims can make an application for protection even when couples have never married or lived together.

We need to make it more widely known that common assault is an arrestable offence, to ensure that police can get perpetrators away from the scene of a crime so that violence does not escalate. In the courts, we need to ensure when sentencing that restraining orders can be imposed for any offence, so that victims can have immediate protection and will not need to make a separate application to the civil courts, as used to be the case. Cases would be held in a criminal court without the restriction order, and people would not have to be accompanied over the road or to another side of town to the county court to get the restraining order in place.

We need also to enable courts to impose restraining orders on acquittal for any offence, if they consider it necessary to protect the victim. Again, that will mean that victims will get more immediate protection without the need for a separate application to a different court. These are specific and detailed but important changes to the law that start to shift the balance in domestic violence, and will make an appreciable difference to many women who are the victims of domestic violence crimes.

There are other measures, too. My hon. and learned Friend mentioned the specialist domestic violence courts, which the Fawcett Society's commission has been keen to see not only properly evaluated but rolled out more across the country. That initiative has so far seen seven specialist domestic violence courts across England and Wales, which are being evaluated. The term refers not necessarily to a free-standing building or a particular jurisdiction, but rather to a better and more tailored specialist way of dealing with domestic violence cases in the magistrates courts. Common features include the better identification or flagging-up of cases to facilitate clustering or fast-tracking them through the system, the pre-trial hearing aspect mentioned by my hon. and learned Friend—the use of that opportunity for pre-trial reviews for better progression on the case—and better multi-agency working between the different public sector bodies that can help to find solutions.

The key to the successful operation of specialist domestic violence courts is the availability of good advocacy or a support worker who can help a victim to navigate their way through what can sometimes be a complicated spaghetti of statutory and voluntary support, to make it clear and help them to walk though the process. We have evaluated that and have found that the specialist courts enable the development of best practice and can improve victim satisfaction and inter-agency co-operation, as well as increased public confidence in the area in which they are based, and reduce the number of cases that do not need to proceed to a hearing. It has also been evident that some of the specialist domestic violence courts often result in more community sentence punishments, which are more rehabilitative than the custodial approach.

We are convinced of the benefits of specialist domestic violence courts coupled with dedicated support for the victim. I am pleased to be able to say that earlier this month, in conjunction with the Home Office, an extra £1 million has been announced for next year to develop more specialist courts, supported by the advocates. We hope to have 25 such dedicated domestic violence courts by the end of 2006—a step in the right direction. We all want to see more done at a quicker pace, but the investment in public services really makes a difference. It is a classic example of where money and resources can benefit our criminal justice system.

We want to develop the first integrated domestic violence court where the criminal and family aspects of cases are dealt with in one court, and we want to pilot that by the end of the year. That will be an innovation in the way that our justice system works. In addition, we refer sentencing issues in domestic violence cases to the Sentencing Advisory Panel, working with the Home Office, to develop a register of civil orders so that the courts and the police will know about previous non-molestation and occupation orders.

Good progress on domestic violence has been made across the board, but more work still needs to be done. I want to continue to work with the Fawcett Society and my hon. and learned Friend in developing policy. Women are concerned about the effect of domestic violence on children and it is important to recognise that

[Mr. Christopher Leslie]

all too often children can be victims of domestic violence, as a result of witnessing crimes. We have tried our best to introduce changes and improvements so that better consideration is given to a child's needs under the criminal justice system. I cannot refer to all the matters that we are focusing on, but I wanted to highlight that aspect.

My hon. and learned Friend categorised the experience of women in the criminal justice system by referring to their work as practitioners or in the judiciary as defendants or offenders, and as victims and witnesses. Historically, women have faced barriers to justice, but recently changes have been made to the rules and procedures of courts to bring about improvements. For example, women are routinely cross-examined less frequently now about their previous sexual history in sexual offence cases because of changes introduced under the Youth Justice and Criminal Evidence Act 1999. There is still some way to go, but that was a positive change in the law.

Given the special nature of sexual offences and sensitive evidence, victims of sexual offences are automatically eligible for special measures. In other words, the protection that is provided for the victim or witness makes it a little more palatable for them to participate in the court process. That applies to younger witnesses, too.

Vera Baird: The Minister has hit on a topic that adds force to my argument that a holistic approach should be taken towards violence against women. He is right: special measures are available automatically to a victim of sexual abuse, but not to a victim of physical, domestic abuse. Such measures must be applied for and are ordered only at the court's discretion. People at the CPS are experts in such cases and they make applications early to specialist domestic violence courts so that women can be assured of protection. However, outside that, when women are close to the hearing, they do not know whether they will receive protection. In itself, that is obviously a deterrent to their sticking with the case, and it is a prime example of when we must consider domestic violence across the board and reconcile the two different approaches.

Mr. Leslie: I agree with my hon. and learned Friend. The application of special measures is a rapidly developing area of public policy. We have been discussing it in respect of a wider number of cases, including antisocial behaviour cases, when people often need to be encouraged to come forward to give evidence. We must bear in mind the wider principles of public justice being carried out in a public forum, but more can be done more quickly. I ask her to watch this space for announcements on such matters.

Mr. Heath: I entirely agree with the hon. and learned Lady and I am interested to hear the Minister speak in agreement. I tabled amendments to the Domestic Violence, Crime and Victims Bill, as it then was, in the terms set out by the hon. and learned Lady, but they were rejected by the Government. If there has been a change of heart, I welcome it.

Mr. Leslie: I want to study carefully the recommendations that are being made and ensure that we can find a way to reconcile them with some of the other principles of justice. There has been a shift of culture within the criminal justice system generally and a wider acceptance of the benefits that special measures can sometimes bring to the justice system, such as screens for witnesses and better assistance for them in the court room.

The Office for Criminal Justice Reform has been working on a victims and witness delivery plan. It was published some weeks ago and provides better directions to local criminal justice boards on how to improve services. It sets out seven national priorities to cover minimum standards for victims and witnesses, and principles with which both sides of the House will agree. The substantially resourced and funded initiative known as "No Witness, No Justice" has also begun to change the culture of the criminal justice system, as different Departments that do not necessarily talk to one another are joining things together to ensure that, from the point of reporting a crime through the court process, going to prosecution and ensuring that a good case is put in the court, witnesses are navigated and helped through the system. That is valuable and to be welcomed.

I would not want to neglect some of the good that we in the Department for Constitutional Affairs are doing, even in our little corner of the system. For instance, our target is to install video links in 75 per cent. of magistrates courthouses by 2006, and we are ahead of schedule in that roll-out. There will be separate waiting areas: that may seem basic and obvious, but it is vital so that a witness does not necessarily have to sit next to the defendant before going into court. It can be an intimidating process and it is amazing that witnesses sometimes have to do that. We are aiming to cover all magistrates courts by 2008, and we are on target for all Crown courts too. Witness liaison officers are being appointed in magistrates courts to be a more welcoming presence at the entrance to the court. A number of these changes are very positive, but more needs to be done, and we must keep our foot on the accelerator.

The other aspect of my hon. and learned Friend's comments, based on the Fawcett Society's report, covered women working within the criminal justice system. Women have historically experienced under-representation, not just in the judiciary but as practitioners in general. Although it is not now true in the magistracy, where about half of magistrates are women, it is regrettably still true in the professional judiciary, where women make up just 23 per cent. of district judges in magistrates courts, 10 per cent. of circuit judges, 10 per cent. of High Court judges, 5.5 per cent. of Court of Appeal judges, and just one of 12 Law Lords. There have been notable changes in recent months, but much more can be done.

I do not have too much time to go into the improvements that can be made. However, at the Women Lawyers Forum held on 5 March, my noble Friend the Lord Chancellor announced the outcome of the recent consultation exercise on increasing diversity in the judiciary, and set out a consequent programme of work that is now being taken forward. Some strands of that work, such as improving information and communication about being and becoming a judge, and the introduction of career breaks for salaried judges, are being introduced immediately. Other areas of work need

further consultation because, for example, any change would require primary legislation or detailed exploration with the judiciary or other stakeholders. That is why we are getting on with it, talking to them and ensuring that we can make those changes.

Turning to the Court Service itself, more than 66 per cent. of staff are women, and 43.6 per cent. are in higher management grades. Although only 28 per cent. are senior civil servants, we recognise that it is not just at the level of the players in the courts themselves, but at that of those who support and administer the courts, where better equality is needed. We are doing our bit there too. The Bar Council has published figures showing that 44 per cent. of barristers in employed practise are women, and that 48 per cent. of barristers in self-employed tenancies are women. There is a general shift but, as the hon. Member for Beaconsfield (Mr. Grieve) said, the question is what we can do to break through that ceiling and ensure that women have the opportunity to progress to senior level. We need to work much harder to ascertain what those factors are and to tackle them one by one. We must not let these obstacles arise.

There has been a universal welcome for the creation of a judicial appointments commission that is independent and much more transparent in how it appoints the judiciary, and we hope that it will be established around this time next year—on 1 April 2006—and will get under way in earnest. The Constitutional Reform Bill will, we hope, become an Act any time now.

We will undertake all judicial office appointments from 1 April 2006, when the work will be transferred from the Department for Constitutional Affairs. The judicial appointments commission will be tasked to improve the overall diversity of the judiciary in gender and ethnicity under a specific clause in the Constitutional Reform Bill.

Of course, the overriding criterion for appointment is merit, and we would not want to depart from that. I was glad that the Select Committee on Constitutional Affairs recommended that the Bill be amended to ensure that the judicial appointments commission have a statutory duty to seek to increase the diversity of those applying for judicial posts, subject to that criterion of merit. Improvements have been made, but there is more that we can do. I look forward to the work of the judicial appointments commission.

My hon. and learned Friend the Member for Redcar also talked about the experience of women in the criminal justice system as offenders. She particularly noted that female victims of crime can also be offenders, and that offenders can be victims. Sadly, there can be a cycle, and we often find the same people in the criminal justice system on either side of a case.

I note in particular what my hon. and learned Friend says about prison policy. That is not a direct part of my portfolio in the Department for Constitutional Affairs, but we take particularly seriously issues such as the experience of prison life and the stresses and burdens that it can create. I am particularly worried about the propensity for suicide and self-harm in prisons. We need to do much more work on suicide prevention, and need to focus on women, among whom the preponderance of suicides in prison is much greater.

We are also pleased that the Fawcett commission has broadly supported the women's offending reduction programme, which aims to tackle the factors that affect the reasons why women offend in the first place and to reduce the number of women who end up in custody by ensuring that community-based services and interventions are tailored better to meet women's needs.

Some of the approaches from the beginning to the end of the criminal justice system can be improved to make us more sensitive to the issues that affect women and to their different experiences in the system as victims, witnesses, defendants and offenders, and as practitioners in the judiciary.

We want to ensure that we aim at all times for a justice system that is fair and balanced for all. That must be our objective. It is good news that the Fawcett Society has secured extra funding to continue its work. The Home Secretary helped to relaunch the "One Year On" study, and I hope that my hon. and learned Friend will continue in her work to keep pushing public policy makers to ensure that we attend to these issues as regularly and as routinely as possible.

Pensioners (York)

10.59 am

Hugh Bayley (City of York) (Lab): Every year, the Labour Government introduce new measures to improve the welfare and the standard of living of pensioners. In the Budget last week, the Chancellor made two announcements that are particularly important to pensioners: first, the introduction of a national scheme of free local bus travel and, secondly, the introduction of a £200 payment to reduce the effect on pensioners of council tax increases. Both new initiatives will be widely welcomed by pensioners in York.

The free bus pass is a great deal better than the £40-worth of travel tokens currently available from City of York council—reduced from £50 last year by the Liberal Democrat-led council. The Government's £200 payment towards council tax is worth an additional £2 a week to York pensioners and is a considerable improvement on last year's £100 payment. It is badly needed in York, because City of York council increased council tax by twice the rate of inflation this year. It was one of the largest council tax increases in the country and it should not have happened: the Government increased the city council's grant by more than twice the rate of inflation, so there was no need for a large tax rise to be passed on to local people.

The Chancellor's initiatives are good moves by a Labour Government, but I want the Government to go further and to do more to help poorer pensioners to claim their entitlements to extra money from pension credit and council tax benefit. Angela Barham, the information officer and benefits adviser at Age Concern York, says that council tax benefit has a poorer take-up rate among York pensioners than any other benefit. I have a proposal for the Government that could, at minimal cost, do a great deal to increase take-up of council tax benefit. I suggest that when the council writes to pensioners in York to distribute the Government's free bus passes, it should also circulate claims information and claim forms for council tax benefit and pension credit. In addition, I should like the Minister to consider the feasibility of creating a single claim form or claim line for those benefits to make it simpler for pensioners to claim them.

On 12 January, I put my name to the Council Tax Benefit (Entitlement Information) Bill, a private Member's Bill to change the law to require each local council to write to every pensioner in its area or to undertake door-to-door visits to all pensioners, or both, to inform them that they might be entitled to council tax benefit. The Bill was due to have its Second Reading on 4 February, but was unfortunately blocked by hon. Members who opposed it. I propose that the Government take up the idea behind the Bill and implement it in relation to council tax benefit and pension credit to promote take-up of the benefits. The information officer at Age Concern York said that the Government's take-up campaign on pension credit had been highly successful, but some people who are entitled to it are still not claiming it, and even more do not claim council tax benefit to which they are entitled.

Let me explain why it is important to do more to help poorer pensioners. Unlike Margaret Thatcher, I believe that there is such a thing as society. Society imposes on its stronger and wealthier members the obligation to support those who are more vulnerable than they are. Of all the vulnerable people, those who most need support are elderly people on low incomes. Unlike younger people, the elderly do not have the opportunity to work and save, they are likely to be on a fixed income that does not rise at a pace with earnings or with the rise in living standards, and their savings—if they have any—diminish with the passage of time.

I have always argued that the Government should treat pensioners as a priority. I spoke about the needs of the elderly when I first spoke in this House, in my maiden speech 13 years ago. If we think back to that time, when the Conservatives were in power, we are reminded how much better off pensioners are today, under a Labour Government. The Conservatives broke the earnings link for the basic state pension, abolished free NHS eye tests, and dismantled the state earnings-related pension scheme. They mis-sold pensions, encouraging many people to opt out of viable and successful final salary pension schemes and instead to put their money into personal pension plans, which have yielded nothing like the benefits of the pension schemes that they were in originally.

The Conservatives took pension rights away from employees when they privatised companies. Think of the bus employees superannuation trust scheme—the bus pensions scheme: bus workers who had spent a lifetime paying into a pension scheme suddenly found that the pension would not be paid on their retirement. It took a Labour Government to restore their pension rights. The Conservatives tried to do the same with the railway pension schemes when they privatised British Rail, but I introduced amendments to the legislation that eventually made them back off.

In the whole of their 18 years in office, the Conservatives raised the basic state pension by more than inflation only once. They did so to compensate in part for their introduction of value added tax on fuel. That sums up their approach. The Leader of the Opposition, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), who was a leading member of the Cabinet in those days, recently wrote in an introduction to the Conservative party's pensioners' manifesto:

> "How a country treats the older generation is a test of its values."

It is indeed, and one need only look back at the Conservatives' record in office to see their values in practice and to realise that they do not value the welfare of pensioners.

One might compare the Conservatives' record with Labour's. A great deal has changed. First, we have provided above-inflation increases to the basic state pension. When Labour came to office, the basic state pension for a single pensioner was £61.15 a week; it is now £79.60 a week—£5.45 a week more than the rate of inflation increase. For a couple, the pension has gone up from £97.75 to £127.25—£8.75 more than the rate of inflation increase. I remember when pensioner campaigners led by Jack Jones demanded a £5 and £8 increase in the basic state pension. That, and more

besides, has been provided by the Labour Government. Those increases are received by 17,520 pensioners in my constituency.

Secondly, the Labour Government have brought in winter fuel payments—originally £50, then £100, then £200, or £300 for older pensioners. Under the Conservatives, there was a winter fuel payment, but pensioners had to wait until there were seven consecutive days of below-freezing temperatures, which practically never occurred. When it did, pensioners got about £1 a day for the cold period—but by that time pensioners had turned down the heating. They did not know whether the cold spell would last four, five, six or seven days, so when the payment came through, paltry though it was, it was too late. In York this year, 19,755 pensioners received their winter fuel payments.

Thirdly, the Government have introduced free television licences for the over-75s. Some 6,525 households in York are entitled to free licences. Fourthly, the Government introduced the minimum income guarantee to raise, as a right, the income of poorer pensioners to a satisfactory level. However, that provoked complaints—with some justification, I have to say—from people who during their working life had saved or paid into a private pension scheme and who found that because they had been prudent they did not receive the minimum income guarantee. The Labour party listened to what they said and, fifthly, introduced the pension credit as a supplement to the minimum income guarantee, to extend the benefits of that guarantee to people with modest savings or smaller private pensions. Some 4,265 people in York now receive pension credit; on average, they receive £36 a week on top of the basic state pension. Then, sixthly, the Government decided to uprate the value of the pension credit in line with earnings, not prices, which is the normal uprating for benefits. In that way, the basic minimum standards that the Government have introduced for pensioners will keep pace with the growing increase in living standards in the country as a whole.

Seventhly, last year the Government introduced a £100 payment towards the cost of council tax for pensioners. Now, of course, that has been increased to £200. No one should be fooled by the Conservative promise to make payments of "up to £500" towards council tax. People should read the small print: up to £500 does not mean £500, and for many pensioners, it would mean much less than the guaranteed payment that they will get from the Labour Government. The truth behind the small print of the Conservatives' promise is that they will give bigger payments to better-off pensioners living in larger houses. Furthermore, of concern to me and to the Minister, who also represents a constituency in the north of England, is the fact that under the Conservative proposal bigger payments would be made to pensioners in London and the south-east than to poorer pensioners in the north. That is wrong; it shows that the Conservatives are unreformed and up to their old games on pensions.

Eighthly, the Labour Government restored free eye tests on the NHS for pensioners who need them—free eye tests were, of course, taken away by the Conservatives. Some 26,300 pensioners in my constituency and the surrounding area had free eye tests on the NHS last year. Ninthly, the Labour Government introduced health checks by their general practitioners for all pensioners. Tenthly, they introduced a regime of free flu injections: 75.3 per cent. of people aged over 65 in York have had their free flu injections this winter, one of the highest take-up rates in the country. Eleventhly, the Labour Government removed charges for nursing care in care homes. Twelfthly, we introduced a national half-price travel scheme some years ago to ensure that pensioners in all parts of the country had the benefit of a travel concession. Finally, in his Budget this year, the Chancellor has announced that it will become a free local bus travel scheme.

So, there are dozen benefits—or a baker's dozen of benefits—that the Labour party has brought to pensioners in my constituency and throughout the country. We have changed the incomes and quality of life of pensioners in York. In the past, old age was always closely associated with poverty. If we look at the Seebohm Rowntree surveys of poverty in York 100 years ago, in the 1930s and in the 1950s, we see a strong correlation between age and poverty. The group most likely to be living in poverty was the elderly. Pensioners had to choose between heating and eating, but that is no longer the case. A recent report by the Institute for Fiscal Studies shows that, for the first time in Britain's history, pensioners are now no more likely to be living in poverty than other age groups. That is not an argument for the Government to change the priority that they give to pensioners; still less is it an argument for this country to change the Government, because the Conservatives are the only possible alternative. Instead, it is an argument for maintaining the focus and priority on working to improve the security and welfare of pensioners.

There are still poor pensioners who do not claim their entitlements, which is why I am proposing new measures to boost the take-up of council tax benefit and pension credit. That is also why I back the Secretary of State for Work and Pensions in his continued support for radical pension reform. He is right to identify that the poorest pensioners are women. In the 21st century, it is a scandal that, on average, single women pensioners have an income of £24 a week less than men, and that only 16 per cent. of women now retiring have a full basic state pension in their own right. It cannot be right in this day and age that the welfare of women pensioners depends on the work record of their husband. That problem must be tackled and I congratulate the Secretary of State on saying that the Government will tackle it.

The second big problem for the future, which I want the Government to consider, is that of private pension schemes going bust. The Government rightly have a responsibility to help those who face that terrible problem—people who have paid into a pension scheme throughout their working life, but find that the promised pension is no longer available. I congratulate the Government on establishing the financial assistance scheme to help some of the pensioners in that position, which they have decided to base in the city of York, at Monks Cross.

I urge the Government to continue to seek ways to maintain defined-benefit pension schemes— final salary schemes, in common parlance. I asked my hon. Friend the Minister for Pensions about the proportions of employees in defined-benefit schemes. Since the Labour Government came to power, the proportion of public

[Hugh Bayley]

sector employees in such schemes has increased by 5 per cent.; at the same time, the proportion of private sector employees in defined-benefit schemes has declined by 5 per cent. That has happened against a background of private employers trying to pull back from their obligations to their employees in retirement. I am pleased that the Government have not only sought to maintain defined-benefit schemes for people employed in the public sector, but have increased the number of people in such schemes.

The public sector schemes will need further reform, however, if we are to maintain the principle of the defined benefit—of final salary or the best of a number of years' salary being the basis for the pension. I wish the Government as a whole well. The Department for Work and Pensions is not the only Ministry involved—Education Ministers are responsible for education schemes, and so on. I wish all the Departments well in their work to reform their schemes and to maintain them as viable final salary or defined-benefit schemes, because it is important for employees who have worked for the Government or a public agency in the expectation that they will receive a pension based on their salary, and it sends an important signal to the private sector.

Unless we as a nation start saving more than we have saved hitherto during our working lives to support ourselves in ever-lengthening retirements—fortunately, we are all living longer—we will not escape the problem that the Labour Government faced when they first came to power of large numbers of pensioners living in poverty. We need both to tackle the immediate problems of people who are already retired on low pensions and to reform pension schemes so that in future people retire with a reasonable retirement income.

11.19 am

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): I congratulate my hon. Friend the Member for City of York (Hugh Bayley) on his good fortune in securing the debate and on how he set out his concerns and ideas. He is well known in the House for his interest in the welfare and well-being of pensioners, not only those in his constituency—it is natural that he takes an interest in them—but pensioners throughout the country. As one of my hon. Friend's successors as a Minister in the Department for Work and Pensions, I know what an excellent and assiduous job he did to look after pensioners' interests, so I was not surprised that he chose this subject for the debate, but I was impressed by how he advanced his arguments.

As a fellow northern MP whose local city council is controlled by the Liberal Democrats, it strikes me that Liberal Democrats seem to be pretty much the same wherever they are. When they get the chance to do so, they do not always deliver what they promised. My hon. Friend's example of his Liberal Democrat council cutting the value of travel vouchers contrasts starkly with the Chancellor's approach of introducing free travel across the entire country. That is the difference between Labour delivering on its promises and the Liberal Democrats saying anything to get elected and then doing appalling things when they get control.

I welcome the chance to take forward some of the ideas that my hon. Friend has raised. He will remember that a Minister's ears immediately prick up when we hear of a proposal that can be realised at minimal cost. His idea of including letters about free bus passes and claim forms for council tax benefit and pension credit with other literature that has to be sent to individual groups in society—in this case, pensioners—has got to be worth looking into.

As my hon. Friend knows, the Government, more than any before them, are committed to reaching out to all those who may be entitled to a range of benefits and services to try to ensure that they get them. We have an extensive ongoing strategy to encourage all those who may be entitled to help with their council tax to apply for council tax benefit, particularly pensioners, who, as my hon. Friend made clear, are the group most likely to be missing out. That is why we launched a campaign in the lead-up to last year's council tax billing round to ensure that procedures were in place locally to encourage people to apply. In addition, we have issued new versions of the posters and flyers called "Cut your Council Tax—Find out if you should be paying less", which should engage the interest of people who perhaps would like to pay less. We have already sent out the council tax benefit flyer with the winter fuel payment letters to around 12 million people in around 8 million households, many of whom will be in my hon. Friend's constituency. Council tax benefit already makes a valuable contribution in providing financial security for nearly 5 million households responsible for paying council tax, but we remain concerned about those who are not taking up their entitlement and we recognise that we need to do more.

The latest available figures are somewhat out of date—they are from 2002–03 and therefore pre-date the introduction of pension credit and the big take-up campaigns that followed. We hope that there will be significant improvements in the next few years. It is estimated that up to 2.4 million people, up to 1.8 million of whom may be pensioners, are missing out on council tax benefit. There is clearly a lot of work for us to do to ensure that the people who have an entitlement to that additional assistance get it. We must also ensure that they are able to get it in the simplest and easiest way, without having to jump through too many hoops.

Encouraging people to take up their entitlement to benefits such as council tax benefit is very much at the heart of our agenda. We have learnt a lot about how to do that through the pension credit take-up campaigns and the work of the Pension Service local service. I was most encouraged to hear the comment from my hon. Friend's local Age Concern branch about the effectiveness of the campaign in his area. One often hears when things go wrong; it is nice to hear when things are going well and to receive a little bit of praise. I hope that he will convey our appreciation to Age Concern York.

In recognition of the recent high levels of council tax in some authorities and their likely impact on those on fixed incomes—I have taken on board the points that my hon. Friend made about fixed incomes often implying poverty in particular age groups—we are making a one-off payment of £200 to each eligible household containing someone aged 65 or over. That is a significant amount of money, which will make a big

difference to those in receipt of it. However, we also know that the oldest and poorest pensioners are likely to be disproportionately affected by the rise in cost-of-living expenses. To help with those additional costs, we are making a further one-off payment of £50 to those households containing someone aged 70 or over in receipt of pension credit guarantee.

The free off-peak travel will be tremendously popular among those who receive it for the first time, particularly if they have had to put up with using vouchers in the past—vouchers are inevitably a form of rationing travel rather than encouraging it, because vouchers of a fixed value always run out. That will be a valuable improvement in pensioners' opportunities to travel and get around. It is important that they can do that and not be stuck at home. I hope that when local authorities contact pensioners about the concession they will use the opportunity to promote council tax benefit and other benefits. I would be happy to have further discussions with my hon. Friend about how we might ensure that that happens.

I should like to say a little about progress on our Link-Age strategy, which is an attempt to join up services and provisions for pensioners, ensuring that pensioners are assisted more holistically across Departments and local authorities. The strategy aims to remove duplication and ensure that our older citizens receive not only their cash entitlements, but the vital services that so often determine an individual's quality of life. The scheme is good news, because it means that more people with an entitlement to pension credit and council tax benefit, as well as other benefits and services, receive assistance.

There is an example from my hon. Friend's constituency that might interest him. A pensioner living in his constituency received a visit from a local Pension Service representative and was found to be entitled to pension credit of an extra £51.32 a week. He received a backdated payment of £2,800, which he had not expected. I am sure that that came in handy. That pensioner was a chap who did not think that he might be entitled to any extra help. In that way, the local service, the joint teams and Link-Age can help to get to people who just assume that the extra help available that they hear about is not really for them.

Hugh Bayley: My hon. Friend was kind enough to ask me to pass on thanks to Age Concern York. I would also like to thank the Pension Service staff in York, who have spearheaded the campaign and achieved good results by working with local agencies such as Age Concern. There really is a partnership and it works.

Maria Eagle: I am happy to hear that from my hon. Friend and hope that he will pass on those remarks to the local service, because it is nice to hear praise. It should be passed to the people who deserve to hear it.

On the wider front, the local service continues to work with partners such as primary care trusts, Age Concern York, Older Citizens Advocacy York and the energy efficiency unit, in bringing together the different types of assistance available to make a real difference to people's lives. Those organisations have arranged a series of joint events, one of which my hon. Friend may recall attending in September last year. I am sure that he found it worth while—I have not heard that he did not—and he might be interested to know that it generated 117 pension credit applications.

My hon. Friend gave a figure for the number of people receiving pension credit in his constituency, but the figure that he quoted was the number of households. The actual figure is 5,141 individuals. His figure was lower, because in some households there are two pensioners rather than one.

Such initiatives are important in ensuring that all our pensioners can receive the assistance that we want them to have, so that they can live their lives with dignity, without having to worry about poverty in their old age.

11.29 am

Sitting suspended until Two o'clock.

Reserve Forces (Iraq)

2 pm

Richard Ottaway (Croydon, South) (Con): I start by paying tribute to the men and women of the armed forces around the world, whether or not they are reservists. Their courage and dedication to duty in the most difficult and trying conditions is paramount in our minds.

I had the privilege of serving in the Royal Naval Reserve for more than a decade and, other than the annual training deployment, I was not mobilised. Today, young men and women in the reserves expect to be called up regularly for a substantial period, of which my hon. Friend the Member for New Forest, West (Mr. Swayne) is an excellent example. It is critical that policymakers do not forget that although those people are volunteers, we should acknowledge the disruption to their lives and the consequences of their mobilisation.

In 1996, the previous Government recognised the changing pattern in maximising the effectiveness of the reserve forces, and they started to allow them to engage more freely in the operations of the regular forces. In 1998, the incoming Government acknowledged their manifesto pledge to conduct a strategic defence review of the armed forces and the Territorial Army was restructured away from its original cold war role to support the armed forces in rapid deployment missions abroad. It has become involved in the type of peace-keeping operations that characterised the post-cold war period: for example, the RNR lost its minesweeping role.

Although there was little change to the size of the RNR and the reserve Air Force, there was a significant reduction in manpower in the Territorial Army—from 57,000 to about 40,000—which, with hindsight, was possibly a mistake. The defence White Paper in 2003 did not announce major changes to the reserves, but it acknowledged their growing importance and made several recommendations regarding support and financial assistance for reservists and employers. One purpose of the debate is to explore whether that has gone far enough and has adequate vigour.

There is no doubt that the retention of the reserves gives a number of distinct advantages: a reservist is cost-effective and costs about 20 per cent. of his regular counterpart. Equally important, with the decline of national service and conscription, is the fact that the reserves provide a link between the armed forces and the wider community. In the aftermath of 9/11, a further role with responsibilities in civil defence contingencies was added.

It was a good decision to use the reserve forces as civil contingency units; 9/11 changed the world as we know it for ever. There are, however, questions whether those units are properly equipped and have all the resources they need. There is also the question whether some personnel could be double-hatted. To be fair, the Ministry of Defence has vigorously rejected those concerns, but they still exist and it would be helpful if the Minister told us the position.

Last December, I had a golden opportunity to visit Iraq with the Select Committee on Defence. It was obvious straight away that the reserve forces play a major role there, providing 15 per cent. of the forces. The very efficient female private driving my car told me that only a year earlier she had been a beautician in Belfast. She joined the TA for a bit of variety and now finds herself in the middle of the Iraqi desert. That example was commonplace; reservists have a wide range of responsibilities and make a first-class contribution. They are fully engaged in activities well over and above their expectations.

Mr. John Wilkinson (Ruislip-Northwood) (Con): Will my hon. Friend recognise the outstanding role played by the Royal Auxiliary Air Force as well as those of the Territorial Army and the Royal Naval Reserve, to which he belonged? Is it not notable that No. 600 (City of London) Squadron Royal Auxiliary Air Force, from Northolt in my constituency, sent a range of different specialists to fill gaps and provide essential skills, without which the service could not have functioned effectively?

Richard Ottaway: I do recognise their contribution. To pick up on my hon. Friend's point, I realise that whole operations may not be able to take place without the contribution of the reservists. When talking about the reserves it is easy to think primarily of the TA, but it is essential to include the Royal Naval Reserve and the Royal Auxiliary Air Force. That is why I use the word reservists as much as possible.

Since 1999, 30 per cent. of the TA's total strength has been mobilised for operations in support of the Regular Army. The majority of them have served in Iraq, but a large number have been mobilised voluntarily as individuals to serve in theatres of operations from Afghanistan to the Balkans. The mobilisation culture has transformed the TA post-cold war. Once seen as the weekend warriors, the TA and other reservists are now largely accepted as an integral part of the armed forces by regular servicemen.

When I was in the Gulf, I visited HMS Marlborough and met key Royal Naval Reserve personnel serving on board. They were playing a full part in the operation of that ship and in protecting the oil platforms essential to the survival of the Iraqi economy. The phrase "one Army"—and, dare one say it, "one Navy"—has been coined and is much used by the Ministry of Defence; that is supported by the announcement that each regular infantry regiment will have a TA infantry battalion attached.

All that is illustrated in the excellent publication by the directorate of reserve forces and cadets entitled "Future use of the UK's Reserve Forces", which also starkly points out that everyone who joins the reserves should expect to be mobilised at least once—a far cry from yesteryear. The crunch lies in the section entitled "Frequency of mobilisation", from which I shall read as it puts the case far more succinctly than I possibly could:

"The Volunteer Reserve Forces are not an infinite resource. Their availability to fulfil the roles set out above depends upon their levels of recruitment and training and upon their availability for mobilisation. The attitude of Reservists, and of potential Reservists, will in turn be influenced by the attitudes of both their families and of their current and potential employers."

It could not be better put. It goes on to say that, of late, mobilisations have resulted in

"a maximum cumulative total of one year out of three",

but that it believes that to be unsustainable, so it is now considering an aggregate of 12 months over five years, which it considers far more reasonable. I am sure that everybody will agree. It is important that the director of reserve forces and cadets recognises the difficulties.

All that prompts several questions. Are we treating reservists properly? Are we rewarding them properly? Could we operate without them? As the answer to the latter question is increasingly likely to be no, the first two questions deserve serious scrutiny. A clue to the answers lies in the recruitment and retention of reservists. In his appearance before the Defence Committee, the Chief of the General Staff, General Sir Michael Jackson, acknowledged that the reserves are below their establishment level of 42,500. The latest figures indicate that TA numbers are at 38,320, including the non-deployable university officers training corps of 4,800, leaving the TA with a deployable 33,530—way below the required number. General Jackson acknowledged that he has concerns about TA recruiting. With the greater use of reservists in the front line, up to 20 per cent. of the Army could be reservists in future wars. We have a serious problem that has to be addressed.

As the director of reserve forces and cadets recognised, the attitudes of families and employers are critical. I, like others, was concerned to read reports of TA veterans of the Iraq war being sacked by their employers in Britain while on active duty. That is a worrying development and could severely undermine morale in the reserves. It is one thing for them to risk their necks, quite another to risk their jobs. An employer cannot refuse to allow a reservist to go when called up and it is a statutory offence to sack the reservist if that happens. However, that is only a right and the Government have left it to the individuals to pursue their cases. One of the problems is that reservists have to take legal action on their own without any financial or legal support from the Ministry of Defence. Cases of reservists using up all their savings are not unknown. Will the Minister set out what plans he has to give greater support to reservists who have lost their jobs?

There is also the problem of reservists injured on duty. In one particularly high-profile case, Mr. David Corrigan damaged his knee while on active service as a paramedic with the Parachute Regiment. He has had a number of operations and incurred considerable personal expense. He has had to leave the TA and give up his job with the ambulance service. Because he was no longer on active service, the Army stopped paying for his treatment. Mr. Corrigan has been shocked at the difference in treatment between TA soldiers and their full-time colleagues.

Mr. Corrigan's Member of Parliament, who happens to be the Prime Minister, has written to the Secretary of State for Defence calling for TA members who served in wartime to be treated as regular soldiers. The Prime Minister's agent said that Mr. Corrigan had been

"treated very badly. His case has raised the whole issue of how TA members are treated when they return from serving in wartime."

I welcome the Prime Minister's intervention to try to remedy a medical wrong. It would perhaps be described in some quarters as opportunistic, and this case illustrates what a childish response that is to addressing today's problems. At least Mr. Corrigan will be able to recover 50 per cent. of his expenses under a future Conservative Government. Given the high profile nature of the Prime Minister's intervention, will the Minister tell us whether medical treatment can be made available to reservists who suffer injury when on active service?

The important point is that if reservists are to be treated like regulars and the principle is established, they should have the same rights and protection. The irony is of course that reservists have had the greater disruption to their lives and have a greater need of the services than some existing servicemen. That is not only the case in health and employment protection. Questions are being raised about military pensions. A long-serving TA major who launched a High Court battle for the right to a military pension after 1,100 days of active service has had to reject the unbelievable contention by the MOD that he was casual labour. Will the Minister assure us that that defence will no longer be used and give us an insight into his thinking on the issue?

Employment rights, health care and pension rights are all important issues for the men and women who serve the country in the reserve forces. They know what danger is all about. The question is, do their Government recognise that? I said at the beginning that the reserve forces are a cost-effective option for the Government, but with their numbers down and difficulties with recruitment, the MOD has to take a hard look at its approach. All that goes to strategic commitment.

In the recently published report on future capabilities by the Defence Committee it was perfectly clear that financial constraints are behind the tensions and stretch now being experienced in the armed forces. The reservists in Iraq are a sharp reminder of that. If there are cuts in ships and aircraft, and reductions in infantry, sooner or later something will have to give, and there will be gaps in capability. That will create a risk that need not have been taken if there had been more careful planning. As the First Sea Lord said, we have now got into the business of coping with risk upon risk. The cuts have been caused by the high costs of new equipment, which is being introduced in a haphazard and poorly planned way. These gaps will have to be filled by men and women who must be supported at all costs. The reserves will play an integral part in doing that, and we ignore them at our peril.

2.15 pm

Mr. Huw Edwards (Monmouth) (Lab): I congratulate the hon. Member for Croydon, South (Richard Ottaway) on securing this debate. I am interested in the topic under discussion, although I have no personal experience of serving in the military or the Territorial Army. However, I have the privilege of representing Monmouth, and I think that the hon. Gentleman mentioned that he was recently on board HMS Monmouth. Am I right?

Richard Ottaway: Marlborough.

Mr. Edwards: I apologise for my mistake, but if the hon. Gentleman were to have the opportunity to go on board HMS Monmouth, I would encourage him to do so. I have been on board the ship several times.

I have an interest in the debate: Monmouth is the regimental headquarters of the Royal Monmouthshire Royal Engineers, which is the senior reserve regiment in the British Army. The hon. Member for North Wiltshire (Mr. Gray) always disputes that; however, although it is not the oldest regiment in the Army reserve, it is the senior one, and it is the only regiment in the British Army that has two "Royals" in its name. There is not sufficient time now to go into the history of the regiment, but if any Members want to visit the regimental museum in Monmouth, they will find it very interesting.

When we had the strategic defence review, many Members wanted to save their local TA regiment. The Royal Monmouthshire Royal Engineers was not only saved, but its role was enhanced, although there was a minor reduction in one of its bases in the midlands. Good representation, and the case that it makes for its important role in serving the Army and in having engineering expertise, helped to protect it.

The regiment provided the largest reserve force deployment in Iraq. About 40 of its members were deployed in Operation Telic 1, and about 140 in Operation Telic 2. I had the great privilege of attending its medal ceremony a few months ago, when His Royal Highness the Duke of Gloucester presented medals to all those who had served in Iraq. Their role there was largely threefold. First, they contributed to the post-conflict infrastructure: they were involved in developing new water and sewerage systems, and in establishing electricity supply and restoring power in general, and they helped in the reconstruction of what became known as Aldershot bridge. Secondly, they performed a humanitarian role: in the post-conflict situation in Iraq, they supported communities in the Basra area. However, that role was curtailed by the need for force protection, and the regiment was also greatly involved in that.

The hon. Member for Croydon, South has made some important points about support from employers for the TA. I would have been appalled if any employer had discriminated against someone who had served in the reserve forces and had been deployed abroad. However, there is a concern about that. It is my understanding that reservists cannot be deployed more than once in three years, that the norm is about once in five years, and that the general feeling is that that norm should be adhered to. Many of the families of those who serve in the Royal Monmouthshire Royal Engineers are worried that, as members of the regiment served in Iraq more than a year ago, they might be deployed again next year. If the Minister can give an assurance that that is not the case, I am sure that they would welcome that. Members of the regiment are aware of the responsibilities that they take on when they join, and they want to use their skills to the best effect.

Richard Ottaway: It is important just to draw the hon. Gentleman's attention to the fact that a cumulative period of 12 months in five years is what is being proposed, and that that could result in more than one deployment in that period.

Mr. Edwards: I am grateful to the hon. Gentleman for clarifying that. If that were to increase the pressures on people and the chances of them being deployed in difficult situations such as those in Iraq, the representation to which I have just referred would need to be seriously listened to.

Brigadier Ian Cholerton, who heads the Army in Wales, gave a briefing at Westminster a couple of days ago to Welsh Members of Parliament. I asked him to give that briefing after I heard a similar one that he gave at the Royal Monmouthshire Royal Engineers' headquarters in Monmouth only a few weeks ago. He gave a very good briefing to the Secretary of State for Defence, and I asked if he could give a similar one to Welsh Members of Parliament on Monday.

Unfortunately, not many hon. Members from Wales could attend, but the brigadier talked about the future structure of the Army in Wales and the central role that the Territorial Army will have. It has the expertise, especially in engineering, and it is a great honour to be the Member of Parliament for the constituency in which the Royal Monmouthshire Royal Engineers is based. I am an honorary associate of the regiment, and I am happy to do anything that I can to represent its interests and those of its families.

2.21 pm

Mr. Desmond Swayne (New Forest, West) (Con): I draw the attention of the House to my entry in the Register of Members' Interests as a serving officer in the Territorial Army.

I was fortunate to be granted an Adjournment debate by the Speaker about a year ago, shortly after I returned from Iraq and when that experience was fresh in my mind. By and large, I have said what I have to say, and that is on the record. That brief was not dissimilar from the one that I gave to the Chief of the General Staff conference on 2 December 2003. I made it clear in the Adjournment debate that I was broadly happy with the way in which things were going for the Territorial Army, although I had one or two reservations, which I shall talk about briefly again.

Undoubtedly, the measure of the effectiveness of the Territorial Army is that its soldiers—the reservists—should be indistinguishable when compared and serving with their regular counterparts. I am broadly satisfied that they are, which is a credit to them and to the regulars with whom they serve.

I did, and do, have a reservation about the extent to which we are using reserves in medium-sized operations of low intensity. The ordinary citizen—the taxpayer—is entitled to ask how we can do with a smaller Regular Army and fewer infantry, but expect to call out reservists more often. By and large, however, it is undoubtedly true that the reservists welcome the opportunity to serve and enjoy doing so. That is largely why they join.

Many of us will have participated in debates on the reserve forces. My hon. Friend the Member for Canterbury (Mr. Brazier) called for the much greater use of the reservists, and argued for ways in which we should make them more useable. We have done so, and we are using them, so it is difficult to complain on that account.

If members of the reserve forces were in any doubt about the commitment that they were making when they joined—if they believed, perhaps, that they were joining the boy scouts—they will have been disabused of that belief by now. Members of the reserve force now know exactly what their membership entails, so there should be no particular problem on that account. There will, however, be a considerable problem when it comes to employers and careers.

When I joined the reserve forces, we did not have to worry about our jobs, because we would be mobilised only when there was the danger of the first Russian shock army advancing across the north German plain. We did not have to worry too much about returning to our jobs, because we would be packing our bergens when our wives were reading the Home Office leaflet about how to build a nuclear shelter under the stairs.

I always wondered how many people would leave their wives in those circumstances, packing their nuclear, biological and chemical warfare gear into their bergens and leaving their families exposed in city centres. Mercifully, we were never faced with the reality of finding what would have happened in those circumstances.

We now have the new policy of show and tell, if I might paraphrase it in that way. Reservists must now inform their employer and authorise their military unit to communicate with their employer about their reserve liability. Undoubtedly, that will be a disincentive for employers to employ members of the reserve forces due to the consequences of that liability. For the mobilisations that we had with Operation Telic, it worked tremendously well, and by and large, employers have been supportive. However, we have yet to see how that will roll forward in future, and whether they will continue to be as supportive.

The burden can be shared by a larger reserve force. The larger the reserve force, the more the burden of mobilisation can be spread, and the less frequently the same individuals will be called. At the moment, my fear is that we are dipping into a pretty small pool, and the water is getting muddier. We must be particularly aware of and concerned about that. It is all very well asking for larger reserve forces, but when they are as under-recruited as they are at present, that prompts the question of how we shall achieve that.

When I joined the Territorial Army, I did it for the money. It was fun, but when I joined the officer training corps at university, I think it was £13 for a weekend, which was money well worth having in the mid-1970s. I am not so sure that in today's society, with relatively high employment and wages, that is the incentive or the attraction that it was, and we must start to look for more innovative ways of recruiting and retaining reservists. There are opportunities, but I wonder about the extent to which the training available, and the qualifications that reservists—and any military personnel—can acquire through courses, can be encouraged to be recognised in civilian life. For example, modules for certain courses could be, by arrangement with certain business schools, made eligible as part of the modules for a master of business administration. More technical and vocational training could be recognised as a contribution to a corresponding civilian qualification. That would provide an incentive for personnel to go into the military and to stay there; at the same time it might also provide a more tangible benefit for employers. That is worth investigating; I know that the Ministry has been considering that, and I hope that that continues and gingers up.

My principal concern is that of tour length. The policy when I was in the Gulf was that reservists were mobilised specifically to serve with a particular formation, and their tour length would be that of the formation. If the formation was going out for a four-month tour, reservists did a four-month tour. The general policy for augmentees, such as staff officers who were mobilised and sent out to a headquarters formation, was that they would do six months. Generally, the tour lengths were four or six months: four with the regular formation going into a roulement or six months for augmentees. Can the Minister tell me, either in his summing-up or by correspondence, whether that policy has changed?

My concern is that if one moves beyond that six-month barrier, and extends tour lengths beyond six months—I know that the liability that one signs up for is one year in any three at present, although there are proposals to change that to one year in any five—that makes it more difficult for employees to return to their careers and to pick up the threads of a civilian life. My advice to the Minister is to stick as close to the six months for the maximum tour length as he can get away with.

I was interested in the point that my hon. Friend the Member for Croydon, South (Richard Ottaway) raised in respect of providing some legal back-up to the statutory rights of personnel. It is all very well to give someone a statutory right, but to tell them, when they come back and find that they have lost their job, "Sorry, mate, you're on your own," is not a proper response. The point about legal back-up is worth considering. It will be interesting to see how my employers react to my mobilised service at the first opportunity that they will have to do so on 5 May. However, I suspect that if they choose to sack me that will be for other reasons.

2.31 pm

Mr. Colin Breed (South-East Cornwall) (LD): I congratulate the hon. Member for Croydon, South (Richard Ottaway) on securing the debate. Although we suffer a little from few Members being present, we all appreciate the way in which he has brought this matter to the attention of the House. There is very little in what he said with which we do not all agree. We have benefited considerably from the broad experience and knowledge of the hon. Member for New Forest, West (Mr. Swayne), who provided even more support for the humane, reasonable and sensible suggestions that have been brought to the Minister's attention.

At this point, I am uncertain whether this may be the swan-song in office of the Under-Secretary of State for Defence, the hon. Member for Hove (Mr. Caplin)—an office that he has held during an interesting and perhaps difficult period for the Ministry of Defence. I wish him all the very best. We have met regularly in the Committees considering the Armed Forces (Pensions and Compensation) Act 2004 and other legislation, and although he was probably working under the considerable constraints of the Treasury and others,

[Mr. Colin Breed]

I often felt that he sympathised with our views, even if he ultimately did not agree with us. Perhaps on this occasion, at the twenty-third hour and fifty-ninth minute of his ministerial career, he might give some indication that he has sympathy with some of the things that we are saying.

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): I was trying to resist, but could do so no longer. I thank the hon. Gentleman for his comments. I thought that he was going to talk about a compensation scheme because he, among others, argued in Committee that we should make the armed forces a special case. He will have noticed from various recent announcements, and will see in the written statement that I will make tomorrow, that my right hon. Friend the Chancellor agreed that, provided the personnel in question stay within the armed forces, compensation payments in the new scheme should be tax free.

Mr. Breed: I am delighted by that confirmation. No one would say that that is not a good thing. However, many of us think that opportunities in respect of certain aspects of the compensation arrangements were missed during our consideration of the Act, which will come into force from 1 April. Some of those omissions will perhaps be exposed by some of the cases that have been mentioned and some that I will mention.

It is right to pay proper tribute to the courage, commitment and professionalism of our armed forces and particularly, in this debate, to our reserve forces. I pay a warm tribute to the reserve forces for all that they do. I sometimes think that their role is not well publicised in the media. They are so interchangeable with the full-time personnel that that they are sometimes indistinguishable and therefore do not receive additional recognition. As has been said, however, they are a vital part of the UK's armed forces. The reserve forces consist of men and women who give considerable amounts of their time, and in some cases even their lives, on behalf of their country. The operation in Iraq has involved the largest call-up of reservists since the Suez crisis in 1956. Since January 2003, some 11,000 reservists have been mobilised to support the operations in Iraq and Afghanistan, and considerable numbers remain there today.

Regrettably, the violence in Iraq persists—we see that on our television screens fairly regularly—and more countries are considering withdrawing their troops or are doing so. Future operations, especially in peacekeeping, peace enforcement and reconstruction support, will be manpower intensive. The work cannot be done by the vast quantities of technological equipment that we now have; it requires men and women to do it. It is clear to me and to all hon. Members that the pressures on our reserve forces will increase. That will have serious implications, not least for training periods, recruitment and the treatment of reservists when they return home in terms of employment and job security, as has been amply demonstrated.

There are increasing demands on all our armed forces. The current manning levels have resulted in a growing dependence on the use of reservists to meet our commitments abroad, which in turn places greater pressure on them, and then we see that they are not up to full strength either. At the beginning of the year, the Under-Secretary renewed the compulsory call-out of reservists to support operations in Iraq. At that time, we were told in the House that some 2,350 reservists were called out in the previous year. The decision to use the TA and reservists to an increasing extent on the front line raises the question of the extent to which the Ministry of Defence is compensating for a basic lack of manpower in the British Regular Army.

The Government's decision to cut manpower in the Army has been questioned on a number of occasions. As we have said repeatedly—I firmly believe this—our troops are the best piece of kit in the British armed forces and we must ensure that they are properly trained, highly motivated and well equipped. The pressure on reserve forces was highlighted a couple of years ago, when the members at an armed forces reservist field hospital were told that they would have to stay in Iraq while the personnel from both regular field hospitals came home.

As has been mentioned, the length of operations and the time between them for reservists should be carefully considered, because any additional pressure will have a detrimental effect on the morale of the TA and on recruitment. I was struck by what the hon. Member for New Forest, West said about the periods for which people are away. I, too, think that six months should be the maximum. When we think of how businesses operate today and the speed with which they move when it comes to their customer base, technology, systems, mergers, acquisitions and so on, we see that even six months can be quite a long time to be away from one's post. When people return, they have to assimilate into that company or business again. There may be new personnel and new systems to deal with as well as all the other issues, not the least of which is the experience of spending six months in a place such as Iraq.

The standard of training for our reserve forces is very important. This month, a newspaper report instigated an investigation of a case in which British troops were sent on guard duty in Iraq without bullets because they were not fully weapons trained. I am sure that that was a relatively isolated incident, but it showed that there is pressure to put people into posts for which they might not be fully trained. They might be required to undertake the last part of their training on deployment.

It is, however, clear that there are continuing problems with training and equipping our forces in Iraq. We want no corners to be cut in training because it is so vital to the expertise that we deploy and the safety of those who undertake such work. We must also ensure that reservists are treated in a similar fashion to regular soldiers in the British Army, not only because that is right, but because they cannot be seen to be indistinguishable when they are required to undertake the same job and might face even greater pressures because they have to return to civilian life. Those men and women deserve to have the same rights as soldiers in the Army, if not better.

A month ago, a case went to the High Court concerning the right to a military pension. There were times during the passage of the Armed Forces (Pensions and Compensation) Act when pensions for reservists were highlighted. The hon. Member for Canterbury

(Mr. Brazier) was particularly exercised about the subject and cited a significant number of examples. We will see more such examples if the Government continue to rely more on reservists to fulfil certain functions. More claims will be made for a military pension and it is something that should have been tackled under the Act.

The case in the High Court could be a landmark case; its outcome will certainly affect many TA members. The major who took his case to court had been a member of the TA for more than 34 years. He claimed that, under European Union law, he should be treated no less favourably than full-time members of the armed forces, who have pension rights. Although he was a part-time soldier, he was not—in his words—"casual labour". I am sure that we support that argument.

In the Prime Minister's constituency, we have the high-profile case of David Corrigan. When I read that the Prime Minister was writing to the Secretary of State for Defence saying that TA soldiers should be treated the same as regular soldiers, I thought it strange that he could send those people to war, but could not decide whether they should be treated the same as regular soldiers. I am not certain how that works, but if the Prime Minister felt that the case was proven and he wished to support it, it should not have been difficult for the Secretary of State to answer in the affirmative. Can the Minister say how that case is being considered now?

The increasing pressure on reserves to participate in ongoing military operations in Iraq will have an effect on the retention and recruitment of reservists. Let us consider the relationship between businesses and their employees who are members of the reserves. Many years ago, people would have proudly put the fact that they were TA reservists on their CV. It would have been positive information for an employer to consider when men or women applied for jobs. It would have provided a real character reference, but I wonder whether people would include that information on their CV today. It might be difficult for the employer to assimilate. We must accept that businesses are under much pressure—I do not mean usual business competitive pressures, but pressures in respect of their employees. We are all aware of the terms of maternity leave and paternity leave, and now reservist staff must be taken into account. Businesses today tend to function with the staffing required for the job in hand—there is very little slack. More and more companies take on contract staff, preferring not to employ the staff themselves but to use an agency to provide the number of staff required at any one time. The opportunities for what I might call the ordinary business to employ people in the usual way are becoming fewer.

If more businesses are being required to consider such leave patterns, it will change their view of whether they want to employ people in the reserve forces; it will become more and more difficult. The Government have to recognise that they cannot continue to pile additional pressures on businesses without there being a reaction. The Minister might like to give us some idea of how the Ministry of Defence is approaching the problem, which will not go away. Businesses are not suddenly going to say, "We will be only too pleased to see many of our staff disappear for six months at a time." If we are going to rely more upon reserve forces, a lot more work will have to be done with employers.

Finally—I think that this is the undercurrent of what has been said so far—the Government have made a positive decision to create a reserve force that will be deployed far more than was thought possible some years ago. It will become an integral part of our forces and we will make much greater use of our reservists. That will require the Government to take a different approach and to consider those men and women in a different light. We did not see much of that in the legislation on paying compensation, but I hope that such debates as this will begin to change the MOD's mind about how it treats those whom we want to attract to the reserve forces, because in the years to come they will become more necessary and we will be more reliant on them.

2.47 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): I, too, congratulate my hon. and gallant Friend the Member for Croydon, South (Richard Ottaway) on bringing the subject to the attention of the House. Not only did he serve in the senior service, but he is a now member of the Defence Committee. He brings a lot of experience and thought to our debate. He raised the subject in a non-confrontational way in an attempt to mark out not only the role of our reservists—many of whom, as we speak, are serving in the line of fire—but some of the problems that they will face in future.

I add to the comments of the hon. Member for South-East Cornwall (Mr. Breed), who speaks for the Liberal Democrats, by saying that this is notionally the Minister's last appearance at the Dispatch Box. I genuinely wish him all the best. We have not always agreed, but he has worked hard in his post, and his work for veterans and veteran organisations is much appreciated.

I do not know what the Minister will do when he eventually stands down. I believe that the right hon. Member for Airdrie and Shotts (Mrs. Liddell) has been promised the post of high commissioner in Australia—assuming that the Labour party returns to government—and the Chief Secretary to the Treasury, the right hon. Member for Brent, South (Mr. Boateng), has a promissory note for South Africa. Governor of Gibraltar might have been the kind of largesse that an old Labour Government or an old Conservative Government might have bestowed. However, we wish the Minister all the best.

My hon. Friends and others have attempted to put the core of our debate, the service of reserve forces in Iraq and the challenges and problems that they face, in some sort of historical context. You would expect me, Mr. Deputy Speaker, as someone who started his working life as a military historian, to appreciate what has been the traditional view for more than 100 years, and especially in the Regular Army, of reserve forces and particularly of the Territorial Army. My hon. Friend the Member for Ruislip-Northwood (Mr. Wilkinson), who is no longer in the Chamber, rightly noted that the reserves are also drawn from the Royal Navy and the Royal Air Force, but the bulk today come from the TA, and the regulars often regarded the TA as a bit of a joke.

At the beginning of the first world war, Field Marshal Lord Kitchener disparaged the TA as a town clerks army, but they contributed more than 50 per cent. of the soldiers who served in the first world war, and more

[Mr. Keith Simpson]

people served in the TA than in the Regular Army or Kitchener's Army. I would hazard a guess that the situation was nearly the same in the second world war, too. So, that town clerks army provided a massive amount of manpower, which was used physically to defend the United Kingdom and on many operations.

It always used to be thought in the Regular Army that an attachment to the TA was the kiss of death, and becoming adjutant of a TA battalion was the equivalent of being appointed a junior Minister at the Department for Work and Pensions: it was not necessarily the most exciting appointment. Of course, General Mike Jackson is living proof that that is not true. He was posted to outer Siberia, as it were, when he became adjutant of the 10th Battalion, the Parachute Regiment in Scotland—if he could survive that, he could survive anything. As we know, he ultimately became Chief of the General Staff.

The Regular Army has always had an ambivalent attitude to its reserves, and I suspect that the same is true in the Navy and the Air Force. That ambivalence comes down to two things. In the past, reservists were part-time soldiers; the reserves were seen as a drinking club or something that people joined for money. It was thought that reservists wanted to wear the uniform and that they sashayed around, but did not do real service. Their medal ribbons were thought to be for 25 years' undetected crime, rather than for real service. Secondly, whatever limited money the regular armed forces had, it sometimes had to go to the reserve forces, and the regulars always felt that they could use the money better.

There is no doubt that a major change has come about in the past 10 years. That is because the old wartime generation has gone, and the cold war generation is on its way out. It is also because of the nature of the operations in which we are now involved, as well as the basic line taken by the strategic defence review and, more recently, by a whole series of add-ons to that review, culminating in the defence White Paper.

I am not saying this as a purely partisan point, but it is fair to say that the Government are having to claw back from the strategic defence review in many respects. Colleagues on both sides of the House felt that the territorial and reserve forces had been cut too much. The basic line, certainly as far as the Army was concerned, was that if push came to shove, and it was a choice between money for the regulars and money for the TA, the TA would have to take the cuts. We now recognise that those cuts went too far, not least because of the need, during so-called peacetime, to deploy the reserve forces on a scale never before seen in our history, as several colleagues have mentioned.

The deployment of our reservists in Iraq, whether in the Army, the Navy or the Air Force, points to a major sea change in our attitude towards reserve forces. Potentially, reserve forces can now serve three times over; it used to be said that they were twice a citizen, but they are now at least three times a citizen. First, they may be mobilised to take a direct role in operational, active service, in formed units or as individuals. Secondly, they are likely to be deployed as back filling—to use old terminology—allowing regulars to be deployed on operations. Finally, we should not forget that some are now organised in the civil contingency reaction forces—engaged in what used to be called home defence—and they will play a major role in the unfortunate event of a serious major terrorist incident in the United Kingdom. Those three roles overlap—sometimes literally. In some cases, TA soldiers have been told that they form part of a civil contingency reaction force, and they have been mobilised to serve overseas. Our reserve forces experience overstretch as well.

In thinking about the role that our reserve forces play, we should also bear in mind the fact that, traditionally, they have been a recruiting ground for our regular armed forces, just as the Army Cadet Force and the university cadets have been. A significant number of reservists who have served with the regular armed forces have transferred across. That pool of what I might call generically manpower—so, womanpower as well—is spread pretty thinly. We call upon those people to fulfil a number of functions. Hon. Friends and other hon. Members have rightly pointed out that many members of the reserve forces are proud to serve alongside members of the regular armed forces, integrated with them. Many of them also enjoy being deployed on operational active service—that is one of the reasons why they joined the reserve forces—and not only because of the excitement; they like the physical recognition in the form of a medal that proves that they are not just Saturday night soldiers.

Given the momentum of operations, even if those in Iraq eventually wind down, and given that the defence White Paper has made the assumption that expeditionary warfare will continue on the current scale, the situation cannot continue indefinitely; we will require our reservists.

Drawing together the points that my hon. Friends have made, the Ministry of Defence faces a number of challenges, to use the awful Sir Humphrey, civil service terminology. Let me rehearse them. First, as my hon. and gallant Friend the Member for New Forest, West (Mr. Swayne) said, there is a feeling that, ironically, if the regular armed forces are overstretched and are having to be supplemented by the reservists, ultimately the reservists will be overstretched as well. He and others posed the interesting question: if we reach the stage at which we almost run out of deployable reservists—if operations continue in Iraq or elsewhere—how will we man our reserve forces?

Historically, in peacetime the armed forces have always been undermanned and overstretched. A number of tools are used to get round that problem in relation to overseas operations such as Iraq. The first is to employ people who are not British citizens. We have done that frequently and we are doing it now. The second is to offer higher pay and rewards of various kinds, not only to recruit people but to retain them. The third is the use of honours, awards and recognition. I shall come back to that. Finally, one can substitute mechanical means for people. I suspect that the MOD has considered the full range of options for our reserve forces.

The problem is that the kind of operations in which we are now involved are, as the hon. Member for South-East Cornwall said, manpower intensive for the Army. In such circumstances, far from needing fewer men we need more. For various reasons, we have not reached the same stage as the United States, where the national

guard is undermanned by 42 per cent. It is having incredible difficulty recruiting people, largely because of what is called the mother factor. Mothers do not want their sons and daughters to go to Iraq, where the large scale of the casualties—fortunately, we have not experienced this—does not balance the financial rewards for serving in the national guard. I am not referring simply to money; joining the national guard is frequently a way to receive education on the cheap. As my hon. and gallant Friend the Member for New Forest, West said, one way to recruit and retain members of the reserves is by ensuring that the training and skills that they receive through serving in the armed forces can be recognised in civil life, as is the case with the regular armed forces.

I conclude by bringing together a number of points relating to the future rather than to the past. As I said at the beginning of my speech, the nature of reservists' integration with the regulars means that they have a higher status than ever before. Is that status recognised by the Ministry of Defence and the armed forces? The most senior rank for any reservist is a two-star rank, as is currently held by Major-General His Grace the Duke of Westminster. What a marvellously 19th-century ring that has about it: cool Britannia and new Labour appoint Major-General His Grace the Duke of Westminster as the first two-star reservist officer. Life is full of contradictions. That rank is a central staff administrative appointment. Does the Minister know the highest rank or command position that a TA or reservist officer holds in Iraq outside an administrative unit—in a combat arm unit? I suspect that it is difficult to get much beyond the equivalent of lieutenant-colonel in all three services. One way to encourage reservists with the necessary qualifications and experience is by giving them the opportunity to hold high field command or staff positions beyond administrative ones. There are arguments against that, but it is an important idea.

The MOD has made good progress, but the training and resources given to the TA and other reserve forces should be absolutely comparable to the regulars, particularly if we wish to deploy them on overseas operations. I salute the progress made by the Government, but all hon. Members present have made the point that if we expect reserve forces to continue to be used on such a scale, we cannot afford to have any anomalies in their pay, allowances, pensions or the medical treatment that they receive if they are wounded while serving on overseas operations.

The role played by the reservists over the past five years has been outstanding, and they are a credit to our country. We should also praise employers who not only allow reservists to leave their jobs, albeit under legal constraints, but are prepared to employ members of the reserve forces in the first place. As the hon. Member for South-East Cornwall pointed out, many employers employ only about six to eight people in an integrated team. If one man or woman is taken out for six months from such a company, as opposed to Tesco or Marks and Spencer, it is hard to bear. Reservists are a credit to us all, and this debate has shown our appreciation.

3.5 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): I congratulate the hon. Member for Croydon, South (Richard Ottaway) on securing this debate and welcome the contributions of the hon. Member for New Forest, West (Mr. Swayne) and my hon. Friend the Member for Monmouth (Mr. Edwards), who I know takes a close interest in such matters. I fully endorse the praise that has been given to our forces in this debate.

I hope that the Chamber will understand, however, if I begin with a rather more sombre reflection. I know that the whole House will wish to join me in paying tribute to the late Baroness Strange, who sadly died earlier this month. She had been president of the War Widows Association of Great Britain since 1990. She pursued her agenda vigorously, but also with charm and persuasive argument. Over the years she helped to secure a wide range of benefits for our war widows. Most recently, during the passage of the Armed Forces (Pensions and Compensation) Act 2004, she helped to ensure that widows whose spouses had died before 1973 did not lose their war pension on remarriage. Baroness Strange was a larger than life person, and was held in great respect and affection in both Houses. Her absence will be a sad loss for us in Parliament and for the War Widows Association of Great Britain. All our thoughts are with her husband Humphrey and the family at this difficult time.

Mr. Keith Simpson: I am grateful to the Minister for making those comments. I am sure that all hon. Members would agree that Baroness Strange was a quite outstanding lady. Those of us in the corridors of power who were gripped by her knew exactly what she wanted, and frequently she got it.

Mr. Caplin: The mobilisation of reservists in January 2003 to support United Kingdom operations in Iraq was the largest call-out of the reserve forces since the 1950s, as has been said. The initial phase saw 5,200 reservists mobilised in sufficient time to participate in the war-fighting phase of the operation. They served in formed reserve units and sub-units, and as individual reservists in both regular and reserve units. The latter use—to bring units from peace to war-fighting complement—has always been a traditional role of the reserve forces.

Reservists performed many varied and essential roles, from cooks and drivers, to intelligence analysts, amphibious engineers, infantry men and some unique to the reserves. In all, they constituted more than 10 per cent. of the UK ground forces deployed in Iraq. Many were called out at short notice, and it is to their credit, and that of their families and employers—I share that view with the hon. Member for Mid-Norfolk (Mr. Simpson)—that they met that challenge. The contribution of the reserve forces to that stage of the operation cannot be overemphasised. Without the support of those forces, we would not have been able to achieve the success that we did.

Since the war-fighting phase of Operation Telic has drawn to a close, the reserves have had a continuing role in supporting British forces in Iraq. The United Kingdom is committed to Iraq for as long as the Iraqi Government judge that the coalition is required to provide security and assist the Iraqi security forces. Therefore, just as reservists were mobilised during the war-fighting phase of the operation to fill a variety of roles, now they fill important roles in intelligence, and as linguists, medics and members of the civil and military co-operation group, which specialises in reconstruction tasks.

[Mr. Caplin]

Reservists from the RAF have filled many roles, including as meteorological officers, medics, aircraft ground crew and force protection personnel. The RAF's No. 2 Force Protection Wing has been deployed to Iraq and includes reservists from two Royal Auxiliary Air Force squadrons. The wing's role is varied, but one of its key functions has been to train around 250 Iraqi policemen. With nearly 3,000 local employees and contractors passing through the airport's vehicle checkpoint each day, it is vital that those people see Iraqis running their own security. The senior Iraqi police officer, Colonel Imad Abass, who is commander for the directorate of border enforcement at Basra international airport, recently said:

"It is very good for local people to see Iraqi police occupying the entrance of the airport, organising and controlling things by themselves. It is very good for us and the Iraqi people."

The Royal Naval Reserve has provided logisticians, intelligence analysts, medics, linguists, and mine and amphibian warfare specialists, and RNR sponsored reservists crewed the strategic sealift ro-ro vessels that took so much of our heavy equipment to the Gulf. In particular, we were able to draw on the expertise of one RN reservist who in civilian life worked in Arabian oilfields, and who provided invaluable advice on the pitfalls and possible booby-traps in Iraqi oilfields. Another, a manager of a UK port, was able to set up the new port facilities at Umm Qasr. That demonstrates the invaluable contribution that reservists make.

The process by which individuals are identified and selected to be mobilised has evolved since Operation Telic 1. For that stage of the operation, the numbers required and the time scale in which we needed them resulted in us exercising less discrimination in our choice of who to mobilise than we do now. The attitude of the individual and his employer towards mobilisation could be given less weight in a large-scale compulsory call-out.

In short, intelligent mobilisation is the process of identifying willing and available individuals for specific appointments through dialogue between an individual, his or her employer and the unit, and then up through the chain of command. I accept that during Operation Telic 1 that process was less intelligent, but it has become progressively more so. I can confirm to the House that all reservists being called out for Operation Telic 6 have said that they are willing to be mobilised.

In continuation of the policy of using reservists to augment the regular forces in Iraq, I announced on 14 December last year a further call-out of reservists for the UK's area of operations. That will consist of approximately 900 reservists, with a view to deployment from April onwards, and is part of a natural roulement of UK forces that takes place in May. They will undertake a range of activities including force protection duties, medical and logistical support, and providing individual reinforcements to units of all types. The increase from 700, the current mobilised figure, to 900 is due mainly to the replacement of a regular field hospital with a Territorial Army one. That rotation has been long planned. It demonstrates that the reserves are now fully integrated into the overall force structure, and their flexibility and utility. The matter is very much normal business, as far as the reserves and the rest of the armed forces are concerned.

The skill and dedication that the reserves have shown while carrying out their duties in south-east Iraq is reflected in the success that we have achieved in that region. In recognition of the reserve forces' contribution, a number of personnel have been recognised in the operational honours lists; the hon. Member for Mid-Norfolk referred to that. They included Kingsman Michael Davison from the King's and Cheshire Regiment, who won a military cross, and Staff Sergeant Anthony Wyles from the Corps of Royal Engineers, who won the Queen's gallantry medal. Only last week it was announced that reservists were to be awarded an MBE and a military cross for services in Iraq, and a George medal is to be awarded to an individual serving in the Congo. Such men and women exemplify the spirit and quality of Britain's reserve forces.

Sadly, we have suffered some deaths in action, namely those of Private Smith of the 52nd Lowland Regiment; Corporal Pritchard of 116 Provost company; Fusilier Beeston, also of the Lowland Regiment; Sergeant Nightingale of 150 Transport company, which was attached to the 27th, Regiment Royal Logistic Corps, in Iraq; and Private Kitulagoda of the Royal Rifle Volunteers in Afghanistan. We are indebted to all of them and to their families for the efforts that they made on behalf of the United Kingdom here and abroad.

I want to deal with some of the issues in relation to the Reserve Forces (Safeguard of Employment) Act 1985, which was mentioned by all Members here. Reservists who are called out into permanent service benefit from employment protection under the legislation, which, unless history is playing tricks on me, was passed under a Conservative Government, as was the Reserve Forces Act 1996. Under section 1, an employer is required to take back into employment former employees who have completed their call-out service. Should an employer fail to reinstate a reservist in accordance with the Act, reservists may apply to a reinstatement committee, which will hear the case. The committee can order the employer to reinstate the reservist, pay compensation or both. Failure to comply with an order of the committee is a criminal offence, and the employer may be fined on summary conviction. I am afraid that the Act confers no powers on the Ministry of Defence to take measures against employers who fail to reinstate a reservist.

We also provide advice to our reservists when they return. On demobilisation, as the major will know, reservists receive a briefing about returning to civilian employment. I do not intend to comment on whether he will need a reinstatement committee later this year or next year.

Each reservist is also provided with a copy of joint service publication 532, headed "Guidance for Reservists Returning to Civilian Employment: Procedures to Secure Reinstatement". In co-operation with the regional reserve forces and cadets associations, we have also introduced the regional directors of the supporting Britain's reservists and employers campaign to provide advice and guidance to employers and reservists on reinstatement issues. We also have unit employer support officers to boost our capability further in this area. The MOD's SaBRE campaign team also has a helpline.

I believe, and hope, that the House will recognise that we are doing the very best that we can when our forces return from mobilised service.

Mr. Breed: Does the Minister recognise the fact that there have been problems recently with some reservists' jobs ceasing to exist and those reservists being made redundant? There is a feeling that the redundancies were created as a way of getting around the legislation.

Mr. Caplin: I was about to deal with the figures, but I spotted the hon. Member for Croydon, South first.

Richard Ottaway: Can I persuade the Minister to go a step further? What people need is advocacy support. I welcome what he just said about the package of support, but these people need someone to represent them. We are not talking about large numbers. It cannot be a significant sum. The Minister has legal departments at his disposal. It would be good if he went the extra step and provided advocacy support.

Mr. Caplin: I entirely recognise the hon. Gentleman's point, but we must reflect on the fact that a member of the armed forces returns to their civilian employment once we have demobilised them. Their employment with the MOD ceases. SaBRE and the unit officers that we have put in place do offer the sort of advocacy that he suggests. I suggest that he visit the local SaBRE director in south London or in the London region who might be able to explain SaBRE's advocacy role better.

I said that I would deal with the numbers for which the hon. Member for South-East Cornwall (Mr. Breed) asked. I must begin by rejecting the suggestion made by the hon. Member for Croydon, South that large numbers of reservists have had to apply to the reinstatement committee to get their jobs back. That is simply not true.

More than 10,900 reservists have been mobilised to support Operation Telic. Since February 2003, a total of only 24 applications have been made under the Reserve Forces (Safeguard of Employment) Act, eight of which have been referred to a reinstatement committee. The reservists won four of those cases and lost three, and one case is outstanding. Those are not huge figures in the context of almost 11,000 mobilised members of the reserve forces, but I accept that there is more work to do. I intend to talk later about some of the measures that we are introducing to deal with these issues.

Questions were also asked about pensions. All members of the reserve forces have access to the pension scheme when they are on mobilised service—I thought that that was well understood—which includes the reserve forces pension scheme. Reservists may well have their own occupational scheme, so they are free to continue to contribute to that if they want to do so.

I cannot comment on the case cited, but let me make two brief points. Any reference to casual labour, which the hon. Member for South-East Cornwall mentioned, has a technical meaning in employment law. Those who have studied the matter will be able to explain that in greater detail than I can. Casual labour means intermittent employment, so it is certainly not meant to indicate unprofessional behaviour or a lack of respect for reservists. Appropriate pension provision is in place for such service, which would include contracting into the state second pension scheme, should that be required.

Iraq is not the only place where reservists have been deployed. They continue to support operations in Afghanistan, the Balkans, Sierra Leone and the Democratic Republic of the Congo. The reserves have consistently provided between 10 and 18 per cent. of United Kingdom manpower in the former Yugoslavia since NATO operations commenced there in 1995. I had the pleasure of meeting a significant number of reserve forces during my visit last week to Kosovo and Bosnia.

All the deployments reflect the Government's policy on the use of reserves as outlined in the 1998 strategic defence review: having a more capable, usable, integrated and relevant reserve force to support their regular counterparts in operations overseas. That policy has implications for reservists and the Government beyond the bounds of military planning and operational commitments: it has a fundamental impact on our people. For reservists, it requires a mindset that views mobilised service as a likely consequence or at least a very real possibility of his service, rather than as a theoretical commitment relevant only in a dire emergency. The reserves community already recognises that and has continued to adapt to it over the past decade.

The Government, too, recognise that we have a duty to support reservists at home and abroad and we must acknowledge the impact that operational deployments can have on those affected—the individual, the family and those around them, their employer, of course, and the reserve forces as a whole. The effect on each of them must be managed in a way that is fair and which will preserve the reserves as a sustainable military resource in the long term.

Unsurprisingly, operations in Iraq have taught us some important lessons. The mass mobilisation prior to the war-fighting phase showed that the system could generate a large number of personnel in a short time, but highlighted the practical problems that arose. It was a military necessity that the action was taken but we would in future wish to give 28 days' notice of mobilisation whenever possible. It will not be possible in every case, but the policy is a significant step forward in minimising the disruption associated with mobilisation.

The hon. Member for Croydon, South asked about welfare medical support, which is important. When mobilised and deployed, reservists are treated in the same way as regular personnel. We continue to examine and refine the aftercare which reservists can access when they return. As with regulars, the mental stresses that can arise from deployments are more widely recognised and better understood. All personnel are briefed on post-traumatic stress reactions and sources of support are made known to them. A reservists welfare study has recently been concluded and several recommendations covering support to reserves at home and abroad are about to be implemented.

I want to deal briefly with the case of Corporal David Corrigan, which was raised by the hon. Gentleman. I apologise for Corporal Corrigan's treatment, which fell far short of the usual standards that we expect. We accept that owing to initially incorrect advice, Corporal Corrigan did not receive his entitlements and we are

[Mr. Caplin]

keeping in regular contact with him to put the matter right. My right hon. Friend the Prime Minister was representing his constituent in the letter to the Secretary of State.

The new armed forces compensation scheme comes into effect on 6 April. The House will be aware of some of its provisions from recent coverage, but for members of the reserve forces in particular, these new terms are much more favourable. They allow the value of a reservist's civilian earnings to be taken into account when determining payments. Therefore, a doctor who is injured while carrying out his military duties as a private soldier in the Territorial Army will not be compensated simply as a soldier but according to his civilian job, where his ability to continue that employment is affected.

A number of reservists who are deployed in Iraq have suffered financially when their civilian earnings exceed their military pay. The system currently in place to make a financial award to a soldier is far from straightforward. It places an additional burden on what can already be a difficult time for soldiers and their families. The values of the awards have been fixed since the system was first introduced, and have gradually eroded over time. The system was outdated and needed an overhaul. I am glad to be able to announce that the new regulations will be laid before Parliament this afternoon.

The new awards are much more advantageous to the reservists, from a practical and a financial point of view. We have abolished the complex and invasive reservists hardship award, and the system of tiered payments according to rank. Instead, there will be a single award, applicable to all ranks from private to general, and capped at £200,000. The system of awards to employers has also been reformed; it makes it simpler for them to claim, and it allows them to do so for the full additional cost of replacing a mobilised reservist, up to a cap of £40,000. I hope that the House will join me in welcoming the introduction of these new arrangements, which significantly enhance the financial support on offer.

Mr. Edwards: Does my hon. Friend acknowledge that recruitment to the reserve forces has been a problem, and does he feel that that the new pay, allowances and compensation will help to rectify it?

Mr. Caplin: I very much hope so. We consulted properly on them, and they will be the subject of annual review.

Our proposals demonstrate the Government's commitment to supporting the reserve forces, and back up the words about minimising concerns that arise over mobilisation with actions. However, no amount of support—practical, financial, or in any other form—can eradicate the disruption that mobilisation causes to our reservists' personal lives. They continue to volunteer for service in such circumstances; that is at the heart of the volunteering ethos that sustains the reserve forces. I recognise the sacrifices that our reservists make, and we must not take them for granted. Mobilisation at the maximum frequency allowed by the Reserve Forces Act 1996 is not a sustainable demand.

That is why we recently published the "Future Use of the UK's Reserve Forces", which introduced a provision to mobilise people for not more than one year in five, unless there is no viable alternative, as the hon. Member for Croydon, South mentioned. I hope that Members have the chance to read that document. It summarises the effect on our people of our policy on the use of reserve forces. It also demonstrates the steps we have taken as a result of recent deployments, including in Iraq, to refine and improve our arrangements to support them.

The structure of the reserve forces must also be designed to support the demands of future operations. The principles of having usable, integrated and relevant reserve forces were developed in the 2003 White Paper, as the hon. Member for Mid-Norfolk acknowledged. It stated that we will continue to use the reserves, not only for large-scale operations, but to reinforce some specialist capabilities, such as medical and logistic support to smaller-scale deployments. That will require ever-closer integration between the regular and reserve elements of the services. Generating genuine readiness, and being properly prepared in the right time scale, are the keys to this integration.

Most reservist units are held at low states of readiness at present. Better to meet the demands of future operations, some sub-units and individuals now remain at higher states of readiness than parts of the regular forces. That applies in particular to certain logistic, medical and other specialists, reflecting the need for them to be able to respond rapidly, as their services will be among those most likely to be required.

Such has been the contribution of reservists to operations that we intend to integrate them even further into force structures. For example, while the TA will remain broadly the same size as it is today, there will be some adjustments to its capabilities to meet new requirements and to best support the Regular Army on operations.

The final structure will be validated, in close consultation with the reserves community, over the coming months. However, rebalancing or restructuring should not be taken as an indication that reservists will be mobilised more frequently. Although we plan to continue to use reservists to support operations, we do not expect routinely to mobilise the high numbers of the start of Operation Telic in 2003; that was an exceptional situation. The frequency of mobilisation is also limited by law in the Reserve Forces Act, as well as by the one year in five policy, which I have outlined this afternoon. The outcome of restructuring is simply that the reserve forces are better structured to support their regular counterparts.

I want to conclude by making two points. It would be remiss of me not to thank the hon. Members for Mid-Norfolk and for South-East Cornwall for their kind words on my personal future. More importantly, I restate my praise for the job that our reservist soldiers, sailors and airmen are doing in Iraq; conditions may be tough, but they are more than equal to the task. I know that the whole House will join me in offering them our thanks for the manner in which they are doing their job in the service of our country.

Housing Strategy (Merseyside)

3.30 pm

Dr. John Pugh (Southport) (LD): I originally intended this to be a rather more far-ranging debate and hoped to secure a one-and-a-half hour slot, but as I have only half an hour, the Minister will forgive me if I concentrate more narrowly on the concerns that affect my constituency, while still sticking entirely to the topic as advertised.

The Government have a vision for housing in this country that is laudable in many respects. It centres on the concept of sustainable communities, to which we all hope to belong. Part of that vision is to avoid unnecessary encroachment on to green belt and greenfield sites, which would take away from sustainable communities the countryside that surrounds them. An equally laudable objective is to revive cities—to encourage people to live in cities as well as to shop in them and visit them for recreation. City centres are, as a result of a number of Government initiatives, being gradually repopulated, and I support that.

The Government wish to reduce the distances that people have to travel to work, which is surely a sound environmental objective. They share with everybody in this country a laudable concern about the lack of affordable housing and they want to do something about it. They also have it in mind to tackle the scandal of empty homes that could be filled, and the correlative problem of unwanted homes in communities in which there is no demand for them. They are homes in communities where employment has gone and the community is in a state of relative decline.

During my time in Parliament, I have investigated those topics. I served on the Select Committee on the Office of the Deputy Prime Minister, which considered the problem of empty homes in detail. We went to Bootle, Burnley and east Manchester, and I found the whole experience informative and thought provoking. We studied and assessed what regeneration schemes based on housing actually achieved. I pay tribute to the hon. Member for Denton and Reddish (Andrew Bennett), who is likely to retire in the next few weeks, on his work in ensuring that those topics are firmly planted on the political agenda of all politicians.

I have had a long-term personal commitment to regeneration, even outside the confines of my constituency. I served on Sefton council, where my votes and those of my party were crucial in ensuring that Bootle received city challenge status. At the time, the Labour representatives had reservations about that, because they viewed it as top-slicing money from other local authority budgets. I supported city challenge and neighbourhood renewal schemes in my constituency and elsewhere, and I have seen genuine success emerge from them—perhaps not as much success as was envisaged when they started but, by and large, they were worthy schemes that achieved genuine benefits that permeated into people's everyday lives.

I am delighted to see money spent on deprived areas, but have always been slightly anxious about the fact that when money is too tightly focused, as could have been the case with city challenge until some latitude was shown, it is not best spent and is pumped into one patch of land. Then, the aim can become to use up funds, rather than to use them most efficiently to secure the best benefits for the area. In common with most people who have studied regeneration, I accept the need for targeting and ensuring that the jam is not spread too thinly, but if there is insufficient flexibility, targeting can become a weakness in a scheme—leading to a situation in which the funds are present within a targeted area, but the projects are not.

There is a theory that housing development can lead to regeneration. I do not depart from that theory because, in part, I agree with it, but it can be pushed too far. The most extreme example was the Hatton Garden area in Liverpool, where there was a presumption that if lots of council housing were built, the area would be regenerated. That missed the fact that the net effect would be to produce high rates of council tax, which acted as an economic disincentive for businesses to come to that area, with the result that one might have housing in the area, but not employment. That theory must be examined and, in some ways, contested.

There is also a theory that the prime housing problem in the north is one of managing decline—that housing stock is the same throughout the north and that in most areas of the north all we really need to do is to lose a few houses so that the number of houses matches the number of people. It is similar to the concept that the north-west consists of Burnley writ large. However, that is not the situation in large parts of the north-west, and certainly not in large parts of Merseyside.

In my constituency, we have had something of a mini-economic boom. Unemployment is at its lowest for some time, having fallen rapidly since 2001—it is a happy coincidence that I was elected then. Many of the jobs in my town are in the care and leisure sectors and are relatively low waged. However, there is pressure on housing, which leads to high prices. As unemployment has fallen sharply, house prices have risen sharply. There is a genuine shortage of affordable housing, but that has been masked in some ways.

Those who read *The Times* assiduously for housing articles might have seen one weeks ago about an organisation called Green Pastures, which does a lot of work for the homeless in Southport. It buys fairly elderly detached and semi-detached properties of a substantial size and converts them into flats, mainly paying for the cost of purchase via housing benefit. The scheme has made Green Pastures a substantial landlord; I pay tribute to its work in bridging the gap between people needing houses and getting them.

However, the current situation leads me to review and reflect on the Government's overall strategy—not so much its goals, but its implementation. Planning policy guidance note 13, as it affects us, is a two-edged sword. As in many places outside the pathfinder areas, it is interpreted locally as a housing limit—a limit on the number of new houses that can be built. In one sense, I am not unhappy with that because it prevents the demolition of lots of lovely old Victorian houses in Southport and their replacement by sometimes, but not always, elegant retirement homes, sold at an appreciable cost. To be sustainable communities, towns need balanced populations. If the houses in Southport attract only elderly people, there will be a problem in future.

The way in which the housing market moves does not necessarily reflect what the community requires. I recognise that there is a need for flat accommodation

[Dr. John Pugh]

because of the number of marriage break-ups and single people looking for homes, but, crucially, that limits the number of new builds for family homes. There are exceptions to the rules, however, as the Minister's civil servants will readily anticipate. Even in Southport there are brownfield sites, but not large ones: they tend to date back to the era in which people would start businesses in their back gardens and then extend a little beyond them and start garages or printing businesses or whatever. Brownfield sites can be released, but site assembly is expensive for building interests.

We really need an influx of affordable housing; we need a mix and we need flexibility. That is what the house builders say and what common sense tells us, but we have PPG13 to deal with. The problem is not that we cannot build affordable housing on new land, but that to build sustainable estates with a variety of houses, we need the latitude to build a mix of affordable and other kinds of housing.

The other solution open to my constituents is to go into the pathfinder areas. I am sure that there is an inherent logic that makes people investigate that possibility. It is meant to be there; I understand that. However, the arguments against it are quite strong in Southport within Merseyside. First, it is environmental nonsense to make people travel any further to work than they need to. Secondly, the expense of a lengthy journey time is often unaffordable for people on low wages. Thirdly, in the pathfinder areas, we are finding prices increasing appreciably: I am told by reliable people that some houses in the pathfinder areas are being bought as investments by firms, building societies and so on because they can see a real prospect of their increasing in value. That is not the objective of the pathfinder initiative.

Across Merseyside in general—this point is well encapsulated in the recent Heartlands debate—mass demolition further reduces the housing stock in many areas and means that those houses that are available rapidly become more expensive. To put it in a personal context, a gentleman who worked for the council came to me the other day with his wife and child. They were unable to find a house in Southport that they could afford. They were asked to go to the pathfinder areas and look at property lower down in Sefton, towards Liverpool. They explained that would mean the man giving up his job. The housing department said, "Well, that's really what you ought to do." When somebody who has a job has to move and render themselves unemployed to get a house, we have to investigate whether general regeneration is taking place or people are being shuffled along without achieving any positive economic or personal effect.

It is not true that jobs follow housing. Normally, housing follows jobs. There are problems with that, but there are equal problems with the expectation that jobs will follow housing. Most people come to the obvious conclusion that what is required is that we strike a sensible balance. I query whether we are likely to achieve that.

In my constituency the Southport partnership, which has done a great deal of good regeneration work, believes that the most significant break for the economic expansion that has taken place in the town in the past few years is the availability of housing. I have been convinced not only by the partnership, but by speaking at great length with the Housing Corporation, which is entirely sold on the idea that there is a problem. At some point, the Housing Corporation wishes to present further details of its analysis to the Minister and her civil servants. The issue has been brought up when we have discussed the regional housing strategy and it has been reflected in many other boroughs across Merseyside. In addition, it has been accepted by the Government office for the north-west. I am not saying that we have got to the stage where, a little like the emperor's new clothes, the housing strategy for Merseyside is not what we would take it to be, or that it is not achieving the objectives. I am sure that the Minister can cite statistics that prove all sorts of genuine and real benefits from it. However, I do not think that we will maximise the benefits unless we have greater local flexibility.

That is not the view of an isolated, oddball MP for an atypical constituency. I am sure that the hon. Member for City of Chester (Ms Russell) could make an identical speech, although she would refer to Chester rather than to Southport. If one were to speak to the leader of Liverpool city council, as I have done recently, and to analyse the problem as I have presented it, I do not think that he would have any difficulty in recognising the problem and acknowledging that to solve it a degree of flexibility is required in the Government strategy. The Government should not simply have a global strategy for the United Kingdom but should implement it properly in particular areas, and not in a doctrinaire way. One of the Government's favourite clichés at the moment is "one size fits all", and Ministers have used that expression time and again as they have sought to introduce novelty and diversity into areas of public service. Sometimes, they put things the other way round, saying that we do not live in an age when one size fits all. If I had a fiver for every time a Minister has used that expression, I would be a very rich man indeed; it is a cliché of the times.

What I am saying, however, is that one size does not fit all in terms of housing need in the north-west; it is certainly not fitting very well in Southport. Given the Heartlands controversy, it is probably not fitting very well across Merseyside either. I therefore ask the Minister to think about my comments, to acknowledge that I am coming at the issue not with a set of anecdotes behind me, but with the support of the regional Housing Corporation and a good number of councils, and to respond.

3.46 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): I congratulate the hon. Member for Southport (Dr. Pugh) on securing this Adjournment debate and on raising some important themes relating to housing and, in particular, the relationship between the housing market and the local economy in Merseyside.

Local authorities and regional housing and planning bodies have to address a set of challenges. They have to respond to housing need—one of our most basic human needs is to have a home—but they must do so in a way that supports communities, not dormitories, and that recognises the relationship between the local economy and

the local housing market. The hon. Gentleman is right to say that housing and the local economy are closely linked, but often in complex ways. Housing has a big impact on the local economy. Businesses will not invest in places where the work force do not want to live. Equally, a tight housing market can make it difficult for people to move to where the jobs are, which can cause recruitment problems for businesses. Low housing demand can also have a big impact on an area's wider economic performance. We need to address housing and economic strategies together. That is why we have investment in the growth areas in the south-east. That means that we can invest in the housing that is needed to respond to economic growth. It is also why we have the housing market renewal programmes—the pathfinders—to work in areas of low demand in various places around the country.

I agree that it is wrong to suggest that the north is simply a region of low demand while the south, and particularly the south-east, are regions of high demand. That is simply not the case and such an approach is far too simplistic. In many areas in the north, such as Yorkshire, as well as in the north-west and the north-east, house prices have increased considerably and there are areas of high housing demand. Equally, some areas, including parts of Merseyside, have been plagued by serious problems of low demand. That is why we have the housing market renewal pathfinder based there. The hon. Gentleman is right that we need to strike the right balance in our approach to the local economy and housing development.

The hon. Gentleman asked whether the pathfinder is about managing decline, but that does not need to be the approach. In fact, the approach of the pathfinders should be about ensuring that we have the right mix and the right choice of housing for local people and about responding to a changed economy. The pathfinder areas are often those in which housing developed in response to particular social and economic circumstances—certain kinds of housing were required, often reflecting particular industrial patterns of development and particular lifestyles. Those forms of housing are now out of date because people want different things with a different mix of housing in the area. Pathfinders can help to stem the flight from the cities and support regeneration. At the same time, they can reduce pressure on housing hot spots. That was certainly the approach taken by the Merseyside pathfinder, and it has been used to deal with pressure on housing hot spots such as Southport.

Sefton borough council is revising its housing strategy with the help of the Government office for the north-west. We believe that local authorities need to take a strategic approach to their housing priorities. The production of a housing strategy is an important part of developing a wider approach to the local economy and housing needs, but it needs to involve other stakeholders through consultation and partnership. It will allow local areas to provide a proper framework for making sensible decisions. The regional housing board is reviewing its strategy and has already asked for views through an issues paper published earlier this year. A new draft strategy will be issued for public consultation very shortly, which will provide an opportunity to address many of the specific issues raised by the hon. Gentleman about his constituency and Sefton.

Dr. Pugh: I attended one of the consultation sessions—I was probably the only Member of Parliament present. A number of groups were arranged to discuss various topics. Strangely, when people came to decide what topics they wanted to discuss, the largest grouping—two large groups—wanted to discuss affordable housing. They wanted to discuss that rather more than the classic objectives that pathfinder projects initially set themselves.

Yvette Cooper: The hon. Gentleman is right. Although he would not expect me to anticipate the contents of the housing board's new strategy or the Government's response, I agree that one issue that has emerged from the consultation process is widespread concern about the extent of the shortage of affordable housing in some parts of the region. The problem is not confined to rural areas; it appears to be affecting urban areas such as parts of Sefton. The board and the Government will clearly need to take that into account when developing the new strategy and making investment decisions.

The hon. Gentleman will know that in the period 2004 to 2006, Sefton's allocation from the regional housing pot was £26.2 million. Yesterday, we announced the allocations to be made to the regional housing boards and said that over the following two years £500 million would be available to the north-west for affordable housing. We have substantially increased investment in affordable housing since 1997 because we recognise its importance to the housing market across the country. The individual allocations will need to be discussed within the region. The timetable suggests that they will be set out during the autumn of this year, but further discussion will clearly be needed.

At the same time, the North West regional assembly has started work on reviewing the spatial strategy with a view to submitting a new draft to Ministers in September. Again, although it is too early to say what will be in the draft spatial strategy, it will give us a key opportunity to address many of the questions on the future of the housing market in the region. It will also allow us to look much more closely at sub-regional housing markets, in recognition of the fact that different areas may face very different problems. Those problems need to be addressed not only through the housing board allocations but through the regional planning process.

As part of the preparation for the spatial strategy, the regional housing strategy and the consultation discussions to which the hon. Gentleman referred, reference has been made to the relationship between the housing affordability problem and the extent or appropriateness of different restrictions on overall provision. Such matters are complex because the over-supply of housing in some parts of the region, where building has outpaced increasing demand, has led to areas of serious low demand. It has not been a managed process. Many areas of low demand are being dealt with through pathfinders, but require substantial investment to turn the communities around. At the moment, they often contain street after street of boarded-up homes. That is partly because the housing market has not responded to different demands for choice and overall pressures on demand and supply in the area. If a new housing estate is built offering people alternative

[Yvette Cooper]

housing, and nothing is done to improve the existing stock, people might move from one area to another, which can have a detrimental impact on members of the community who are left behind.

Such issues need to be considered extensively as part of the work on the regional housing strategy and the regional spatial strategy. The Government have issued new guidance for public consultation entitled "Planning for Mixed Communities" to replace the relevant parts of the national advice in PPG3. Responses to the guidance note are invited until 15 April. We believe that a sustainable community needs a mix of decent housing of different types and tenures to support a range of households of different sizes, ages and incomes. That must include the provision of affordable housing to meet local needs.

The draft advice suggests that when drawing up development plans local planning authorities set out what affordable housing is in the context of local income levels, house prices and rents; the proportion of affordable housing that will be provided throughout the plan area; the proportion of affordable housing that will be sought on residential sites above a certain size; and the size and type of affordable housing that would be required. The fact that we are considering issuing revised advice on the issue shows how seriously we take it.

We must always bear in mind the fact that markets change over time, and so do local housing markets. Such change is often a response to local economic, social and community changes, but the triggers for a change in a local housing market can often be unexpected. For example, an estate that has problems with crime can be caught up in a vicious cycle when people want to move away because the problems in the environment were not tackled quickly enough, or improvements in a local school can attract people to the area and increase demand in its housing market.

Dr. Pugh: I am grateful to the Minister for allowing me to intervene because she enables me to put on record my thanks for her constructive and helpful response. No one wants the Government to change their overall objective. All we want is the strategy to be reviewed in the light of evidence presented. Given what the hon. Lady has said, I do not think that the Government will object to that.

Yvette Cooper: The hon. Gentleman is right to say that such matters need to be taken into account. As he said, we have set out our clear objectives. The opportunity for him to discuss local issues further will be provided by the regional housing strategy draft, which will be put out for consultation very shortly. The consultation period will be relatively limited, so I urge the hon. Gentleman and his constituents to make representations to the Government office for the north-west as rapidly as possible. All factors need to be taken into account. It would not be appropriate for me to respond definitively about how the balance needs to be struck in his area, because that is the role of the regional housing strategy and the local Sefton housing strategy. There is certainly plenty of opportunity for further debate.

Future Energy Markets

4 pm

Alan Simpson (Nottingham, South) (Lab): I am extremely grateful to you for choosing this subject for debate this afternoon, Mr. Deputy Speaker, particularly as it follows the Chancellor's announcements in his Budget speech about the intention to hold an energy services summit in the coming year.

I begin by declaring a couple of interests. Future energy markets have interested—perhaps obsessed—me since I entered Parliament in 1992. I have been chairman of the all-party group on warm homes for most of the time since then and I have had a continuing involvement in trying to determine how we address fuel poverty. Lately, I have had a personal interest in the subject in that I have taken it upon myself to try to turn a derelict shell in the middle of Nottingham into a property that I will live in and which, I hope, will generate 50 per cent. more energy than it consumes. I should add a caveat: I will tell the House whether it does that once I have completed the project.

What fascinates me in broader structural terms is our extraordinarily impressive Government targets. Under the Warm Homes and Energy Conservation Act 2000, we are committed to eradicating fuel poverty entirely in the United Kingdom by 2016. Under the Kyoto protocol, we are committed to reducing our carbon dioxide emissions by 12.5 per cent. from 1990 levels by 2008 to 2012. The Government's own targets also commit them to supplying 15 per cent. of domestic energy needs from renewable energy sources by 2015.

Those are admirable targets. The difficulty is that, according to current trends, we are unlikely to meet any of them. Last year's figures, which we have just seen, show that carbon emissions increased by 2.2 per cent. We know from answers given by the Office of the Deputy Prime Minister that only 16 per cent. of the current UK housing stock has a SAP—standard assessment procedure—rating of 60 or more. That percentage must comprise new housing stock that has been built to new housing standards, but the overwhelming majority of existing housing stock is fuel inefficient, if not fuel poor. We must work out how to address that problem against the challenges of climate change.

Last year, I spent quite a lot of time visiting energy suppliers and asking them their views on their responsibilities towards renewables and reducing carbon emissions under the Government energy efficiency contribution. The most difficult thing for me to deal with was that I could not find a single energy supplier with a business plan based on selling less consumption. We know that we must reduce our energy consumption nationally and globally by making the connection between energy consumption and carbon emissions. Yet there is no company in the land with a plan for doing that. The explanation given by the suppliers is simple: they tell me that they cannot make money out of selling less. If the Government want them to do that, we will have to change the nature of the market so that they can create markets that will supply energy services rather than energy consumption.

I drafted a private Member's Bill as a presentation Bill that sets out some of the ways in which we could do that, but I want to explore with the Minister today the

precise way in which we could reconfigure our thinking on energy markets to engage with the really big challenges that the 21st century will present to us. It is worth turning the clock back and considering the perspective of Thomas Edison when he invented the light bulb. His intention was not to sell electricity, but to sell light. We need to take that concept on board and to create energy markets for the future that sell, not energy consumption, but home warmth. If companies can make money out of households consuming less, they will be encouraged to invest in long-term products that make our houses more energy efficient and, in all probability, energy generating.

At the moment, we do not have such rules. I have spoken to Ofgem about its relaxation of the energy market rules. That has been helpful in principle: the relaxation regarding the contracts that can be offered to customers has meant that companies can consider engaging in longer-term contracts and avoid the one-month trap that enables a customer who does not like his supplier to chop and change. That aspect of the market that we created initially meant that companies were willing to do a lot about the delivery of low-energy light bulbs, for example, or to invest in and make available at low prices things such as draughtproofing and loft insulation. Some of them went further, and were willing to go into broader conservation measures that reduced heat loss, particularly if those measures were targeted at the fuel poor.

I congratulate the companies that have done those things. However, we are still scratching the surface of the problem. When I try to raise the issue with companies, they tell me that, in principle, they are not reluctant to go down that path, but they find either that there is little interest or that they have no lever if they try to offer such a service to the public. More particularly, they say that it is not the role of electricity suppliers to act as the Government. If we want to change the nature of the market, we should take a lead. The companies are right to ask us to do so.

The examples that are always quoted are properties that are in multiple occupancy, which figure disproportionately among the most fuel-poor properties in the UK. When energy suppliers have offered the owners of those properties different energy systems or more thermally efficient energy packages, the owners have, by and large, told them to get lost, assuming that their only interest is to sell products. The owners' interest is in running the properties as a rental business for an income, so why on earth should they be interested in a package that will cost them money? I understand the dilemma in which that leaves the energy companies.

At one level, we have to give a lead that probably involves raising the thresholds that we set for the energy efficiency of all rented properties. I cannot see a coherent case for constructing or supporting housing markets that are based on access to properties that are of extremely poor quality in terms of their thermal efficiency. That would run completely counter to the Government's target of eradicating fuel poverty in the UK's housing stock. If we changed the thresholds and set a different SAP rating of 60 or 70, that would be a start. Then, those who sought to sell or let properties would know that they had to meet the new thermal thresholds that provide decent housing conditions for every household in the UK.

Next, we should ask how to reduce the carbon consumption of our existing housing stock. If we are looking for an example of how best to do that, we would be hard pressed to find one much better than Woking. I never thought that a revolution would begin in Woking, but it has set out a model for the UK that the rest of us should stand in awe of and applaud. In the past 13 years, Woking has reduced its carbon emissions by 77 per cent. It has plans to come off the national grid: there will be a local generating system using renewable sources and micro-combined heat and power. Energy-generating lamp posts have already installed: the lighting comes from beautifully designed solar lamp posts with wind-generating capacity. No one objects because the design of the generating system is stylish and inconspicuous and as a network it is phenomenally successful.

We are going to have to rethink our expectations about the ability of every building in the United Kingdom to generate a proportion of its own energy consumption. We will have to consider this as part of the design requirements of new buildings. We will have to follow the Japanese example: if we want a market for photovoltaic roofs, the best thing is for the Government to give a lead and make a commitment that there will be 1 million installed in the UK, as there are to be 1 million installed in Japan. We need to take the same lead as the German Government, who have created a market in which they are the purchaser of renewable and sustainable energy systems. That has given Germany its current lead over us in the global market for renewable and sustainable energy systems: the UK has about 4 per cent. of that market, whereas Germany has 15 per cent. Germany has that lead because its Government have created a market in which German technology suppliers have been able to test, pilot, install and go into production on a significant scale. In doing so, they have reduced unit costs, thus making the technology viable on the open market, whereas we in the UK are still stuck looking for research rather than creating new markets.

One of the saddest things for me was that in 2000 the Prime Minister made a commitment to set aside £5 million to pilot sustainable energy systems targeted at the fuel poor. The money was set aside in a Department of Trade and Industry budget, but not a penny has been spent. The Government have not taken the lead in delivering those pilots, which the nation desperately needs. We have relied on the Wokings of the country and places such as Leicester, which have taken the decision to go out and look for their own renewable and sustainable energy systems.

I would like the Minister to address a number of issues, not necessarily in his reply to this debate, but perhaps by committing to taking them forward in the energy services summit's discussions. As a country, we will have to work out how we respond to the EU directive on energy services. It would be helpful to have some guidance on how the Government see themselves doing that.

We need to consider changing some of the rules governing energy services. One of the major obstacles is that someone who installs a self-generating system in their own home and has a two-way metering system that supports the re-absorption of any excess energy capacity generated—so that it can be fed back into the system as clean, carbon-free energy—receives only a fraction of

[Alan Simpson]

the energy supply price as a buy-back price. The reason for this is that market rules have large charges added on to the buy-back price for access to the supply and distribution system. In reality, those are nonsense charges because most of that energy does not need to go back into the national grid.

The experience in Woking led to the conclusion that its CHP systems were 90 per cent. efficient in generating energy because the transmission was local. The same energy, if fed into the national grid, has an efficiency of about 20 per cent. The energy is spun round, the charges for access and use of the system are all added on and the cost to society amounts to about five times the buy-back price. We therefore need to change those rules to narrow the buy-back price so that it reflects what it would constitute as energy gain in a local energy system. If suppliers were able to buy back from themselves at a more competitive rate, the whole set of commercial interests would change.

So far, the only company that I have been able to find that is interested in a self-generation or a local generation system is Powergen. I pay tribute to Powergen, because it is willing to pioneer that system. However, all the energy suppliers must become part of the same game. We need to recognise that there is no coherent case for a national extension of the gas network to more remote communities: that would be colossal in its capital cost and questionable in its energy security, given our reliance on future gas supplies from outside the UK. However, if we were able to examine the possibility of micro-generation systems at a community level and to remove the ceiling on energy supply for domestic purposes, the market would change.

My final point relates also to local suppliers. There is a bizarre rule that companies that can acquire an exempt licence for energy generation can generate 50 MW of energy, but are allowed to supply only 1 MW of that for domestic purposes—that amounts to energy supply for about 1,000 households. If we removed that ceiling, the prospect of introducing sustainable energy systems for whole communities, in urban as well as remote areas, would be transformed.

I believe that this issue is the most important part of the energy agenda for the 21st century. We all know that oil will run out, that there will be problems in gas transmission supplies and that coal cannot be compatible in the long term with the climate change challenge that we face from Kyoto. We have to offer ourselves a different view of sustainable energy markets. If we do so, it will also be the greatest gift that we can offer to emerging nations, which have their own energy needs but which must be freed from the burden of meeting those needs by taking the same polluting path that we did in the past century. I hope that the Minister will accept and meet that challenge, not only domestically, but as a gift to a century that will need sustainable energy supplies.

4.19 pm

The Minister for Energy and E-Commerce (Mr. Mike O'Brien): I begin by congratulating my hon. Friend the Member for Nottingham, South (Alan Simpson) on securing this debate on the importance of promoting energy conservation, which is a key issue. The UK faces not only the global threat of climate change, which every nation has to deal with, but the fact that we will become a net energy importer as from next year. Indeed, at least statistically we became a net importer of gas from December 2004. Although the position will vary from month to month, certainly by 2006 we are likely to be a net importer of oil, too.

There are considerable implications for this country because we must look to the security of our energy supplies for the future. We must consider the need to reduce our consumption of energy. We certainly do not want to waste energy, because much of it will be imported. That puts a premium not only on dealing with climate change by addressing energy efficiency—that is why the Government published the energy efficiency strategy last year—but on ensuring that we develop new technologies and new means of producing energy that do not damage the climate. We need to ensure that, as we move towards 2050, we are developing a low-carbon economy that is prosperous. We need to ensure that our manufacturing has enough energy, that our homes are lit and have enough energy, and that we are not damaging our climate.

Security of supply, which is coupled with the need to prevent damage to the environment, will come about through diversity of energy sources. We have a range of energy sources. At the moment, fossil fuels are a component of that range. We will need to consider other ways to develop the range of fossil fuels without damage to the environment. That puts a premium on the issue of sequestration. Research is being done on that, and we are looking into a range of other areas, but as my hon. Friend said, renewables will also be a key component. We are not talking only about great wind turbines, whether offshore or onshore, but about micro-generation issues. He is right to talk about some of the innovative work that has been taking place on micro-generation and CHP. He drew attention to the innovative and laudable Woking initiative. The Government have been watching that with a great deal of care and are very engaged and interested in it.

We need to consider ways in which the generation of electricity can be more local and low-carbon. For that reason, as from this June, we shall set out a new consultation on how we develop a micro-generation strategy to move towards the vision that my hon. Friend outlined. From my point of view, there is no reason why, certainly within our lifetimes and probably within about 20 years, most homes should not generate most of their energy themselves, whether through solar photovoltaic panels on the roof, perhaps coupled with a small wind turbine, or through something similar. There is every reason to believe that we can move towards energy being generated so locally that we are generating our own energy in our own homes. Whether we reach a stage at which no one has to pay an electricity bill, I cannot say, but it is not impossible that we will do so, and what we are talking about is not that far away—it will certainly happen well within our lifetimes.

We are now seeing the growth of new micro-generation industries, which we want to continue to encourage. Together with the micro-generation strategy, which we are developing, we shall also launch in June a new strategy to consider low-carbon homes.

All the issues are linked. The question is how we develop the right planning regulations so that we can create new homes and new developments while ensuring that the expansion in housing in the coming decades does not damage the environment. We need to ensure that homes are more energy efficient and that we encourage the development of better fuel sources. We must also recognise that the issue is not only about new housing. As my hon. Friend said, many of today's homes are fuel inefficient. They do not have enough insulation or other ways to safeguard the energy and heating that they use. That is why the Government have placed burdens on a number of energy companies—we do not dispute that—to provide insulation and energy health checks for homes, as many companies are now doing.

In recent weeks, I have met chief executives and chairmen of energy companies to talk about how to address the key problem of fuel poverty, and how that can feed into the points that my hon. Friend raised about energy efficiency. We have reduced the number of people in fuel poverty—defined as those spending more than 10 per cent. of their income on fuel—from more than 5 million to 2.25 million, if I remember the figures correctly off the top of my head. That is a massive achievement for the Government. However, electricity and gas prices have risen over the past year. That is partly because of changes on the UK continental shelf and the fact that our oil and gas supplies are starting to deplete—it will take 30 years, but we will become a net energy importer. We are importing more and are therefore dependent on broader energy markets. Our energy prices are rising, and that will probably bring about 200,000 people into fuel poverty in England alone over the next two years if we do nothing about that. The meetings with the energy companies were intended to try to do something about it.

The methods identified by my hon. Friend—ensuring that our homes are better insulated and that we reduce the amount of wasted energy—are precisely the ways to deal with fuel poverty. The fuel poor can often switch suppliers or receive benefits to reduce their bills, but we must also address energy companies' beliefs that their future will be secured just by selling more energy. In the long term, they and we know that that will not be how they continue to make profits. We want them to make profits well into the future and still be around in 50 years' time, but we must change our approach to energy.

We must move away from the idea that all our energy will be generated in large power stations that are located in one or two parts of the country and pass energy along transmission lines. We will move towards more localised energy and more micro-generation, but we will also need large energy plants, and they must be less polluting and give out fewer carbon emissions. Energy companies must be able to operate in a market in which they can make money generating electricity.

There will always be a demand for more energy; even with an increase in energy efficiency there will be more demand because, I hope, we will become more prosperous. The problems are how to ensure that that energy is provided by renewables in a way that does not damage our environment, and how to ensure that companies can make profits by creating more energy-efficient homes. Initiatives such as the emissions trading scheme are important because they make companies consider ways to reduce emissions.

Alan Simpson: Will the Minister also consider granting renewables obligation certificates for micro-generation? That is how we will start to alter the market rules that favour precisely the developments that he is talking about.

Mr. Mike O'Brien: At exactly the same time as conducting our review of micro-generation and solar PV, we are considering how the renewables obligation operates and the issue of ROCs. We have a tremendous opportunity over the coming year to consider our whole energy strategy, ensure that we look after the interests not only of the consumer but of the environment, and produce an energy system that works for the whole country. My hon. Friend asked whether ROCs would be considered. The answer is yes, but we must be careful, because some ROCs are too big for micro-generation—we may need roc-ettes.

It being half-past Four o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 24 March 2005

[MR. EDWARD O'HARA *in the Chair*]

The UK and Africa

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Jim Murphy.]*

2.30 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): I shall start, if I may, with the good news, because what most people see of Africa is bad news. What we see on our television screens and read in the newspapers tends to be bad news, but the news from Africa is not all bad. The great event, the importance of which one can never overstate, was the transfer of power in South Africa 10 years ago from the apartheid regime to a democratic Government. There is now a peaceful democratic society in South Africa, a vibrant civil society, a free press, free elections and all the other things that we expect of a modern democracy.

The people of South Africa are not without their problems, as they would be the first to admit, but who, standing here 15 years ago, could have predicted a peaceful transfer of power from the odious apartheid regime to a democratic Government, and that, 10 years on, it would still be a peaceful democracy? Indeed, it grows in strength with every passing year. As South Africa is by far the largest economy on the continent, it is a rather large piece of good news that it has stable government and now plays an important part not only in the community of nations on the African continent, but in the world community.

Let us consider the holocaust that Rwanda went through 10 years ago. Who could have predicted then that today, under President Kagame and his colleagues, there would be stability in Rwanda and a degree of prosperity? The people of Rwanda have gone a long way—again, they would acknowledge that they still have a long way to go—to heal the wounds of that terrible atrocity. Which country in Europe or, indeed, anywhere else could have got over such horrors in such a relatively short period? So there is good news from Rwanda, too.

Jeremy Corbyn (Islington, North) (Lab): As my hon. Friend the Minister knows, I was in Rwanda recently and I endorse everything that he has said about Rwanda's development and overcoming the horrors of the genocide. However, does he have concerns about the possibility of Rwandan activities in the Democratic Republic of the Congo? Can the British Government, who are a considerable donor to the Rwandan Government, exert pressure in that direction?

Mr. Mullin: Yes, we have some concerns and we frequently exert what influence we have with the Government of Rwanda to impress on them that they must not become re-engaged in Congo. There have been accusations, but I am not aware of evidence that they have recently got re-involved in Congo, certainly not militarily. One must acknowledge, of course, that they have an interest. There are perhaps 10,000 ex-Forces Armées Rwandaises/Interhamwe still inside the Congo who from time to time make raids into Rwanda and Burundi. Many of those people are responsible for the atrocities that occurred 10 years ago, so Rwanda has a legitimate interest in resolving the matter, and we are trying to help with that, too.

Let us stick with good news for a moment and consider what has happened in Mozambique in the past few years. Starting from a very low base after a vicious civil war, partly fuelled by the apartheid regime in South Africa, Mozambique has established a fledgling democracy and a degree of development—prosperity is probably too strong a word—that one could not have predicted seven, eight or 10 years ago. Indeed, Mozambique has just had a second successful democratic election.

Let us move on to west Africa and consider Ghana. It, too, has come a long way in the past decade or so, having got off to a rocky start, certainly under Nkrumah and later under Jerry Rawlings. It, too, has stable democratic government and it plays a leading part in the affairs of west Africa.

Botswana, which has been well run since its independence, benefits enormously from mineral wealth, particularly diamonds. As we all know, mineral wealth can be a curse rather than a blessing in Africa, but it has been properly managed in Botswana, and a stable, modern democracy has been created, an example from which other countries in Africa would do well to learn.

Malawi and Tanzania are both extremely poor countries that have been through rocky periods but are moving in the right direction towards development. They both have Governments who care about the welfare of their people and are committed to sensible economic and social policies.

Togo was not an example of how to run an African country. It had had the same leader—a military man—from, I think, 1968 until this year, a record for the whole of Africa, if not a particularly glorious one. When he died suddenly, there was an attempt to impose a regime under his son to serve out the remainder of General Eyadema's term. However, the other regional powers in west Africa swiftly got together and made it clear to the Togolese that that was not acceptable in modern Africa. The coup—if that was what it was—was quickly "uncouped". That would probably not have happened a few years ago, and it is evidence, if evidence we seek, that the democratic ethic is becoming entrenched in new parts of Africa.

Not much good news has come from Sudan over the years, but there is one fairly large cause for hope. After years of painstaking negotiations, in which the international community has played a part, between the north and the south, a comprehensive peace agreement has been signed. It allows for the sharing of the mineral and oil wealth of the country, and for a coalition Government that will lead in due course to a democratically elected Government commanding the confidence of, if not all, most people in Sudan. That is an important development and a window of opportunity, but the jury is still out. I shall not make too

[Mr. Mullin]

much of it because 2 million people died in the civil war between the north and south in Sudan. If the comprehensive peace agreement between north and south works—it is still in its early stages—it will become a template for a settlement in Darfur where bad things are still happening.

Mr. Julian Brazier (Canterbury) (Con): It saddens me to have to disagree with the Minister, having agreed with the earlier items on his list, but does he not accept that the difference between Darfur, where every kind of atrocity is being committed—not least by Government jets and armed helicopters—and the south of Sudan is simple? In the south, the rebels were sufficiently well armed to fight Government troops to a standstill so they had to negotiate, whereas the wretched people of Darfur have nothing to fight back with and are experiencing partial genocide.

Mr. Mullin: I go along with most of what the hon. Gentleman said and I do not wish to overstate the latest development in Sudan, because it is good news only compared with what it follows; a civil war in which, over 20 years or more, 2 million people died. However, if the agreement is properly handled—it remains to be seen whether it will be, so I shall not make too much of it—it could form the basis for a settlement in Darfur and perhaps other regions in Sudan.

The hon. Gentleman will know that talks are being held in Abuja—they have been postponed for now but I expect them to resume in the not-too-distant future—aimed at bringing a political settlement to Darfur. Only a political settlement and some form of devolved administration that gives the people of Darfur a say in how their region is run will solve the problem.

Tony Baldry (Banbury) (Con): Will the Minister kindly clarify exactly what Her Majesty's Government are seeking for Darfur at the Security Council? The African Union has a very limited monitoring mandate and is grossly under strength. Everyone accepts the need to increase the strength of the African Union to a considerably larger force, but do the Government want the Security Council to give the African Union in Darfur a peacekeeping and peace-enforcing mandate, and are the Government willing to help to provide the financial means to ensure that that mandate can be delivered?

Mr. Mullin: The British Government have already made a large contribution to the African Union peacekeeping force in Darfur; we stand ready to increase it and to do more. If we were convinced that the mandate was the problem we would certainly be willing to consider extending it but there is a good deal of discretion within the existing mandate which, from time to time, the African Union forces are exercising. The key issue is to get African Union forces on the ground in sufficient numbers to make an impact, as they are beginning to do. There are just over 2,000 there now and that force will obviously have to be increased. With other members of the international community, we are managing some of the logistics. That is broadly our policy.

I think the hon. Gentleman understands that the African Union force is the only game in town and it must have a mandate robust enough to enable it to impose some order. We will be sympathetic to any proposals for change, but there is considerable discretion in the existing mandate. *[Interruption.]* I thought that the hon. Member for Buckingham (Mr. Bercow) was seeking to intervene, but it was just an involuntary twitch.

Mr. John Bercow (Buckingham) (Con): I was just adjusting my trousers. *[Laughter.]*

Mr. Mullin: There are some countries on which the jury is still out: Sierra Leone—Britain has made a major investment in rebuilding that shattered county, but it remains in a very fragile state; Ethiopia, which for the first time in many years has a Government who are genuinely concerned about the welfare of their people—

Several hon. Members *rose—*

Mr. Mullin: The danger of my referring to all these countries is that every time I mention one, someone will pop up like a jack-in-the-box and we will be sidetracked into a debate on a particular country.

Mr. David Chidgey (Eastleigh) (LD): The hon. Gentleman mentioned Sierra Leone. I have asked questions in the House on the situation regarding the return of refugees from Guinea to Sierra Leone and Liberia following the war. Does the Minister intend to mention the progress in returning refugees from Guinea to Sierra Leone and Liberia?

Mr. Mullin: I was not planning to go into that matter, as the debate is about Africa as a whole; it is a rather big continent. Some day we will have a debate on Sierra Leone and we will go into that kind of detail. The hon. Gentleman is right to flag up the issue.

Mr. Bercow: I am rather worried about the Minister, specifically about his Foreign Office timidity on the subject of Darfur. There is a marked difference between his response to my hon. Friend the Member for Canterbury (Mr. Brazier), in which he suggests that, broadly speaking, the mandate is adequate and that there is plenty of flexibility for its interpretation and implementation in Darfur, and the answers given by the Prime Minister a few minutes ago to the Leader of the Opposition, my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) and to my hon. Friend the Member for Banbury (Tony Baldry), in which the Prime Minister suggested that the British Government were indeed pushing for a much stronger mandate. I think the hon. Gentleman is wrong, but for him to be out of line with his own Prime Minister is a risky course, which he would do well to avoid.

Mr. Mullin: The hon. Gentleman is right; it is an extremely risky course but I said—perhaps he did not hear me—that we would be sympathetic, should the need arise, to stiffening up the mandate and other aspects of the resolution. We take one of the tougher lines at the UN in relation to Sudan.

Sticking with the countries on which the jury is still out, I mentioned Sierra Leone and Ethiopia. In addition, after 24 years of pretty rotten government in Kenya there has been a peaceful transfer of power to an Opposition-led Government. There have been some disappointments of late, as hon. Members will be aware. I hope that they will not feel obliged to intervene to demonstrate their knowledge of those disappointments. There has also been a lot of progress, in particular the extension of primary education across the whole country and the sacking of quite a large number of corrupt officials, including about 40 judges in one sweep. However, more progress needs to be made.

I next turn to one of the most difficult countries of all, Nigeria. It has suffered decades of misgovernment mainly under military regimes. We now see, after an extremely bleak period, a window of opportunity. There is no doubt that the political will to make a difference exists at the top under President Obasanjo. He has an effective Finance Minister, a Nigerian lady who was brought in from the World Bank. Among other things, she has started publishing the federal revenues that are doled out to the 36 states. That has had a wondrous effect. People in the states are starting to ask what is happening to the money that comes to them from the centre. Only yesterday, President Obasanjo sacked his Education Minister for corruption. There appears to be renewed vigour. Nigeria has serious problems and I do not want to gloss over them in any way; nor do the Nigerians. But we see a window of opportunity now that did not exist before.

Thirty years ago in Africa, there were just three democratically elected heads of state. Today there are more than 30. The bad news remains; there is a wide and growing gulf between the standard of living and development in Africa and just about all of the rest of the world. As I said earlier, mineral wealth has so often proved to be a curse rather than a blessing and has fuelled civil wars and instability. Africa's problems are to some extent a colonial legacy, although that is fading.

The big issue is corruption and misgovernment on an awesome scale. Zimbabwe is only the latest and saddest example. It has led in some cases to the implosion of entire societies and we are presented with the relatively new phenomenon; the failed state. In the case of the Democratic Republic of the Congo, it is a failed state the size of western Europe. Somalia has seen a catastrophic failure, resulting in the exodus of almost the entire educated class, leaving the rest in chaos.

Liberia is now the subject of the largest current UN peace mission, on its third international intervention. I wish that I could say that I saw light at the end of that particular tunnel, but I do not. The problems are compounded by the rampant spread of HIV/AIDS, which threatens to engulf even well run societies. The result is that Africa today is in many respects going backwards. Hundreds of millions of people exist on less than $1 a day. Tens of thousands of children die every year before the age of five from preventable diseases. There is, as we see now in Darfur, the ever-present threat of implosion.

There is also the growth of the culture of impunity that says that however badly people behave and whatever atrocity they commit, there will be no consequences. We are determined to challenge that. An opportunity arises in the case of Darfur, where we have an opportunity to bring to justice those who have been responsible for the catastrophe that has occurred there.

Mr. Brazier: *rose—*

Mr. Mullin: If the hon. Gentleman will contain himself for a moment, I shall finish my point and then give way.

It is important to challenge the culture of impunity that has grown up in parts of Africa and in other parts of the world, just as we are challenging it in the Balkans. Increasingly, Africans are demanding that as well.

Mr. Brazier: The Minister said that those who are responsible for the atrocities in Darfur should be brought to justice. Can there be any doubt that the Government in Khartoum is responsible for sending helicopter gunships to strafe women and children?

Mr. Mullin: All sorts of people are responsible, but certainly some members of the Government in Khartoum, and many local tribal and militia leaders. There has been a United Nations investigation and, as the hon. Gentleman will know, some 51 people are alleged to be among those most responsible for what has happened. Although their names have not been disclosed, they have been recorded, with a recommendation that, eventually, they be tried by the International Criminal Court. We hope that that will happen.

Mr. Bercow: I welcome the Minister's answer to my hon. Friend the Member for Canterbury, subject to one rather important caveat. I did not much like his use of the word "eventually." Although I think that there would be a general acceptance that the immediate priority is effective peace enforcement, does he agree that it is imperative to bring the suspected culprits to trial before the International Criminal Court as soon as possible, and that the alternative of justice delayed, through some special tribunal, would be justice denied at great expense, as the painful and expensive experience in relation to Rwanda eloquently demonstrates?

Mr. Mullin: I accept that those responsible need to be brought to justice as soon as possible, not least because we want to discourage others from carrying on down the same wicked road. As the hon. Gentleman also says, the first priority—the two are probably connected—is to restore some semblance of normality to the lives of the people in Darfur. Those are not necessarily contradictory ambitions.

What is to be done? I think that we all agree that we cannot stand idly by in the face of some of the terrible things that have happened in Africa; neither can we rush in and impose our own solutions without local consent. We have to work with those Africans, of whom there are many, who care about the condition of their people, and we have to help them to find African solutions to African problems. That is the basis of UK policy, and it is part of the rationale behind our Commission for Africa.

One of the main purposes of the commission is to drive Africa and African issues up the agenda of the G8 and the European Union, of which we will have the joint

[Mr. Mullin]

presidencies this year. It is early days, but I am glad to say that the report of the commission—on which the majority are African—has been well received. The proof will be in the eating, and we shall work vigorously to ensure that Africa is a priority for the G8 and the EU. In that context, I welcome yesterday's European Council statement, emphasising the EU's commitment to African development.

The issues are easy to enumerate and are set out clearly in the report of the Commission for Africa. First, the key issue is governance, besides which everything else pales. Unless proper democratic, transparent and accountable systems of government can be established, we cannot hope to deliver development for the people of Africa. I can put it no better than Kofi Annan, the UN Secretary-General, did at the AU summit in Addis Ababa last year. I was present at that meeting at which he said, in the presence of a number of dictators, whom it was pleasant to watch squirming in their seats as he did so:

"This new spirit of democratic empowerment in Africa must find a home in every African country. For that to happen, politics must be inclusive, and a careful institutional balance must be preserved including regular free and fair elections, a credible opposition whose role is respected, an independent judiciary which upholds the rule of law, a free and independent press, effective civilian control over the military, and a vibrant civil society.

This institutional balance cannot be achieved without the peaceful and constitutional change of power. There is no truer wisdom, and no clearer mark of statesmanship, than knowing when to pass the torch to a new generation. And no government should manipulate or amend the constitution to hold on to office beyond prescribed term limits that they accepted when they took office."

Those remarks were made in the presence of just about all the leaders of Africa. When Kofi Annan sat down, the chair of the AU, former President Chissano of Mozambique, pointed at some of the biggest offenders and said, "And we all know who he was talking about, don't we?"

We sense that there is, in most parts of Africa, a renewed commitment to good governance and democracy. We are particularly encouraged by NEPAD, the New Partnership for Africa's Development, which is pioneering the concept of peer review, where countries voluntarily open their books and political systems for inspection by senior Africans. About 20 countries have volunteered so far, starting with Ghana, the report on which is not out yet but will be published shortly. The object is to try to drive up standards in the countries that are being inspected and set examples for other countries that still have a long way to travel.

Some time ago, the Prime Minister launched the extractive industries transparency initiative. Transparency is a vital component of good governance. A number of countries have signed up to that initiative and I encourage more to do so. The object of the initiative is that countries with mineral wealth should be open about what happens to the proceeds of that wealth and that the multinational companies with which they are dealing should be open about whom they are paying in respect of it. That would make a big difference in some of those countries that have been cursed, rather than blessed, with mineral wealth on their territory. The other big issue is that countries have to show resolve, as the best African leaders do increasingly, in tackling corruption.

Secondly, on conflict resolution, the long-term solution is not for the UN or Europe—former colonial powers—to send military missions to sort out problems that re-emerge as soon as they are off the scene. We are attempting to get to that position in Darfur, but I must be frank and say that this is a long, difficult and frustrating process. We want to build up African peacekeeping capacity through the African Union, because that is the only way forward in the long term. We are willing when asked, and we have been asked, to provide logistical and other support, which we do in Darfur. But the initiative has to come from the African Union, and that is generally accepted as the way forward.

Thirdly, debt relief should not be unconditional. In the heavily indebted poor countries initiative, so far 27 of the 42 that qualify for debt relief have had some debt relieved. They are expected to enjoy debt relief worth about £70 billion, a substantial amount. We all accept that many countries in Africa—not only in Africa—have in the past stored up debts that are completely unsustainable. They paid off the capital years ago, but the interest keeps mounting up indefinitely. They are spending more on repaying debts than they are on education, health and the welfare of their people. That is something that we all strive to avoid.

Beyond HIPC, which covers only the most heavily indebted, poorest countries, other countries have unsustainable debt. One is Nigeria, which has a national debt of £34 billion, most of it stored up during the years of military government. We think, although not all our international colleagues agree, that given the window of opportunity provided by the apparent political will that now exists in Nigeria to deal with some of their long-term problems, we need to look sympathetically at the problem of Nigerian debt. We intend to do that, but we have to take our colleagues in the Paris Club with us.

The fourth issue is trade justice. We are moving the barriers that undoubtedly exist to prevent African countries from exporting their goods into the developed world. There has been some progress in reducing or phasing out EU and World Trade Organisation agricultural subsidies, but we can and should do more. We intend to use our presidencies of the G8 and the EU to drive forward progress on fair terms of trade for developing countries.

At the same time, African countries could do rather more to remove internal barriers to trade. Trade between African countries accounts for only about 12 per cent. of the continent's trade at the moment compared with Europe, where trade between EU countries counts for 50 or 60 per cent. The East African Community is beginning to show the way with its proposed customs unions, and we hope that other areas of Africa will do likewise.

Jeremy Corbyn: Does my hon. Friend agree that one of the great problems in Africa is the structure of transport and trade arrangements? Basically, the transport structures are all linked towards taking goods out of Africa, particularly raw materials, and exporting them to Europe or north America. The lack of

transcontinental railways and roads is obviously a serious handicap. Should not the emphasis be on investment into some major infrastructure programmes to that effect?

Mr. Mullin: Yes, that is a factor, but there are others—many of them bureaucratic. Many Governments interfere too much in what is a matter for the free market. It pains me to say it—I see that that brought a smile to the face of the hon. Member for Buckingham—but that is probably more of an obstacle than infrastructure. All over Africa, one can see the infrastructure decaying. Billions were spent on putting it in but it has not been maintained.

The big issue with infrastructure is ensuring that it is properly maintained. I remember travelling in 1976 on the Tanzam railway shortly after it was opened. Someone remarked that the railway would probably close after the last Chinese engineer left. It did not, not quite, but it went downhill considerably.

In Nigeria I was told of a steelworks in which £4 billion to £5 billion has been spent and which will never produce a single ingot of steel. Nigeria has quite a good network of railways, but no trains run on them. Although I have no doubt that there are infrastructure problems, and there is something in what my hon. Friend says about the colonial infrastructure being geared towards taking stuff out of Africa, I think that there are other, bigger problems.

Mr. Chidgey: The Minister has touched on an extremely important point. Billions of pounds have been invested in trying to create an infrastructure throughout Africa, for various reasons, whether for the requirements of colonial powers or anything else. However, the real issue is the maintenance of that infrastructure. I speak with some knowledge, as the Minister knows. Is it not the issue that, with the agreement of our partners in Africa, we need to put in a place a system whereby we can produce the human resources with the skills to maintain and protect those huge investments? Without the human resources to look after them, it is almost a waste of time.

Mr. Mullin: Yes, the hon. Gentleman is right. I am grateful for his support, because I know that it comes with a degree of personal knowledge from his past incarnation. He is right about capacity building; I intend to speak about that in a moment.

I turn now to the fifth element in the "what is to be done" aspect of my contribution; overseas aid. Some people put that at the top of the list, saying that much more money is needed. That is true, but it needs to be spent wisely and properly, and must be properly accounted for. However, it should not be at the top of the list; governance, without doubt, should be at the top. Without governance and transparency everything else fails.

We inherited an aid budget that was 0.27 per cent. of GDP and falling; it is now 0.36 per cent. and rising. The value of our aid to Africa has more than doubled in real terms over the past eight years and by next year will exceed £1 billion a year. These days—this brings me on to the point that the hon. Member for Eastleigh (Mr. Chidgey) made—we tend to concentrate on capacity building rather than on projects or infrastructure. For example, we focus on training the police, the army and civil servants, and on setting up systems for revenue collection. The aim is to give Africans the capacity to address their own problems rather than to have someone else do that for them.

I often think that the most useful aid that we can offer a poor country is to help it to set up a customs and excise or revenue system to raise some money for the state, so that the state has money to spend on health, education and the welfare of its people. At the moment, in many countries in Africa that have no resources, the only function of the Government is to stop things happening. It is only when those countries have resources that they can do something for the welfare of their people. The state then gains respect and the democratic process becomes entrenched because instead of stopping things, the state can make things happen. That is, therefore, one of the most useful things that we can do.

For example, in Angola, Mozambique and one or two other places, Crown Agents help to run the customs and excise. That has greatly improved revenues, done wonders for getting rid of corruption and provided the state with some money that it can use for the welfare of its people.

In conclusion, I am under no illusions—no one who has any knowledge of Africa will be under any illusions—about the enormity of the task that we face. However, the one thing that I have learned in the nearly two years that I have done this job is that there is no shortage of good, capable, honest Africans of integrity at every level. Our role is to help the good guys and to discourage the bad guys. We have led the way on debt relief and on tariff reform, and these days our aid is targeted firmly at the poorest people in the poorest countries. I believe, without wishing to sound complacent, that we can hold our heads high.

3.8 pm

Mr. Julian Brazier (Canterbury) (Con): I welcome this debate and the fact that the Minister started on some positive notes. However, I do not agree with his analysis on Sudan and will return to that point later. I shall echo one of his points and introduce another.

I join the Minister in welcoming the end of apartheid. I speak as someone whose relatives in South Africa have been involved in politics for three generations. Before the war, one of my great-grandfathers was engaged in fighting the rise of the nationalists in Parliament. One of my cousins was beaten up as a student by nationalist thugs and later, as a business man, led the first delegation to visit the African National Congress in exile. His company also sponsored the first black students into white universities.

One example that I hoped would be on the Minister's list was Zambia, another country with which I have a close family connection, and which, a few years ago, joined the club of countries that had passed the one really critical test of having made a peaceful transition from a Government to an Opposition as a result of a vote of the people. That is an important yardstick, one which many sub-Saharan countries still have to pass.

The Commission for Africa's report has been long in the making, and is much heralded. I welcome most of it. Its analysis is mostly very strong, reflecting the breadth

[Mr. Julian Brazier]

of experience of most of the commissioners and of the excellent secretariat. Considering one or two of the commissioners chosen, one might say that it was a little on the bold side to have ensured such breadth. It is difficult to look into the causes of bad governance without considering the role of someone such as Meles Zenawi, the Ethiopian Prime Minister, or President Mkapa of Tanzania. The Minister mentioned Tanzania; let us remember President Mkapa's recent statement:

"I don't see Zimbabwe as an illustration of bad governance, I don't buy it".

Human Rights Watch commented on Zenawi's regime in Ethiopia:

"Police and security forces have harassed, illegally detained, tortured, and, killed members of the political opposition, demonstrators and suspected insurgents".

Nevertheless, despite our qualms about one or two members of the commission, the report was extremely detailed in its examination of the problem and provides a clear and grim analysis.

The problems of Africa are difficult to overstate. The Prime Minister is right to recognise it as a blemish on the entire globe that, while every other continent has been advancing, the four horsemen of the apocalypse have been loose in Africa for a whole generation. In terms of gross domestic product, Africa's share of trade has dropped from 6 per cent. to just 2 per cent. in the past generation. Average yearly income in a typical sub-Saharan country is about £86. Of course, those figures only concern people while they live, but to the millions of people who died in Congo, the 2 million who died in southern Sudan and those dying today in Darfur, they are irrelevant.

As for those not exposed to the dangers of war, the big three—HIV, tuberculosis and malaria—are carrying people away on a scale that makes the tsunami seem a sideshow. Overall life expectancy is falling fast. It is 38 in Mozambique; in Tanzania, it has fallen from 49 to 43 in a few years.

With the greatest respect to you, Mr. Deputy Speaker, given the importance of the challenges faced, I wonder why we are debating the issue in Westminster Hall rather than the Chamber, and why we are doing so just as Parliament is packing up on the final day of term. But it is encouraging to see the number of colleagues from all parties who are here.

Mr. Bercow: There is usually something of a telepathic understanding between my hon. Friend and me, and today appears to be no exception to that general principle. Is my hon. Friend aware that, only an hour ago, I asked the Leader of the House why we could not have a debate on the Floor of the House about international development, instead of one of these periodic debates that convention dictates we must have, whether we need it or not, on defence in the UK? We ought to discuss the whole range of international development issues on the Floor of the House. They are incredibly important, especially in light of the publication of the Commission for Africa's report.

Mr. Brazier: On one point I do not join my hon. Friend; I think that the issue of defence is important, too. However, it is extremely sad that a day was not found on which to debate this subject on the Floor of the House. There is no point in over-egging the pudding, but the plain fact is that although the Prime Minister has told the world's media and his Ministers that the issue is vital, Parliament's involvement in it has been sidelined once again.

We endorse nearly all the recommendations of the commission. We do not need any persuading on debt relief; it was a Conservative Chancellor who started the worldwide campaign on it. We are committed to matching this Government's overseas development funding and the planned growth towards the 0.7 per cent. target, year by year, in relation to overseas development spending. We believe that could be spent better.

As a party committed to fair trade, we also need no persuading about the importance of opening up developed world markets to third-world countries. Along with putting in place infrastructure in those countries, that would be the single greatest thing that could be done to bring prosperity to them. The Minister mentioned assistance with tax-gathering, and we recognise that there may be a need for a transitional period of protectionism in certain key sectors, not least because it is much easier for a developing country to raise money through tariffs. After all, we had a customs system for centuries before we had income tax.

The report is nevertheless thin on implementation. Almost all its thrust is directed towards what donor countries should do and takes only a facile look at the issues to be addressed by the African countries themselves. Of course the right words are there—accountability, transparency, democracy—but there is little assessment of how the countries will be helped to achieve those goals. The report rightly states:

"Effective states—those that can promote and protect human rights and can deliver services to their people and a climate for entrepreneurship and growth—are the foundation of development. Without progress in governance, all other reforms will have limited impact."

However, the report's proposals are weak. It suggests that we should leave the answers to such problems to the people of Africa themselves. The Secretary of State for International Development said that

"it is the peoples of Africa who will hold their Governments to account, who will ask questions about where the resources have gone and who will provide the pressure on Governments to crack down on corruption."—[*Official Report*, 14 March 2005; Vol. 432, c. 25.]

In some cases, of course, that is happening. The Minister was right to mention some encouraging examples and to quote Kofi Annan's speech. However, it is absurdly optimistic to think that that is the whole answer, or even part of the answer in some countries. Does anyone seriously believe that the terrorised, brutalised and half-starved people of Zimbabwe can possibly hold Robert Mugabe peacefully to account?

Actually, some people do believe that. Thabo Mbeki, who sadly has not brought to bear the same brilliant mind and communicating skills as his illustrious predecessor, said recently:

"I have no reason to think that anybody in Zimbabwe will act in a way that will militate against elections being free and fair".

Mr. Bercow: More chance of pigs flying.

Mr. Brazier: My hon. Friend is quite right. We all know what happened. Mugabe's thugs were guarding the ballot boxes, there was mass intimidation of opposition candidates, food was distributed only in the areas where his supporters lived, and the Movement for Democratic Change regions were deliberately starved. Yet the regional power declared that the elections were likely to be free and fair, and has not denied it since.

If it is not the people, who should judge such countries? The Minister mentioned the peer-review mechanism in the New Partnership for Africa's Development. There are one or two hopeful signs from that, but the membership of the panel includes a number of people who are themselves part of the problem.

Yesterday there was a most touching series of presentations by delegates from Darfur, organised under the chairmanship of the right hon. Member for Birmingham, Ladywood (Clare Short). My hon. Friend the Member for Buckingham (Mr. Bercow) and I, along with hon. Members from other parties, attended those presentations. The message of those delegates was that the monitoring force in their area was not impartial; not only that, but it was far too small to do much about the problem anyway.

I do not pretend to have an easy answer to Darfur, but I was deeply depressed to hear the Minister's comments on it. Let us review the facts about Sudan as a whole. For a generation, the Khartoum Government carried out a programme of genocide—that is not too strong a word when 2 million people have been killed—in southern Sudan.

My father-in-law worked for Kofi Annan when he was the United Nations High Commissioner for Refugees. He was responsible for establishing the de-mining desk at the United Nations and he once told me that he took a personal decision to campaign for the abolition of anti-personnel mines only, not anti-vehicle mines, largely because he had visited southern Sudan and heard the testimony of the very brave people there. They were desperately resisting the Khartoum Government, and they told him that people like them had no chance at all against the Khartoum regime without anti-tank mines. Such mines are the only way of stopping an enemy who has all the kit.

Of course, we must all make the right noises about the decision of the Khartoum Government to go to the table. However, the fact is that they failed to beat the rebels in southern Sudan, and completely failed to achieve their military objectives. They had finally to accept the negotiations. In Darfur, there is no parallel at all. The people of Darfur have virtually no weapons or means of protecting themselves. They are getting very little protection from the monitoring force, which has a very limited mandate.

Mr. Mullin: The hon. Gentleman is over-egging the pudding. The various rebel movements in Darfur have been responsible for quite a number of the ceasefire breaches. They were responsible for attacks on eight convoys, including those on the Save the Children people, who were killed. I do not wish in any way to condone the activities of the Sudanese Government, but the situation in Darfur is a little more complicated than the hon. Gentleman is letting on.

Tony Baldry: Before my hon. Friend replies, will he and the Minister take it that when we took evidence directly—many hon. Members here today were present—from the leaders of the AU monitoring force, they told us, in terms that will appear in the Select Committee's report, that 80 per cent. of violations of the ceasefire were by the forces of the Government of Sudan?

Mr. Brazier: I am most grateful to my hon. Friend for his helpful intervention. He could not make the point more clearly.

Mr. Mullin: If the hon. Gentleman reads the report of Mr. Pronk, the UN Secretary-General's representative, he will find that in the latter months of last year, he was reporting that most of the ceasefire breaches were coming from the rebels.

Mr. Brazier: My hon. Friend the Member for Banbury has more recent information. We can move from the complexities of what is happening on the ground to a simple, single point. When the Minister talks about identifying 51 people as potential war criminals, as though there were a single group of bad people out there—

Mr. Mullin: The UN identified them.

Mr. Brazier: The Minister mentions the UN's list of 51 people. Let us be clear about the matter. One can argue either way about whether a particular group of gunmen is funded by the Government, or is working under direct orders from the Government. However, when a Government use their air force to bomb women and children, there can be no doubt at all that the Government as a whole are guilty, not one or two people. It is simply ridiculous to pretend otherwise. It is the doing of the Khartoum Government. I have no doubt that there is plenty of freelance brutality too, as there is in so many conflicts, but the Government in Sudan are the main players.

Let me come back to the issue of governance. Developed countries should be offering a clear way forward on governance, helping developing countries out of decades of corruption and dictatorship, but a couple of the choices of commissioners whom I mentioned earlier make me think that, in trying to clear out the Augean stables, Hercules has turned to King Augeas himself for advice on the task. There is nothing neo-colonial about saying that the downtrodden people of Africa cannot be expected to hold their Governments to account in every case. In some cases, where there are developing democratic structures, they can be expected to do so; but in many other cases, they cannot. I am happy to go along with the Chancellor of the Exchequer who, by implication, suggested that it was time that we stopped apologising for our colonial history. He recently said:

> "We should talk, and rightly so, about British values that are enduring, because they stand for some of the greatest ideas in history: tolerance, liberty, civic duty, that grew in Britain and influenced the rest of the world."

If the use of aid as a lever to achieve good governance—in some cases, bypassing the Government of a country where we do not think that the money is being spent properly—is neo-colonial, then I make no apologies at all for being regarded as neo-colonial.

Jeremy Corbyn: Should not the hon. Gentleman give some regard to the massive wealth that every European country has made out of Africa since colonisation started, from the slave trade onwards? Do we not owe the African people as a whole some kind of debt for the wealth that we enjoy which was stolen from them?

Mr. Brazier: I do not accept the parallel with the rest of Europe; for example, I make no defence at all of the record of the Belgians in the Congo, which was indescribably bad. I am proud of the fact that our country abolished the slave trade, and put considerable blood and treasure into the exercise of abolishing it. I am also proud that many countries in which Britain had an involvement wanted to maintain close links with our country; for example, many of them enjoy being members of the Commonwealth and their parliamentary procedures are modelled on those of Westminster. We should be proud of those things. Everybody accepts that some atrocities were committed in imperial times, but I think we can be proud of the British record in many respects—it is certainly head and shoulders above that of most of our European counterparts.

Mr. Bercow: Wilberforce was a good Conservative.

Mr. Brazier: My hon. Friend reminds me that Wilberforce was a good Conservative.

Hugh Bayley (City of York) (Lab): From Yorkshire.

Mr. Brazier: The hon. Gentleman is right; however, I will not pursue his point, as I am conscious of the fact that a lot of other people want to speak.

A donor country can sometimes be of use in pushing perspectives on which the recipient country might require advice. Last week, we had an excellent debate in this Chamber on a Science and Technology Committee report on the use of science in international development. It was extremely critical of the Government. During that debate, we had an interesting discussion about how much pressure donor countries should put on their developing counterparts to make more use of technology, and it is telling that that all-party Committee takes a very different view on that from the Government.

I do not want to go over the same ground again, but I do want to give one example from the report. It quoted the Royal Society of Tropical Medicine and Hygiene as saying that satellite-based monitoring of rainfall could be used

> "to feed into flood and famine warning systems and crop yield modelling. However little emphasis is placed on this research, as it is not of direct use to individual farmers".

The Select Committee report made the point that the Royal Society of Tropical Medicine and Hygiene had evidence that, because the Department for International Development had relatively few people with scientific training on the ground, a recipient country might not recognise the value of the research being offered to them. There is no point in saying that it is patronising to claim that we do have a role to play in showing them that that can be of value to them.

As we are unable to ensure good governance, we have to ask how we are able to ensure that the extra £13 billion in aid—that is the sum that will be distributed under a Government of either complexion over the next few years—will be disbursed properly and well, and will bring real benefits to the people concerned. It would be a tragedy if much of this aid were to be found in the bank accounts of corrupt elites.

One of Africa's most respected independent columnists, Uganda's Andrew Mwenda, puts the problem very succinctly. If in 2015 we look back on the African commission and see another doomed venture,

> "After so many failed high profile initiatives, people in the west are going to write Africa off as a continent where even God's intervention cannot save the black person from misery".

That was his concern.

The report has generated great optimism, but it would be tragic if the worthy plans that come out of it do not achieve everything that they should. If they are to achieve what we all want to achieve—if they are to reverse the trend on that continent and to get it moving in the same direction as the rest of the world—we must find ways of bringing better governance to the many countries from which it is still absent.

Oxfam expressed its concern thus:

> "Without really creative and energetic thinking about what happens next, the Commission's final report could too easily end up being another worthy analysis that does not translate into real action for Africa."

It is incumbent on us all to ensure that that is not the case.

Prosperity will come from developing the structures necessary for good governance, free and fair trade and the rule of law in the many African countries where they barely exist today. The Minister ended with an excellent quote from Kofi Annan, but it is not the UN—great organisation though it is—but we, as the donors of aid, who can use aid as a lever to achieve good governance where it is needed. Kofi Annan is absolutely right, but it is the Governments of countries such as Britain who must press for change. The African people themselves, who want to see an improvement in their way of life, will get the opportunity to play their part as those democratic structures develop.

3.32 pm

Tony Worthington (Clydebank and Milngavie) (Lab): I very much congratulate the Government on their initiative in setting up the Commission for Africa. I also congratulate that body on having produced a quite superb report, and I shall talk about three areas of it.

The report is incredibly useful; indeed, I think that it is the best analysis that I have ever seen of the problem. It is presented in a penetrating way and although it is long, it is incisive. It shows us what can be done, and there is no doubt that it can be done—it is simply a question of political will. Above all, the report demonstrates the interlinking of the developed and the developing worlds. We talk about aid to Africa, but we have been a burden on Africa as a result of several policies: our present trade policy, our failed promises on aid and our quite unrealistically niggardly attitude to debt. All those things have to be put right, and the report is right on that.

The three areas that I want to talk about are HIV/AIDS and reproductive health, agriculture, and governance and Parliaments' role in it. First, I unconditionally praise the section in the report on reproductive health and HIV/AIDS. For much of the past year or so, I have been involved with our all-party group on population, development and reproductive health, and we have been concerned about the divorcing of HIV/AIDS from reproductive health. In its policies, the United States deliberately distances reproductive health from HIV/AIDS so that there is a scandalous inhibition on the provision of condoms. HIV/AIDS is overwhelmingly a sexually transmitted disease, which means that it is an issue in reproductive health. It is simply impossible to deal with issues such as the transmission of the virus from mother to child without seeing them in a reproductive health context.

I am delighted that, partly because of the work of the all-party group, the Department for International Development has recognised the importance of that link. It costs lives. HIV/AIDS has tended to compete for the money that would otherwise go to reproductive health. DFID has recognised that they should be integrated. That suggestion has been made in what will be the lead document for world policy. I am delighted about that. The document states:

"African governments must prioritise sexual and reproductive health within their vision of health systems and integrate HIV and AIDS treatment and care into it as set out in the UN's New York Call to Commitment."

I am pleased that I was in New York when that policy was formulated by the joint work of UNAIDS and UNFPA. Such guidelines are now in black and white.

I praise the section on agriculture. It shows that, for the first time, we are listening to what Africa says about agriculture. The Africans whom I have met have always regarded agriculture and its under-performance as top priority matters. Several quotes have already been attributed to Kofi Annan and no doubt there will be more. In 2004, he said that his top priority was the appliance of science and technology to agriculture. In the meantime, however, this country has been running down our science-based agricultural resource services. The hon. Member for Canterbury (Mr. Brazier) alluded to that when he referred to what the Science and Technology Committee said.

We must now start building up resource services again in response to the huge need in Africa. If I have to fault the millennium development goals, which are a major step forward, it is that we have interpreted them mainly as social services. But what do we do about education? What do we do about health? Those are important issues, but sufficient emphasis is not placed on wealth creation and directly cutting poverty by, for example, ensuring that people have enough to eat. If DFID Ministers are asked what they have done to meet the millennium development goals, their replies rarely mention their action in agricultural matters. That is hard to understand. It has been said frequently—and in the report—that the major economic driver in Asia and south America was an agricultural revolution that has not occurred in Africa. The report puts that right, not only in the specific section on agriculture, which starts on page 237. The matter is infused in the report in, for example, references to improving the infrastructure of roads, irrigation and access to markets.

At last we are listening to Africa. Through the African Union, NEPAD and the regional economic communities, heads of state and Ministers have expressed their recognition of the crucial role played by agriculture. President Obasanjo of Nigeria, the chair of NEPAD, believes that agriculture will provide the engine for growth in Africa. He has said that improving agricultural performance is at the heart of improved economic development and growth. Its role in poverty reduction and in the restoration of human dignity can never be over-emphasised. In sub-Saharan Africa, agriculture contributes at least 40 per cent. of exports, 30 per cent. of GDP, up to 30 per cent. of foreign exchange earnings, and 70 to 80 per cent. of employment. Accelerating growth in agriculture is therefore critical to sustaining growth.

The neglect of agriculture has had some grim consequences. In Africa, food dependence on outside sources has grown. Conditions in the countryside have led to urbanisation on a scale that developing countries cannot cope with.

The figures for Lagos are unbelievable. Lagos is increasing by 10 to 15 per cent. a year. Many members of the International Development Committee will have visited it, and the thought of that metropolis growing by 10 to 15 per cent. a year is simply horrifying. It is growing at that rate because of the neglect of agriculture, attention to which would keep people working on the land.

The report also recognises that irrigation has been neglected. People turned away from large-scale dams. Perhaps they were right to do so, but that does not mean turning away from community-based irrigation. The report shows just how much sensible irrigation could achieve.

The report also refers to the depletion of the soil, and to the fact that no expertise has been applied to reverse it. It also highlights the huge damage done by war and conflict.

Mr. Brazier: The hon. Gentleman is making a powerful point, but I urge him to think back to the Science and Technology Committee report, which we debated last week. It made it clear that part of the reason why we are not being as effective as we should is that DFID employs far too few scientists and technologists, and far too little of its work points in that direction.

Tony Worthington: I agree. Some of those with a scientific background are no longer employed in posts where they can use that background. Something very strange has occurred: agriculture has become very unsexy for DFID, northern development agencies and non-governmental organisations. There has been a decline in investment in agriculture and in the natural sciences. African agriculture is now in crisis, as the Commission for Africa recognises, partly as a result of that. We must put that right, but first we must reverse the decline.

I am delighted by the appointment of Gordon Conway as DFID's chief scientific adviser. Mr. Conway used to be director of the Rockefeller Foundation, and he has a first-rate background in agriculture. He must urge DFID to reverse the decline in the number of agricultural personnel employed at DFID that the hon. Member for Canterbury mentioned.

[Tony Worthington]

It simply makes no sense to say that the most important issue for Africa is climate change, when the most important thing for wealth creation in Africa is agriculture. It therefore makes no sense to deplete our agricultural research institutes. The list of closures is long: East Malling, Wellesbourne, Kirton, Rothamsted, and Silsoe, which is likely to be closed this year. We are simply losing science-based jobs through those closures. The number of staff employed at the Natural Resources Institute, which is now based partly at Greenwich university, has been reduced from about 550 some 20 years ago to 107 at the end of last year. The age profile is rising all the time, and we are losing in a field in which we have been in the lead. We should be tackling that.

Another reason why we should take a lead in agriculture is the approach taken by other nations, particularly the United States, in helping African agriculture. The United States increases dependence on it through the style of farming that it encourages, the sale of seeds, and dependence on fertiliser and so on. We have the right attitude in putting the interests of smallholders first. I hope that the Minister will reassure me that what the Commission for Africa report states is policy becomes DFID's policy and that we will reverse this decline.

Finally, I draw hon. Members' attention to page 155 of the report and the issue of governance. I believe that the UK Parliament and hon. Members present in the Chamber can take credit for this. It says:

"Parliaments in both developed and other developing countries should establish partnerships to strengthen parliaments in Africa, including the pan-African parliament."

For years, analyses of Africa have emphasised that governance is key, but they have then gone on to talk about the Government themselves or the lack of capacity in ministries. It beats me how one can talk about governance without looking at how the Parliaments function. Parliaments are at the apex of civil society. If they are not working—and in many cases in Africa they are not working very well—forget about governance. The question of Parliaments working effectively has been the missing ingredient, and we have to do something about that. We, personally, can do something about it.

Following the announcement of the Commission for Africa, the parliamentary Labour party international development committee, which is chaired by my hon. Friend the Member for City of York (Hugh Bayley), set up a sub-committee to consider how Parliaments and parliamentarians in the developed world could help development in Africa. We produced a document on that, which we submitted as evidence to the Commission for Africa, explaining how Parliaments could assist in the developing world.

We then went a little further and asked what were the next steps that should be taken. Reference has been made to this already; the Prime Minister said that the most important things in the world are Africa and climate change. Where are the debates on those in the House? How much time do we devote to international development? That was mentioned by the hon. Member for Buckingham (Mr. Bercow). It is a little incongruous to say, "This is the most important thing in the world and we shall lead the world on this", when our Parliament does not tackle the issues.

We produced two pieces of evidence for the Commission for Africa. One concerned what Parliaments could do, and the other concerned the next steps we should take to alter our Parliament in order to be more effective in contributing to development. I am delighted that the Commission for Africa has picked up on that:

"Parliaments in both developed and other developing countries should establish partnerships to strengthen parliaments in Africa, including the Pan-African Parliament. For maximum value, these should go beyond short exchanges, conferences and study visits to become longer term, practically focused partnerships, based on mutual learning, for example in areas such as consultation with all their constituents".

That is what we should be about in this place, and some all-party groups are already doing that.

When I look back over the 18 years I have been here, I note that some of the best work done has been done recently by all-party groups, such as the one dealing with Africa through its report on AIDS, and the all-party group on heavily indebted countries. I referred to what we have been doing on the relationship between reproductive health and AIDS, which is very valuable work, but there is no encouragement for it. It is something that people do in their spare time, as it were; there is no support for that sort of activity.

In our Back-Bench group, we have said that we should look at the way we conduct ourselves in our support for development. I am delighted to say that the Leader of the House saw the work that we were doing, valued it and has now set up a working party, which will take those ideas forward so that we can change the shape of this Parliament and its relationship with the developing world. I am delighted to say that my hon. Friend the Member for City of York will take over that group and chair it during the next Parliament, so that it does not fall away. Those are issues of very great importance. There will be a body in our Parliament that is dedicated to implementing that part of the Commission for Africa report.

I want to talk about an area where I hope that there will be partnerships: the issue of corruption. That presents a real challenge, which needs work in this country as well as elsewhere. I was in Nigeria last week and I was delighted to hear that President Obasanjo is leading the way on accepting the extractive industries transparency initiative—I think that those involved should have stuck with "publish what you pay", which was a snappier title. It will now be backed by oil companies such as BP and Shell. We knew that, but I was delighted to hear that it is thought that Chevron will back it as well. If at last the people of Nigeria can know how much revenue is coming from the oil industry into their country, they can start tackling that issue. That is one kind of partnership: Government to Government. However, corruption is so endemic in Nigeria that other partnerships will need to be set up with parliamentarians so that we can identify ways of ridding Nigeria and other countries of corruption.

I shall give some examples of how corruption affects Nigerian politics. As the Minister said, many of the parliamentarians are very good people who could do much to bring the benefits of democracy to Nigeria, but they are utterly trapped in a system that breeds

corruption. It is no use simply blaming the politicians. It is a question of working with them to help them break free of corruption. Let me give some examples. One of the things that we forget about African parliamentarians is just how much it costs them to stand for election and carry on in office. The parties have no ideologies or distinctive philosophies. If someone asks the People's Democratic Party, "What do you stand for? What kind of education do you want?", they get a blank response. If they ask the Alliance for Democracy, "What kind of education do you want? What kind of philosophies are driving you?", they get a blank response. The other party is the same.

Mr. Chidgey: I agree absolutely with what the hon. Gentleman is saying about the lack of ideology. It is not currency in African culture—or it has not been in the first generation of the post-colonial era. However, is not one of the problems for African politicians the existence of an expectation among the people who support them—a family, tribal and village concept—that the big man who is elected is there to look after them? They expect to be looked after and the politician needs the resources to do that.

Tony Worthington: That is absolutely right. The politicians are known as walking wallets. They are seen as opportunities to gain resources. One politician that I talked to last week boasted to me that he had just provided 1,000 scholarships for people to learn IT skills, because that is what the firms wanted. He was aiming to get 5,000 scholarships, which he would personally pay for. Where does that lead in the end? It certainly excludes anyone who is poor. It is totally unsustainable. He said that in the context of a woman who had come up to him and asked, "What have you done for me since you were elected? Don't tell me about your 1,000 IT scholarships." Politicians are trapped. I asked one politician how much it had cost him to stand for election and get elected. He said $500,000. One either brings that to the party oneself or one needs a godfather. There is a spectacular case in Nigeria involving one of the state governors who has reneged on his godfather and is not delivering the contracts as he was supposed to. People are trapped.

The Minister himself referred to perhaps the most spectacular example. The Minister of Education has been sacked after he was caught by the anti-corruption commission. He was bribing other parliamentarians to pass his education budget. He was alleged to have distributed $462,000 to pay the people on the committee to pass his budget. I do not think that any of us have ever received such an offer, but that is what one gets when there is a political system with no values and in which no issues are debated. It means that one's Parliament is run on the basis of money and access to money. Those are the issues that we should be working with in partnerships, in whatever form we can, to try to create little islands of transparency to start driving corruption back. I do not think that those parliamentarians can do that alone.

Jeremy Corbyn: Would my hon. Friend not accept that the transparency that he talks of should also apply to foreign-owned companies, which engage in those practices in many African countries and, because they gain so much from it, fuel a great deal of the corruption?

Tony Worthington: That is what I was referring to. One of the major ways in which we can tackle corruption is by the "publish what you pay" initiative. It is a criminal offence to bribe a foreign official; we have taken that step forward. But it is difficult to see how we can get good governance without paying much more attention to the issue of transparency and building partnerships of parliamentarians that will tackle those issues. Once again, I am delighted with the Commission for Africa report. It will be the bible for development in Africa for years to come. The Government set up the Commission for Africa; they must work with us to make sure that the report is implemented.

3.57 pm

Mr. David Chidgey (Eastleigh) (LD): I begin my contribution on a personal note. Unless we have all got it terribly wrong, it is very likely that this will be the last occasion on which I have an opportunity to speak in this Chamber, as I am standing down at the next general election. [HON. MEMBERS: "Oh."] I am pleased to hear those comments of appreciation, even though they are somewhat muted. [HON. MEMBERS: "Hear, hear."] However, it is appropriate that, on this occasion, I am speaking on Africa from the Liberal Democrat Front Bench, because it is almost exactly a quarter of a century since I was brought face to face with the reality of the plight of Africa. That helped to motivate me to seek a place in Parliament to give voice to my concerns. Almost exactly a quarter of a century ago, I lived in the rainforests of west Africa for long periods, directing teams of engineers, surveyors, geologists and the like. We were building things such as 300 km long trans-national highways connecting the hinterlands of four or five countries to coastal ports.

In that part of Africa a quarter of a century ago, one came face to face daily with the despotic rule by terror of the indigenous Governments. The opponents of those Governments were regularly cast into jail and allowed to starve to death. One was working in countries in which there had been a buoyant cash-crop export surplus and the usual things—soft fruits, cereals, coffee, tea—were sent to the markets of Europe, yet the people were starving and the children dying from disease and malnutrition. Those countries contained about a third of the world's bauxite resources, huge supplies of iron ore and huge riches in diamonds, gold and other precious metals, which, as the Minister alluded to, had become a curse in the development of those countries.

Yet with all that wealth, people were so poor that empty Coca-Cola tins and plastic water bottles were used as currency rather than the currency of the country. There was no problem with litter. Everything that was produced in the west had a purpose, use and value. We were working in countries in which the economies had collapsed to the extent that the shadow exchange rate against the US dollar was 1,000 per cent. higher than the official exchange rate for that currency, hospitals had no running water or electricity, doctors had no drugs, schools had no books and shops had nothing to sell. Hardly a week went by without one of my African workers asking me for the day off so that he could bury a dead child.

[Mr. David Chidgey]

The plight of those people and the tragedy of Africa would have left a scar on anyone's soul, let alone their conscience. The real tragedy is that it has taken a quarter of a century for the west to wake up to the tragedy of Africa. Having said that, I see signs of change and I welcome the initiative of the Government in producing the report, although I have some comments to make about it. I also very much welcome the initiative of NEPAD, to which the Minister alluded, and the founding of the African Union. The Commission for Africa report is in many ways a response to those African initiatives.

Governance and Governments in Africa are changing. Those despotic rulers, the so-called big men of Africa, who created tribal power bases and ruled through patronage, corruption and fear are literally dying out. Old age is taking its toll. There is a new generation, and as the Minister noted, many more countries are trying out—it is only trying out at the moment—the democratic process. In the second generation of post-colonial governance, Governments are much more likely to be founded on democratic principles, if not quite democratic practice just yet.

However, the process is moving forward and there is encouragement, particularly in the south. I had the opportunity to visit South Africa a while ago, and in the post-apartheid era it is amazing how that country has blossomed. It has become a powerhouse in the region, with a burgeoning economy. One might say that they have more freedom of speech than our country, as in South Africa civil society is vibrant, flourishing, blooming, and exciting. That is tempered, however, by the great tragedy of AIDS in that country.

Through my connection with Africa, one salutary experience in recent years was my visit to the HIV/AIDS hospice in Soweto. We all know about Soweto; we know the unique way in which Soweto as a community has developed and is governed. The inhabitants are coming to terms with the pandemic of HIV/AIDS among their community, and they are training their own care workers with resources so limited that it is unbelievable, but doing so with great dignity, passion and a sense of community. They are helping themselves to care for their sick and dying family members, community members, neighbours or whoever. That will stay with me. The dignity of humanity knows no bounds, and we can learn a lot in different situations.

In the north of Africa, another beacon of hope is the political process in Senegal and its development in the past decade or so. It is a country that I knew well in my previous aberration. The democratic transfer of power to President Wade in the presidential elections was a great signal of hope for that part of Africa. In a complete break with tradition, and probably for the first time since independence, the defeated Government party—defeated by President Wade—was not demonised; instead, the President set up a state-funded office for the Leader of the Opposition. That is probably unique in African politics, but then I have a great deal of regard for President Wade and his vision. We should pay him further tribute, because he was one of the founding fathers of NEPAD, although President Obasanjo of Nigeria is the chairman. I am proud that President Wade has occasionally called me his friend, because he has set forth a beacon of light for the development of democracy in Africa that I hope many will follow.

In many ways, the Commission for Africa and its report are a response to the African initiative to develop a partnership with the west through NEPAD. I welcome it, and I do not take anything away from the commission for what I view as a response rather than blue-skies thinking, but it is a great pity that while this country has grasped the nettle, has decided to work with Africa, has recognised its responsibilities and has accepted that we must work in partnership through NEPAD, our colleagues in the United States Administration view the matter differently. It is a great pity that the United States does not support NEPAD but instead has, I believe, put all its weight and influence behind the millennium challenge, which is in fact an investment vehicle linked to American commercial interests and overseen by the Heritage Foundation, which many Members know is somewhat right of centre. Some might say that it is right of Attila the Hun, but perhaps that is an exaggeration. Nevertheless, it is founded on neo-conservative principles—hardly what we mean when we talk about partnership with Africa. It seems more a return to past colonial periods of exploitation and extracting wealth from African resources. That is not a sign of partnership.

So the question for us is, is the Commission for Africa report an adequate or realistic response to the challenge that Africa offers? It is worth assessing how well it has been received. Other Members have mentioned some of the responses. I shall quote from the responses of the President of South Africa, Thabo Mbeki, Peter Hardstaff of the World Development Movement and Adrian Lovett of Oxfam.

In response to the report, President Mbeki stated:

"It must translate not into a lot of paper, but into a firm, serious programme of action . . . There is a lot of work contained in here . . . My own sense is that everybody is very keen to achieve actual, measurable progress."

How true that is.

Peter Hardstaff, who is the policy director for the aid group World Development Movement, with which I am sure we are all familiar, stated:

"This has been said many times before . . . The UK government and other rich countries have to actually start taking action on these issues of trade, increasing aid, cancelling debt."

My final quote comes from Oxfam's Adrian Lovett, whose name was mentioned earlier. He stated:

"In the long term, history will judge this report not just by its content but by its capacity to deliver genuine change . . . This report can be a rallying call for a generation that will no longer tolerate the obscenity of extreme poverty in Africa—or it could end up gathering dust. It's now up to world leaders to make that choice."

In that context, it is reasonable to ask our Government for a commitment to set out the process by which they propose to use the presidency of the G8, and of the European Union, to get western leaders to sign up to the process and start an action programme to implement this valuable and well constructed report. I am far from convinced that the proposed small secretariat of just two people in an office that will probably be somewhere in London will have anything like the muscle that will be needed to push through the progress that we all want.

I shall now deal with three specific areas. I wish to speak briefly about the problems of money laundering, the arms trade and aid tied to privatisation, which I do not believe that other Members have commented on yet.

On money laundering, no one would argue that corruption is not a curse for Africa or that Africa does not need to take a lead in its eradication—with help from us. In that context, the United Kingdom has a definite role to play. We must recognise that our financial institutions have been a magnet for stolen wealth deposited by corrupt African dictators for more years than we can count. I shall give a couple of examples.

The late Sani Abacha, the dictator-ruler of Nigeria from 1993 to 1998, apparently stole more than $1.3 billion from his country. That money found its way into British bank accounts, but only $30 million of it has been frozen. I understand that requests from the Nigerian Government for help in obtaining the return of related financial documents—and of the money, which clearly belongs to the people of Nigeria—have been constantly frustrated. We have a role to play and the Government have a responsibility, if we mean what we say in the report—that we should put into practice the actions necessary to help restore financial probity on that level to the Government of Nigeria.

Mr. Mullin: I entirely agree that we have a duty to assist African Governments to recover assets looted by former rulers. However, it depends on the production of evidence, and I am sorry to say that such evidence is not always forthcoming. Much rhetoric surrounds the sums alleged to be in this country, but evidence to demonstrate it does not always exist. Some of Abacha's money has been found here, and has been taken. More than $100 million has been found in the Channel Islands, and about $500 million has been found in Switzerland. Action is being taken to return that money, but it requires evidence; and it requires the country's institutions—in this case, those of Nigeria—to co-operate with ours.

Mr. Chidgey: I am grateful to the Minister for that intervention. I do not disagree; it is not a straightforward, easy exercise. However, because of the scope, the power and the sheer size of the financial institutions in the City, the United Kingdom needs to take the lead. I accept that we need to go through the process, but we cannot preach good governance to African countries—which needs transparency, openness and honesty—when our financial institutions exercise opaqueness as a skilled art.

Mr. Mullin *indicated assent.*

Mr. Chidgey: The Minister nods. He knows what I mean. If we want to be taken seriously by the African Governments that we are dealing with, we must take the lead in Europe by showing that we are no longer prepared to be complicit in helping dictators to steal the resources of the countries that they are supposed to be governing.

Most people realise that the global arms trade has a massive human impact. It fuels and sustains conflict, destroys lives and impedes trade and the delivery of aid. I understand that in 2003, 15 African countries were affected by conflict, which resulted in millions of people being killed. In that year, UK arms sales to Africa totalled some £200 million. Weapons exported from the United Kingdom in 2003 and since are now in use in conflicts in 10 African countries.

It is time that we started to respond to the call that Members are making for an end to subsidies for arms sales. We should take the lead in establishing an international arms trade treaty, and start to think seriously about setting up strongly binding end-use undertakings for arms exported by the United Kingdom. I find it frankly embarrassing that my country should be selling arms to 10 of the 13 countries engaged in conflict in Africa. We must be able to do more than that.

Finally, I raise the subject of aid that is tied to privatisation. As other hon. Members have mentioned, one of the great scourges of Africa is the lack of clean water and sanitation, particularly among the impoverished millions in urban and rural communities. Water-borne diseases such as diarrhoea, cholera and typhoid carried in unsafe drinking water and poor sanitation, and malaria spread by inadequate drainage, together kill tens of millions of Africans every year.

How can it be right for so much of the UK's aid for projects to improve water supply, sanitation and drainage to be tied to a requirement to privatise existing public utility providers? It is not as if privatisation has been a resounding success in sophisticated economies such as that of the United Kingdom, let alone those of developing countries. I cannot imagine any circumstances in which tying aid for water supply and drainage projects to privatisation could do anything but severely impact on programmes for poverty alleviation. I cannot see how privatising a public utility in a developing country will ever help alleviate poverty. I will give one example. In 1997, a British firm and a French consortium were engaged through aid to privatise Jakarta's water supply system. As a net result, water prices increased by 82 per cent.. How did that help the millions of the poor, who already had a desperate need for access to clean water?

Hugh Bayley: There are parts of developing countries, clearly, where there is no capacity for water to be provided by a private supplier. If one waited until aid became available to provide public sector water schemes throughout the developing world, one would wait 200 to 300 years before people got clean water. Just as there is a bad example in Jakarta, there have been good examples where private water suppliers have dramatically reduced the cost of water to poor urban slum dwellers and have improved the quality of water. Such suppliers have reduced the cost in relation to the private water sellers who had come along with a donkey and a barrel, and produced water that is more accessible for women, cleaner, safer and much cheaper.

Mr. Chidgey: That is an interesting point. I can tell the hon. Gentleman that, in my experience, where public water supplies have already been established—dating back perhaps 50 years—and the growth in population in urban areas has far surpassed the capacity, the requirement of international funding institutions such as the International Monetary Fund and the World Bank for a cost-benefit return on the investment to be

[Mr. Chidgey]

shown, particularly in relation to sanitation, has precluded the development of safe water supply and safe sanitation. That is because people cannot afford the connections that they would have to such systems.

There are other sides to the coin and that is why I raise the matter. I have been to such places and I have seen that happen; people have disconnected, because they cannot afford the cost. We are talking about people on very low incomes, as I am sure the hon. Gentleman knows.

Hugh Bayley: I think we agree that in some cases a private supplier is appropriate and in others it is inappropriate. Does the hon. Gentleman agree that provided people in the country concerned make the decision whether to use a public or a private supplier, we should leave them free to do so—as long as it is their decision, not ours?

Mr. Chidgey: I think that we have a meeting of minds. There is great strength in the argument that the hon. Gentleman puts forward. Such people should be responsible for how they fund—and attract funding—for the basic assets that they need. My strong concern is about their having projects and funding mechanisms forced upon them.

It is time for the United Kingdom to start considering how we can couple the aspirations set out in the Commission for Africa report with the visions set out in NEPAD. We need to work in partnership for the future. It is particularly important that we concentrate on trying to create capacity in the developing world. The infrastructure is one thing, but, as we have commented earlier in this debate, creating capacity of skilled, educated and employed populations is the key to future economic growth. If we can help developing countries do that, they can start, with their skilled populations, to contribute through the tax base to economic growth, rather than have the majority of the population eking out a living through the shadow economy. That is all too often the case at present—and has been for too many decades.

4.19 pm

Mr. Tony Colman (Putney) (Lab): Before I make my brief contribution on the UK and Africa, I hope that you will allow me a point of personal explanation, Mr. Deputy Speaker. A number of hon. Members have approached me in recent days, saying that they were sorry that I was standing down at the next general election. I hasten to say that I am not. It is subject to the decision of the electors of Putney, but I hope to be returned as the Member for Putney in the next Parliament.

The reason for that thought is that my hon. Friend the Member for Hammersmith and Fulham (Mr. Coleman), whose constituency is the neighbouring one to mine, and who has a name similar to mine, is stepping down, sadly, after many years of experience in local government, in which he was leader of Hammersmith and Fulham council, and worked in local government not just in London but around the UK. He had a serious car accident in 1997, fully recovered from it, and had severe health problems in June last year. Sadly, he will not stand at the general election, but I, subject to the wishes of the electors of Putney, will return here after the election, whenever it happens.

Mr. Bercow: We all admire the hon. Gentleman's doughty, fighting spirit, but unless I am much mistaken the admirable Justine Greening, the prospective Conservative party parliamentary candidate in the constituency, might have something to say on the matter.

Mr. Deputy Speaker (Mr. Edward O'Hara): Order. I think that hon. Members are lapsing into electioneering.

Mr. Colman: I think that we are; it was not meant to be that way, as I was trying to pay tribute, as I should hope hon. Members of all parties would, to an hon. Member who has had severe problems with illness in the past eight years and who will be retiring from the House. I see hon. Members nodding, as they share my concern that he must leave before his wide experience has been used.

I shall now talk about Africa and the United Kingdom. It has been a great privilege to serve on the International Development Committee in this Parliament, and I particularly thank the hon. Member for Banbury (Tony Baldry), who has chaired the Committee so well for four years. We have done tremendous work to keep the Department for International Development and other Departments that have involvement with Africa with their feet held to the fire, if I may phrase it in that way.

My personal peak in the extraordinary experience of learning about Africa was landing at Hargeisa airport in Somaliland in February 2004 and being welcomed almost as conquering heroes. It was even more amazing to walk down Hargeisa high street and meet some of my constituents, who greeted me and pointed out how well they thought I was doing as an MP. However, Mr. Deputy Speaker, you may feel that I am electioneering in saying that, too.

What was remarkable was the $400 million that had gone into Somaliland since 1992 through the hawala remittance system. I am pleased to see—I received the information today—that the Department for International Development is launching its UK remittance products survey next Thursday, to follow up the work that it has done on that important way in which Africa helps itself, through migrants who have left. Like other hon. Members I worked in Africa in the 1960s, and, as the Minister has said, Africa has gone backwards, not forwards.

Jeremy Corbyn: Before my hon. Friend leaves the subject of Somalia, may I ask whether he has an opinion on recognition or otherwise of the Government in Hargeisa? What does he think are the chances of reunification of Somalia?

Mr. Colman: I thank my hon. Friend for raising that point. My hon. Friend the Member for Clydebank and Milngavie (Tony Worthington) led a debate here, which was apparently the most viewed debate ever in parliamentary history, on the future of Somaliland.

I hope—I have made this clear many times—that the good governance that is represented in Somaliland will be taken into account, in whatever way the overall Somalia Government proceed. I hope that the Minister for Africa, who is in his place, will ensure that that view, which was expressed by hon. Members of all parties on the International Development Committee, is supported.

My reason for participating in the debate was to provide a new element to it. Others have spoken about the Make Poverty History campaign and the issues of governance, increased aid, debt relief and trade justice. I should like to support those concepts and I noticed the words used by the Prime Minister, at the Dispatch Box at lunchtime, when he said that 2005 should be Africa's year.

My concern is what I believe to be the missing chapter in the Commission for Africa document, about the role of the private sector, which is to deliver. It is in paragraphs 129 to 142—"What business should do". That is three pages out of 461. It largely ignores the role of venture capital and private equity in delivering for Africa.

My guru on this issue is Alan Patricof, who is a co-founder of Apax Partners. He was vice-chairman of the commission on capital flows to Africa and a member of the United Nations Development Programme commission on the private sector and development. In a recent *Financial Times* article, he said that there needs to be

"a pool of semi-permanent capital for investment in African businesses that does not have to be serviced or amortised regularly from the start."

The problem is, according to Alan Patricof:

"Equity capital for growing small businesses is not available today in Africa; only loans are."

We need new instruments.

May I introduce the House to the work of the African Venture Capital Association? It consists of 35 venture capital funds that work in Africa, one of which is Commonwealth Development Corporation/Actis. The AVCA managing director is Barbara James, working from London; the chair is Mark Jennings, from South Africa; the vice-chair is Aziz Mebarek from Tunisia; and Rotimi Oyekanmi from Nigeria is AVCA director. That group seeks to ensure that there is a way forward in dealing with the need for the money to be there. The views that I am expressing are my own, not from that association, but it is important to take it into account. It intends to make a major submission to the Commission for Africa before the 31 May deadline.

The association points out in particular that only $750 million of the $25 billion a year that is recommended by the commission is clearly earmarked for the private sector. For the investment climate facility, the sum is $550 million over seven years and for the Africa enterprise fund it is $100 million. For political risk insurance provided by Multilateral Investment Guarantee Agency the figure is $80 million, and for the UNDP growing sustainable business initiative it is only $20 million over five years. I say "only"; these are new funds, but the needs are great. I strongly believe that, as we saw as a Committee in India and China, if we want to deliver on the millennium development goals, business must be a key partner. The goals cannot be delivered on simply through Government.

I was very concerned that one particular recommendation was not covered. Perhaps that is because it relates primarily to a UK matter. I am talking about the concept of tax incentives for investors—particularly African diaspora investors—in African businesses and in private equity in particular. Such incentives would be similar to tax incentives given to UK taxpayers who invest in UK venture capital trusts and community development finance institutions, and similar to tax incentives given to individuals who give charitable donations to African causes. I have spoken to my right hon. Friend the Chief Secretary to the Treasury, and it is a shame that that recommendation was left out of the overall view of how we go forward.

The key is what happens between now and the Gleneagles summit. Last week, I spoke to the excellent director of the United Nations Industrial Development Organisation, and he was concerned that the private sector should be able to be brought into the discussion in early June. He is putting a proposal to the Foreign Office and to DFID for a conference to be held in early June, at which we could get entrepreneurs and business people from Africa to take the report to pieces and expand the three pages into something more substantial that can go to the Gleneagles summit in early June.

May I add my other four points? Obviously, the hon. Member for Eastleigh (Mr. Chidgey) made his. Mine are more about things that I would have liked to see in the Commission for Africa report, but which were not there. First, I am surprised that there is no supermarket code of practice for the supply of farm products from Africa to UK supermarkets. A lot of effort goes in to ensure that UK farmers are subsidised—all the way up to the hilt, as we know. I read today that Oliver Walston is receiving almost £200,000. That is quite legal, but the subsidies are enormous. Nothing is being subsidised in Africa. It would be rather nice to have a commitment that 50 per cent. of the raw foodstuffs sold in UK supermarkets should come from Africa by 2015, and perhaps the goal for processed food could be 2025. Such a commitment from the UK retail supermarket industry could be achieved, if the NGOs decide to take this on alongside the Government, and would revolutionise agriculture, feeding both Africa and Europe.

Secondly, the extractive industries transparency initiative has been mentioned again and again. Why not encourage resource extraction out of Africa to a level significantly higher than at present, but ensure that the royalties from that larger amount are earmarked for achieving the millennium development goals? We could track the new money.

Thirdly, if we are building our schools, hospitals and infrastructure in the UK through public-private partnership and they will be fit for purpose for the next 30 years, why cannot that be done for African countries if they wish it? It could be guaranteed by World Bank loans and the Export Credits Guarantee Department, with local companies doing the construction and local people running the schools and hospitals that are built.

Lastly, this is United Nations year of microcredit. I pay tribute to the all-party group on this and to Phyllis SantaMaria of PlaNet Finance plc, who has acted as our key adviser. Commercial banking systems need to be available in all African countries, operating, of course, under local regulatory controls. However, as the Chief Secretary to the Treasury said at a meeting that the

[Mr. Colman]

Minister and I attended last night, we need to ensure that Governments get off the back of private companies wherever possible to enable entrepreneurialism to take place.

My experience of the African economy at market level is that it can take off. I close my remarks by returning to Alan Patricof. He says:

> "With help from rich countries in building up the support systems for small and medium-sized enterprises... these enterprises could grow rapidly and provide the employment... the efficient products and services and the tax revenues to support sustainable, non-aid dependent economies in Africa."

I believe that we need to have more aid. We need to have trade justice and we need to have debt relief. Alongside that, we need to unleash the entrepreneurialism that is available in Africa and could deliver the employment and the future for it to achieve the millennium development goals.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. We have reached the last hour of debate and four hon. Members still wish to speak. I understand that the Minister may seek leave to have the last five minutes in which to respond.

4.32 pm

Mr. John Bercow (Buckingham) (Con): It is a pleasure to follow the hon. Member for Putney (Mr. Colman), with many of whose remarks I agree. Being conscious of the pressure on time, I will do my best to break the habit of a lifetime and be relatively brief.

The observation has been made that there is an important role for private sector funding. I agree. Nevertheless, it falls to me to put the other side of the equation. It is incredibly important that there is a substantial additional infusion of Government funds in the form of development assistance. I am delighted that after some considerable effort on my part, and highly effective efforts on the parts of my hon. Friends the Members for Canterbury (Mr. Brazier) and for Rutland and Melton (Mr. Duncan), those on the Opposition Front Bench have matched the Government's commitment to seeking to meet the 0.7 per cent. UN target.

It is right that both the major parties agree at least on the extent of the commitment required. We may differ about the detail of how it should be channelled and the role of the NGOs, but I genuinely believe that it is a healthy state of affairs that we can agree on the need for such extra resources. It is part of what I call the mixed economy of support for the poor in the developing world. If we are to have any chance of achieving the millennium development goals, there can be no doubt that more funds are needed.

We are well over a century behind the target date for realising those goals. If memory serves me correctly, they are supposed to be achieved by 2015. On the eradication of extreme poverty and hunger, universal access to primary education, the reduction of child mortality and the improvement of maternal health—to name but a few—we are a long way behind, as the International Development Committee pointed out as long ago as November 2003. The thought that it might be 2150, and in some cases 2165, before those goals are met is frankly unacceptable; it is a betrayal of the people who need our help on a bigger scale and require it without delay. I hope, on a non-partisan note, that I have made that point sufficiently clear.

It is imperative that our trade policy reinforces rather than detracts from our aid policy. It is an oft-commented on scandal, but it can scarcely be said often enough that the trade polices pursued by the European Union and the United States are morally wrong, economically counter-productive and, ultimately, politically dangerous. When I say politically dangerous, I am not suggesting that weapons of mass destruction will be unleashed upon us by poor developing nations resentful of the behaviour of Britain, the EU and the US. However, one does not have to be a socialist—I am proud to be a Conservative—to recognise that if poor countries find their condition exacerbated not by accident or policy error but by the knowing, deliberate and calculated trade policies of the richest countries on earth, that is bound to spawn a reaction of terrible resentment and hostility that not only is their condition not being eased, but their plight is being deliberately worsened.

We have to change our policies. In 2003, Organisation for Economic Co-operation and Development agricultural subsidies totalled $312 billion. That is a huge sum, and 15 times greater than OECD aid to Africa. That puts the situation in perspective. For any significant sum that we in the rich world contribute in the form of development assistance, we take vastly more away.

It is sometimes suggested that the west is practising policies of forced liberalisation. My objection to the policies of the EU and the US is that they are not fair. We preach free enterprise but practise protectionism on a grotesque scale. In terms that are not remotely justified by market economics, we want to export our goods at knock-down prices to the struggling local markets of developing nations, but we are not prepared to take their goods into our markets. That is the equivalent of playing a game of football and insisting that one side is entitled to 11 players, including a healthy goalkeeper, but the other team is allowed only five players and is banned from having a goalkeeper. That is how I would most graphically illustrate the point.

Action is needed in the dairy, sugar and cotton sectors. I am suspicious when I am told that there is a commitment to the elimination of export subsidies. I will believe it when I see it. The evidence over the years is that, in terms of EU and US trade policy, one has to read the subtext and the get-out clauses; their commitments tend to contain caveats inserted deliberately to suit the interests of those countries and, in the process, to damage those of the developing world. *[Interruption.]* Does the hon. Member for City of York (Hugh Bayley) want to intervene?

Hugh Bayley: I entirely agree with the case about trade injustice that the hon. Gentleman is making. However, I wonder whether talking about African football teams with only five members is the best analogy, because one thing that Africa excels at—and

we should celebrate it—is producing footballers. An African team of five would probably beat a British team with 11 members.

Mr. Bercow: I am always happy to be educated by the hon. Gentleman. I will go away and, together with my indefatigable research assistance, devise a superior way of illustrating what is nevertheless a valid point.

There is also an issue about the economic partnership agreements between the EU and the African, Caribbean and Pacific countries. The International Development Committee is studying that subject at the moment. We can see that an argument can be made for such agreements and a number of us felt that Commissioner Mandelson intended, and will go on intending, that they should be development tools. The problem is that some of us are not so far convinced that those economic partnership agreements will have the necessary development focus and priority. So far, there does not appear to be any clear alternative for ACP countries to opt for if they are not entirely persuaded of the merits of those agreements. It is incredibly important that the bodies concerned do not repeat the process of opening up the markets of the countries concerned to subsidise western products, without giving a proper opportunity for those poor countries to trade their way out of poverty and build their domestic capacity.

On governance, I strongly endorse what the hon. Member for Clydebank and Milngavie (Tony Worthington) said. Parliamentary involvement in development has been a continuing theme in his work in the House. We should do all that we can to support reform movements and to bolster civil society in developing countries. We should also try to find a way—whichever party is in office—of using the talents of senior former parliamentarians. I have often floated the idea that we should establish a panel of ex-parliamentarians with an interest in international development, who are willing to make available their talents, campaigning skills and use of advocacy to assist freedom-loving opposition forces faced with bestial Governments, to try to propel those opposition forces into a stronger position than they inhabit at present.

I think that I can make that point without being accused of indulging in any special pleading or self-interest. I certainly do not have myself in mind for any such role, partly because, like the hon. Member for Putney, I am seeking re-election, and partly for the relevant reason that I am too young and cannot possibly afford to retire. I certainly do not envisage a role for myself in that context. I have in mind great parliamentarians from all parties, ranging from the hon. Member for Clydebank and Milngavie and the former Member for Chesterfield, Tony Benn, to people from my party who have left the service of the House and have an interest in international development. Together, such people could bring considerable skill to bear on the problems faced by opposition forces in developing countries.

I am sceptical about the African peer review mechanism, but one does not want to damn it completely. I can see that an argument can be made that it is at least a start, but it struck me, and I think it struck others, on a recent visit to South Africa by the International Development Committee, that the fatal flaw of the peer review mechanism is its voluntary character. Some 20 countries have been put forward for review, and it is heartening to hear that there will shortly be a report on Ghana. Is it not, however, a damning indictment of the mechanism that the countries that most need its scrutiny will not be subjected to it, because they will not consent to be candidates? There is the absurd situation in which Ghana is reviewed and examined, but Sudan and Zimbabwe are not. Surely we can find a better way to address the issue.

On conflict, the Minister will not be surprised to know that although I greatly respect him, I do not much like the balance of his remarks on Darfur. I have always felt that he errs on the side of suggesting at least a broad moral equivalence between the two sides of the conflict. If the Minister tells me that that is unfair to him—

Mr. Mullin: It is unfair to me.

Mr. Bercow: I am sorry that the Minister says that it is unfair to him, but I have to judge in the round and too often I have heard him saying, "On one hand—and on the other hand," and continually drawing attention to breaches by the rebel forces. However, the rebels are simply not starting from the same position as the Government forces. My hon. Friend the Member for Canterbury powerfully enunciated the argument earlier. The rebels do not have helicopter gunships and Antonov planes at their disposal, and they do not have the allied forces of the Janjaweed militia to do some of their dirty work. Pincer movements take place on a regular basis between the Government forces on the one hand and the Janjaweed militia on the other. The rebel forces' violence is to be deprecated, but it comes from a much lower base and it is obscene that the Government of Sudan are not subject to an arms embargo. The arms embargo impacts only on the rebels, and damagingly so.

The people of Darfur have suffered too much for too long and too little has been done about it. In that context, I would like greater clarity at the heart of Government on securing peace. I am concerned that the terms peacekeeping and peace enforcement are used as though they were interchangeable; they are not. There can be a peacekeeping force only if there is a peace agreement to enforce. At the moment in Darfur, none such exists. There has been a rather tenuous ceasefire, but there is not a peace agreement, so the concept of peacekeeping is not appropriate. What is required is a peace-enforcement mandate and an African Union force that is sufficient in terms of numbers of troops and logistical capacity to ensure that the peace sticks. There is not yet sufficient focus within the Government on that important requirement, and that needs to change.

Other hon. Members want to speak, so I shall finish with an observation about human rights in Africa. The hon. Members for Islington, North (Jeremy Corbyn) and for City of York took part in a debate that I initiated on the reform of the United Nations on 19 January. I remember the date for the good and personal reason that it was my birthday. Among other things, I focused in that debate on the United Nations Commission on Human Rights, which has become an abysmal laughing stock.

In what was otherwise a thoughtful and interesting report by the UN high-level panel on reform of the United Nations system, I was disappointed by the

[Mr. Bercow]

floated suggestion that membership of the commission should perhaps be made universal: everyone would be allowed to be a member. That seemed to be ducking the issue. There is an important challenge: membership of a human rights body within the UN should be determined not on the basis of automaticity, or on the strength of geography, but as a result of behaviour. Countries that behave properly should qualify for membership. If the most bestial oppressors are represented on a human rights body, their main goal will be to criticise others and to protect themselves from criticism. That is not acceptable.

I welcome instead the United Nations Secretary-General's suggestion that what should be established is a smaller and leaner human rights council, perhaps as a principal organ of the United Nations. We must improve governance and expose human rights abuses and ensure that developing countries, with assistance from us as necessary, respect the human rights of their citizens and observe democratic values. That is right in itself and crucial to the long-term and sustainable development that all hon. Members present want.

4.49 pm

Jeremy Corbyn (Islington, North) (Lab): I shall restrict myself to 10 minutes so that the Chair of the Select Committee and my hon. Friend the Member for City of York (Hugh Bayley) can speak before the Minister replies.

I welcome the debate. I also welcome a great deal of the Commission for Africa's report. Its analysis is interesting and I am disappointed that the media have not picked it up in more detail since its publication about a week ago. The general, fairly obsessive response was that the situation is all down to governance in Africa. That is certainly one aspect, but not the only one.

It is important when taking part in any debate on Africa to have some understanding of the history of the continent—I intervened on the Conservative Front-Bench spokesman on that point. Africa has given the world a great deal of wealth and knowledge. Indeed, all human activity probably descends from the Rift valley in Africa. We should have some regard to the fact that African civilisations were there long before the Europeans arrived, and that the impact of Europeans on Africa has been one of brutality, with the slave trade, colonialism and the distortion of all the indigenous economies and agricultural systems that were there.

I shall not talk at great length about African history or anthropology; I am not qualified to do that, but I think that we should have some respect for the history of the place with which we are dealing. Too often, when dealing with anything to do with Africa, there is the western arrogance that it is up to us to sort it out, when really it is up to us to repair our relationships with Africa and to put them on a fair and equitable footing. We should not act as colonial or neo-colonial masters, and I see that the Minister agrees. That is promising, indeed.

Mr. Mullin: Do not hold your breath.

Jeremy Corbyn: That is all right.

The issues facing African people are enormous. I shall not quote all the figures because that would take too long, but the stark reality is that there is an enormous infant mortality rate. I find it frightening that several million children a year could probably be saved by the expenditure of no more than $1 a head on anti-malarial drugs and other basic medicines. In a world in which education and the development of the whole person is so important, as many as 40 million African children are without adequate schooling or, in some cases, have no school whatever to attend. Illiteracy rates are not falling; indeed, they are probably rising in a considerable number of African countries.

I do not excuse the corruption, bad governance or inefficiency of the Governments of Africa, but one must look at the big picture, which is that Africa had no control in the 1960s, 1970s or 1980s over the price it paid for the oil that most countries had to import. There are not many oil-producing countries in Africa. The vast increase in oil prices in the 1970s had a big effect on all African economies, most of which had had a period of sustained growth since independence, which collapsed in the 1970s. Then in the late 1970s and 1980s, the collapse of commodity prices—cotton prices went down 70 per cent., cocoa prices 80 per cent. and coffee prices 70-odd per cent.—meant that every African country was faced with the loss of income from its primary exports and had to pay a great deal more to import basic requirements such as oil and manufactured goods. It is hardly surprising that a debt crisis ensued.

I absolutely support the campaign for a programme of complete debt write-off for sub-Saharan Africa, but one must be cautious of two things. First, unless we consider the conditions under which the debt was engaged, it will simply come back in five, 10 or 15 years. Secondly, we must consider whose debt we are writing off; we will subsidise some people who have a lot of ill-gotten gains. Debt write-off must be more targeted and scientific. I know that that is used as a headline feature, but one must consider it carefully.

I could talk about a lot of individual countries and issues, but there is not time for that, so I shall be brief because I want the Minister either to reply or, in the immortal words of all Ministers, to "write to the hon. Member at some point in the near future". That will keep him busy over Easter.

As the Minister knows, I had the good fortune to go on an Inter-Parliamentary Union delegation to Angola last year, which was a salutary and fascinating experience. The country has been through 30 years of war, with 4 million people—more than a quarter of the population—displaced. It has low life expectancy, high infant mortality, and an education system that can barely cope. I met teachers who worked three shifts a day in primary schools to try to provide some kind of basic education. I absolutely admire those teachers, especially if one thinks of our own primary schools and education system. Pupils there get three hours a day in a bookless school without desks or chairs, and that is the sum total of their education. It is surprising that those kids manage to learn anything at all, and it is a tribute to their teachers that they do. We must be realistic.

I welcome and support a lot of what is going on in Rwanda, and endorse the DFID Rwanda urban poverty programme, which I hope the Minister can assure me will continue. Although Angola will be a wealthy

country in future, I hope that the current discussions about restructuring its finances are going well. I should like to hear from the Government that they will stay with Angola and support it in its development, so that it ends up with great improvements in future.

I shall be brief, because there is no particular order to my points. The great lakes region of Africa has seen death rates and genocide about which we could only have nightmares. Three million people have died in the recent war in Congo, and about 1 million died in the genocide in Rwanda. Others died in Burundi and neighbouring regions. It is an horrific situation, by any stretch of the imagination. Although some of the grist to the mill—the fuel for the war—is the world's thirst for oil, manganese, gold, tin, copper and the coltan for mobile phones, the corruption that goes with those interests leads to the support of rebel armies and militias. It is a very dangerous situation.

We should also be aware that all the countries neighbouring Demoractic Republic of the Congo have, at various times, happily sent large numbers of forces into Congo, and we must consider the trading arrangements of those countries. They have no gold, coltan, tin or other minerals, but they export those materials. We must therefore ask questions about how they get out of Congo, and who benefits from the ghastly war that is going on in eastern Congo.

I was in Rwanda with Peace Brigades International last month, and talked to civil society representatives. I admire them and support what they are doing. I feel for the people, and the genocide that they have suffered. I admire the size of the DFID aid programme for Rwanda, and the commitment towards its redevelopment. I intervened on the Minister earlier, and say to him again that we should be slightly cautious about giving large amounts of budgetary aid, rather than programme aid. We must ask how much of such budgetary aid might end up being spent on arms, and foreign wars and adventures such as the ghastly conflict in eastern Congo. I know that my hon. Friend probably agrees with me on that, but I want to emphasise the point.

The other country that I want to mention is Uganda, which is part of the great lakes region. Uganda has been a byword for genocide since Idi Amin, and the west often looked away when he was doing the most disgraceful things in Uganda. He went, after the Tanzanian intervention, and there was a brief period of elected Government under Milton Obote, but since then, there has been a long period of rule by President Museveni. He is a popular figure, whom all the international financial institutions appear to love. Everybody appears to love him, and says that everything is going well in Uganda.

I have had discussions with people from Uganda, and have been reading the Human Rights Watch report on the situation there. It is concerned about a number of things, particularly the 2002 anti-terrorist Act, which allows the state to define terrorists as "opponents of the state". On that basis, considerable numbers of people have been detained or treated very badly. They should not be in that position. The President proudly claims that in the last 10 years, 2 million fighters have been trained in a country that is not that big.

I again raise the question of the very large amount of budgetary assistance that we give to Uganda. I have no problem with support for health, education, housing, social progress, employment or training—none of us would have problems with that, because that is surely what DFID and international development is all about. However, I do have a problem with that money being used to purchase arms from this country or from anywhere else, which are then used in internal control, internal oppression or in adventures elsewhere.

In this debate on Africa, we must be aware of what history has done to Africa, and what we can do to try to assist at present. One obvious step is to write off debt, and another other is for there to be a very large increase in aid for Africa. However, I want to make one further and final point. Unless we go down the road of trade justice with the farmers and producers of Africa, all the problems that exist now will continue to exist. If it is completely untenable for those farmers to produce coffee, cocoa or sustainable foods locally because either food from the United States is dumped on the market—which is actually a subsidy to US farmers—or people cannot buy any processed goods from Africa because they are too expensive due to the trade barriers, we will continue to consign poor people in Africa to a life of poverty. Moreover, instead of living in rural poverty, they will live in shanty-town poverty, with all the violence, corruption, drugs and everything else that that such a society breeds.

We have a big responsibility for what happened in Africa in the past, but I do not condone any of the corruption that occurs. The current emphasis on Africa is wholly welcome; perhaps it will be the beginning of a corner being turned and things will start to improve for the poor people of Africa.

5.1 pm

Tony Baldry (Banbury) (Con): The hon. Member for Putney (Mr. Colman) was kind enough to make reference to my chairmanship of the International Development Committee, and I would like to take the opportunity to thank him, the hon. Member for Clydebank and Milngavie (Tony Worthington), my hon. Friend the Member for Buckingham (Mr. Bercow), the hon. Member for City of York (Hugh Bayley) and the other six members of the Committee for all their phenomenally hard work during this Parliament. I hope that we have done our duty by the House and produced reports of some intellectual rigour. I warn the Minister that our report on Darfur—a unanimous report—will be published this Wednesday and that it will make sobering reading.

Today, like yesterday and tomorrow, 8,000 people in Africa will die from HIV/AIDS, 7,000 people in Africa will die of hunger, and 6,000 children will die from water-borne diseases. Their lives will be lost today, and similar lives will be lost tomorrow. Our television and newspapers try to report the immediacy of big events, but it is far harder to describe and communicate the persistent, unremitting daily grind of the raw, chronic poverty that one sees in Africa.

Some 20 years ago, shortly after being elected to the House, I went to Ethiopia, along with the hon. Members for Denton and Reddish (Andrew Bennett) and for Roxburgh and Berwickshire (Sir Archy Kirkwood). We were a small all-party team that was got together by Oxfam, concerned that the world was not taking sufficiently seriously the famine of biblical proportions that was then raging in northern Ethiopia.

[Tony Baldry]

In this Parliament, 20 years later, I returned to Ethiopia twice—once with the International Development Committee and once with the British Red Cross on a trek across the Simian mountains to raise money for the Ethiopian Red Cross and to help fund water-borne projects for schools. In some ways the country has greatly improved. Mengistu and his thugs have gone and Prime Minister Meles is trying hard to deliver. However, there are still the same grinding poverty, huge numbers of children not in school, rapidly increasing infection rates of HIV/AIDS—thins disease—and farmers desperately trying to eke a living from ever-poorer soil and coffee prices that are decimated.

The original Commission for Africa report is a somewhat shiny book. I submit that it is our collective responsibility to seek to translate its conclusions into a glowing reality. At the core of the report is the concept of "obuntu"—of our interconnectedness each with each other and nation with nation. In response to the tsunami disaster, the people of Britain clearly demonstrated their sense of that interconnectedness. Every year, the thousands who help organise events for Comic Relief, which this year raised some £70 million, show their commitment to others.

Following the commission's report, no one can feign ignorance of the full facts. The analysis, statistics, shortcomings and needs are all there. There is page after page of analysis. Africa does not need any more analysis; it needs action. To act is our clear moral duty, and not to act would be intolerable. For far too long the symbol of Africa has been an African child dying on our television screens. The needs are undisputed. As the report says:

"What Africa requires is clear. It needs better governance and the building of the capacity of African states to deliver. It needs peace. It needs political and economic stability to create a climate for growth—and a growth in which poor people can participate. It needs investment in infrastructure and in the health and education systems which will produce a healthy and skilled workforce as well as a happy and fulfilled people. It needs to trade more, and on fairer terms than the rich world has allowed to date. It needs more debt-relief. It needs aid of a better quality than at present. And it needs a doubling of aid to pay for this."

The report also makes it clear that there can be no more piecemeal approaches to Africa. It is clear that Africa needs the lot now—on debt, trade and aid. If it does not get that, it will be a disaster. The report puts it rather more elegantly:

"The actions proposed by the Commission constitute a coherent package for Africa. The problems they address are interlocking. They are vicious circles which reinforce one another. They must be tackled together. To do that Africa requires a comprehensive 'big push' on many fronts at once. Partners must work together to implement this package with commitment, perseverance and speed, each focusing on how they can make the most effective contribution."

How can people born in debt die owing more than on the day that they were born? For poor countries in sub-Saharan Africa, the objective must be 100 per cent. debt cancellation as soon as possible. A pathetic 2 per cent. of world trade emerges from Africa. What Africans need is the power to decide and an end to dumping. They need an end to export subsidies by 2010 to be agreed by the WTO at the meeting in Hong Kong later this year and an immediate end to cotton and sugar export subsidies. We need common agricultural policy reform in all that is just. The Commission for Africa observes:

"Agriculture is the activity from which the vast majority of the poorest Africans make their living; by contrast agriculture is not of great economic importance to most developed countries, accounting for a few per cent of national incomes, or less. Yet the agricultural sectors of many G8 and EU countries are the most heavily subsidised and protected in the economies of the industrialised world. Rich countries spend around US$350 billion a year on agricultural protection and subsidies—which is 16 times their aid to Africa. The European Union is responsible for 35 per cent of this, the United States for 27 per cent. and Japan for 22 per cent.

These policies have a harmful effect in both the poor and rich worlds. Taxpayers and consumers pay heavily to support their farmers—though, ironically, it is not small farmers in the EU and US who benefit: they get only four per cent of the subsidy, with more than 70 per cent going to the 25 per cent richest farmers, landowners and agribusiness companies. The result is that the EU subsidises sugar beet at such high levels that it is grown in Europe in places where it is economically irrational and inefficient to do so. And in the US subsidies to just 25,000 US farmers, who are paid twice the world market price for cotton, threaten the livelihoods of more than 10 million people in West Africa who produce the crop for a third of the price."

Can that situation be right?

We should extend the "everything but arms"-type access to all low-income African countries, and there should be greater regional integration. Europe should take the lead on that. I am glad to say that, at a conference held in the Guildhall last week, the Trade Commissioner, Peter Mandelson, said that Europe should start taking the lead. On the international finance facility, he said:

"If the United States, Japan and others do not want to take part in the International Finance Facility, I hope Europe will take a lead".

I also hope that Europe will take a lead, but I also hope that Europe will take a lead in trade reform.

That leads on to volumes of aid. The reality is that the most vulnerable and poorest receive the least help on the planet: $25 million, which is the proposed increase in aid from the world's seven richest countries, equates to 0.01 per cent. of our GDP. For any citizen of the G7, that is the equivalent of paying for half a stick of chewing gum a day. That is hardly a great sacrifice, particularly when we remember that every cow in Europe receives twice as much in daily subsidies as the overwhelming majority of people in Africa live on each day.

Of course improving governance and enhancing capacity is crucial. As the report observes:

"The issue of good governance and capacity-building is what we believe lies at the core of all of Africa's problems. Until that is in place Africa will be doomed to continue its economic stagnation."

The report has to be translated into action at the G8, however. It will be no good if we just receive a motherhood and apple pie communiqué from the G8 at Gleneagles. Between now and then, it behoves us all to use whatever contacts we have with other G8 countries to generate momentum behind the will to put the commission's proposals into action.

I make my final point, so that the hon. Member for City of York has ample time to get in. What we have seen from the US recently, with its proposal for the World Bank, does not encourage me. I draw hon. Members' attention to an answer that the Committee received from DFID last November:

"The UK considers it important that any new World Bank President should have a strong background in development issues and command respect and support from the membership. The UK favours a more open and consultative process than has occurred in the past for the selection of the President, whereby Bank membership are consulted on possible candidates with the Board the making final decision."

We would all say hallelujah to that. It behoves the US and other G8 members to see that they too enjoy some interconnectedness with the rest of the world. We should all play as one team, rather than having one country seeking to impose its agenda on the rest.

5.12 pm

Hugh Bayley (City of York) (Lab): Africa's destiny lies in the hands of Africans, especially African leaders. If they do not end corruption, deal with conflict in their continent and establish better standards of governance, Africa's development will continue to falter. However, if African leaders rise to that challenge, as some most certainly are doing, it will be essential that the west works with them, so that they can deliver the development that their countries so desperately need.

We have heard a number of good speeches this afternoon about the policy issues. However, I should like to pick up where the hon. Member for Banbury (Tony Baldry) left off and talk not about policy, but about the process. I want to talk about what we do as politicians between now and the summer to try to ensure that the G8 and, later in the year, the EU under the UK presidency deliver by way of commitments from rich world Governments as much as possible on the excellent policies outlined in the Commission for Africa's report.

When the Prime Minister launched the report at the British Museum on 11 March, he was asked by Mike Wooldridge from the BBC whether the Government would implement all its recommendations. Journalists are a fairly cynical bunch, especially about our Prime Minister, but many of them were taken aback by the simplicity and clarity of his answer. He replied with one word, "Yes". Yes, Britain would implement all the recommendations in the Commission for Africa's report.

That commitment from our Prime Minister simplifies the political challenge that we face. We have a commitment that our Government are behind the commission's recommendations. The challenge that we face is to move public opinion, politicians' opinions in other G8 and EU states and the opinions of the leaders of Government in those counties behind the report's recommendations.

As chair of the all-party Africa group I suggested in February to my colleagues who chair and lead a number of international committees in Parliament—including the hon. Member for Banbury, who chairs the International Development Committee, my hon. Friend the Member for Clydebank and Milngavie (Tony Worthington), who chairs the all-party overseas development group, my hon. Friend the Member for Manchester, Central (Tony Lloyd), who chairs our delegation to the Council of Europe, my hon. Friend the Member for Glasgow, Shettleston (Mr. Marshall), who chairs the Commonwealth Parliamentary Association UK branch and a number of others—to write to the Prime Minister to set out what we believed the UK Government should commit to in response to the Commission for Africa's report.

I have circulated the letter to a number of friends in Parliaments in other countries. I know that a number of my co-signatories have done the same. I have had an encouraging response. Charles Rangel, a leading member of the US Congress, a veteran representing Harlem in New York state and leader of a black caucus, has written back in supportive terms. André Rouvière, a French Socialist, and Jérôme Rivière, a French deputé from President Chirac's party, are both keen to work on the agenda, as is Axel Berg, a Social Democrat in the German Bundestag.

I have raised the commission's work at meetings of Socialist International, the Parliamentary Network on the World Bank and the NATO Parliamentary Assembly. One of the commissioners, Tidjane Thiam, came along to speak to the NATO Parliamentary Assembly about the commission's work. I raised it also at the Organisation for Security and Co-operation in Europe Parliamentary Assembly.

Politicians in other G8 and EU countries are now beginning to cotton on that Britain is absolutely serious about making Africa the foreign policy priority during the G8 and EU presidencies. Between now and the summer, all of us—the Minister, the Government, we politicians and our colleagues in other Parliaments—need to continue to work to seek to tease out from other rich world Governments how they will respond to the commission's proposals.

France is generally supportive. It is increasing its aid and backed the UK proposal for an international finance facility. It has floated some proposals for innovative financing mechanisms for development, such as a levy on airline fuel. We need to reciprocate and look seriously at that proposal. It has the merit of being reciprocal; if two countries agree to it, planes that fly from one country to another also fly on the return route, and the burden would be shared equally by countries that were to agree to such a proposal. We need to move France on the subject of trade policy, particularly trade in agriculture.

Germany is not so strongly on board on the Africa agenda. It has concerns about the cost of increasing aid. Chancellor Schröder, for the first time, made some important commitments about supporting the international finance facility in his speech in Davos. We should build on that. Germany is probably the key to shifting France on trade policy and the common agricultural policy. Italy is a poor aid donor, and is not committed to meeting the EU target of 0.3 per cent. of GNI by 2006. However, the Italians are enthusiastic Europeans, and we ought to set the European Commission to work on them, and they do support us on the international finance facility.

In President Bush's first term, the United States agreed a large increase in aid. As the hon. Member for Eastleigh (Mr. Chidgey) said, there is a big problem in how it is directing that aid through the millennium challenge fund, which offers a bilateral approach to aid.

[Hugh Bayley]

There needs to be more multilateral co-operation with the United States, as well as trade reform on cotton and agriculture more generally.

Like France, Canada is supportive in principle of the international finance facility, and a strong supporter of 100 per cent. multilateral debt relief; it said so at the G7 Finance Ministers' meeting. It is committed to doubling its aid by 2010; although, I have to say, from a low base. There is a problem in that it says that the 0.7 per cent. UN target is a pipedream; pressure needs to be applied on that.

Unfortunately, although Japan is a big aid donor, it does not see Africa as a priority. Only 8.6 per cent. of its official development assistance goes to Africa, and its overall aid budget is declining. However, it has an interesting proposal for a new fund at the African Development Bank to support self-sufficiency in agriculture. We also need to have conversations with Japan about trade in agriculture, and the reduction of food subsidies.

Russia is not a major donor, but it will chair the G8 meeting next year, and we need to talk to it about how its agenda will address Africa, so that the decisions made this year are followed up. I do not have time to talk about our presidency of the EU, but I will say that we need to work in a similar way with the European Commission and individual member states.

Let me finish by saying that if the UK is going to be persuasive, we need to show that we are implementing the policies that we are proposing, and which we are urging on others. I was therefore pleased by the Prime Minister's unambiguous statement at the launch of the commission. Earlier this year, the all-party group on Africa wrote to all Cabinet Ministers to ask what their Departments were contributing to the Government's overall strategy on Africa in 2005. We received a lot of very detailed and informative replies, which we will publish in full. The Foreign and Commonwealth Office will, of course, be heavily involved, as will DFID; but, interestingly, so, too, will many Departments that one would not necessarily think would have a clear and strong interest in Africa.

The Department for Culture, Media and Sport sponsors important research through the Natural History museum with partners in Africa on the disease vectors for river blindness, bilharzia, malaria and other tropical diseases. The Department for Environment, Food and Rural Affairs is doing important work on illegal logging and supports the renewable energy and energy efficiency partnership, which was set up after the Johannesburg sustainable development summit in 2002. The Ministry of Defence supports a number of peace-training operations in Kenya and Ghana.

I thank each of the Secretaries of State for giving time to provide a full account of the work of their Departments. What we learned overall is that UK policy is more joined up than I had expected. I would like to thank the Prime Minister's foreign policy adviser, Sir Nigel Sheinwald, for explaining how officials and Ministers work together on a cross-departmental basis. There is a high degree of co-ordination in the three priority areas of trade, aid and debt, but there are still problems in some areas, particularly corruption and financial crime, and unemployment of health professionals, which we will highlight when we publish our report after Easter.

A number of African development plans have been launched to the sound of trumpets and with great optimism, but they have failed. They failed in part because of failures of leadership in Africa, but also because of a loss of concentration by the west. If the Commission for Africa is to deliver real change for the continent, we must maintain our concentration over the coming decade, so that we can ensure that what is recommended is delivered.

5.24 pm

Mr. Mullin: We have had a good debate, which has been enriched by the fact that just about everybody present has personal experience of Africa and a long-term commitment to Africa and African issues.

I pay tribute to the hon. Member for Eastleigh (Mr. Chidgey) and my hon. Friend the Member for Clydebank and Milngavie (Tony Worthington) who are departing this place for another life in the near future. Both of them, but especially my hon. Friend, have taken a long-term interest in international development. They will both be missed. I wish them well in their next incarnation.

I especially welcome the commitment from the hon. Member for Canterbury (Mr. Brazier) that a future Tory Government would sign up to increasing our overseas aid to 0.7 per cent. of GNP. It always warms my heart to hear Conservative spokesmen promising to increase public spending. We are grateful to hear that there is consensus on that most important issue.

I welcome the almost wholly positive comments about the report from the Commission for Africa. Everybody understands that there is more to reports than just the words on the paper: there has to be a connection between words and action, and those hon. Members who made that point were right to do so.

Obviously, we have taken the initiative, but we are not acting entirely on our own, and we have to take others with us. In our different ways, we have to do everything that we can to galvanise our partners in the EU and especially the United States to ensure that there is delivery. That is also true of our partners in Africa, who have a big part to play.

I shall draw all the comments that have been made about the work of the commission to its attention, and particularly the comments of my hon. Friend the Member for Putney (Mr. Colman), who said that insufficient attention had been given to the potential role of the private sector.

I may have misunderstood him, but I think that the hon. Member for Eastleigh said that there would be only two secretariat staff—

Mr. Chidgey: Two leading members of the secretariat.

Mr. Mullin: In fact, there are 20 staff, and the commissioners, too, will be vigorously promoting the report. The hon. Gentleman may rest assured that they will not all fold up their deckchairs and go home.

The hon. Gentleman implied that we were selling a lot of arms to Africa; we are not. All arms sales are strictly regulated. I am sorry to say that most of the arms in Africa come from the ex-Soviet bloc countries, and efforts are being made to reduce the number. Such British arms sales as there are tend to involve equipment for United Nations peacekeeping missions and the like. On money laundering, the hon. Gentleman was right to say that we must be more proactive than we have been. I certainly accept that, and so we will.

On Darfur, the difference between us is not as great as one might imagine. I accept that what has happened is overwhelmingly the responsibility of the Government of Sudan—a point that we have repeatedly made clear to them. However, I repeat that there are two parties to the dispute. It was the rebel attack on Al Fashir in April 2003 that triggered the latest catastrophe. The rebels—in recent months, although not before—have been the main offenders in keeping the conflict boiling. They have not been negotiating seriously at Abuja. When I saw them the other day—they may be the same people whom hon. Members met—we impressed on them the need to negotiate seriously.

My hon. Friend the Member for Islington, North (Jeremy Corbyn) mentioned budgetary support for Rwanda and Uganda, and we certainly make large contributions to both. He said that we had to watch carefully to ensure that money was not misused for military spending and on military adventures in the Congo. I can assure him that we take a close interest in the military spending of both countries and we have, on occasion, withheld or delayed payments to underline the point.

As I said in my opening remarks, we have a good story to tell. We have commitment at the highest level from the Prime Minister and the Chancellor of the Exchequer. We shall ensure that Africa and African issues remain high on the agenda of the EU and of the G8 during our presidency.

Question put and agreed to.

Adjourned accordingly at half-past Five o'clock.

Westminster Hall

Tuesday 5 April 2005

[SIR NICHOLAS WINTERTON *in the Chair*]

Door Supervisors

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watson.]*

Mr. Deputy Speaker (Sir Nicholas Winterton): The first debate in Westminster Hall on this, the last Tuesday of this Parliament—perhaps I am anticipating it, but I think not—is on the registration of door supervisors, initiated by the hon. Member for Barnsley, Central (Mr. Illsley).

9.30 am

Mr. Eric Illsley (Barnsley, Central) (Lab): It is a pleasure to speak on such an important issue, and I hope that the debate gets the national publicity that it deserves—although, as you said in your opening remarks, Mr. Deputy Speaker, it could well be overshadowed by other events. None the less, it is an important issue and I am grateful for the opportunity to raise it.

The debate is about the registration of door supervisors, but it would be more apt to say that it is about the lack of registration of door supervisors, because that is the crux of the problem. For a number of reasons, which I shall detail in a moment, not enough individuals are coming forward to register as door supervisors.

Under the Private Security Industry Act 2001, door supervisors need a licence—what those in the industry call a badge. All sectors of the leisure industry welcomed the Act; indeed, many of the companies in the industry helped draft it. It was a welcome piece of legislation, and its purpose was obvious—to improve the calibre and quality of door supervisors, to provide them with training, and to improve the industry. Unfortunately, the Act is not working. Not all door supervisors are registering for a licence, and those who do apply are having to wait due to delays at the Security Industry Authority.

The SIA was set up to implement the legislation and to oversee the registration of door supervisors. However, the SIA and the police have taken the attitude that their patience is exhausted at the lack of people coming forward, and rather than look for solutions they seem intent on bringing prosecutions. That will make the situation worse because those door supervisors who are prosecuted will be precluded from holding a certificate for between two and five years. The shortage will thus become worse.

The Government now face a difficult situation. Fewer than 20,000 doorkeepers have been certificated and licensed, but the Government are now implementing the Licensing Act 2003. As a result, every liquor licence in the country is due to be reissued. That comes at a time when the Government are already under pressure in respect of binge drinking. To allow a situation to arise in which pubs and clubs will be unable to find door supervisors is a recipe for chaos. It will cause problems later this year; indeed, we are already hearing of shortages and their attendant problems.

It is not a new problem. The issue has been flagged up practically since the 2001 Act was passed and its implementation dates announced. Although the closing date for the London area is 11 April—to some extent, that has always been regarded as the deadline for implementing the whole Act—the Act was in force for the best part of last year, and the first area to comply was Hampshire and the Isle of Wight. So prosecutions have been available to the police for the past 12 months, and the problems have been well documented and are well known; the Government and the SIA have known of them for two years. The hon. Member for Isle of Wight (Mr. Turner) raised the issue in an Adjournment debate in the House in June 2004. He referred to the problems being experienced in the pilot area of Hampshire and the Isle of Wight, and I shall refer to the same problems.

Recently, a leisure company called Luminar supplied me with a file of correspondence that had passed between it and the SIA. It was a substantial volume of correspondence, which dated from 2003 and detailed all the issues to which I shall refer, including delays and the problems that we are storing up for later this year caused by the lack of door supervisors. Indeed, *The Publican Newspaper*—the trade paper for the pub and club industry—has been running a series of articles for some time highlighting the problems that we face.

What are those problems? Why and how are they occurring? As of 10 February, the SIA had received 21,957 applications to register as a door supervisor. Of those, 17,035 were accepted as valid, 10,124 were granted and 872 were refused. The registration process started in March 2004, but only 10,000 certificates had been granted by 10 February. That is less than one doorman per nightclub, leaving aside pubs, restaurants or anything else. That is the extent of the shortfall.

Why are delays occurring? Why are door supervisors not coming forward to register? There have been many allegations that the SIA has caused delays, and, to some extent, that is true. There have been delays in issuing the certificates, or badges, as they are known in the industry. The SIA has always maintained that the average time needed to obtain a certificate is between four and six weeks. Obviously, to make the legislation work, there must be identity and criminal record checks. In reality, however, issuing a certificate can take anything between three and five months.

Let me give an example. Since this debate was publicised, a Hertfordshire company known as Bradzone contacted me to tell me about its problems. It tried to help its door supervisors to complete their application forms, which were submitted to the SIA by mid-January. The company informed me last Friday that, in the vast majority of cases, it was still waiting for the certificates to be issued three months later.

There is a great deal of bureaucracy involved in applying for a certificate. The initial inquiry must be made by the applicant. Many door supervisors are employed by security companies, but companies are not allowed to assist them in completing or obtaining the forms; individuals must obtain the forms themselves, fill them in and send them off. They can obtain a form by visiting the website or using the telephone line. Quite

[Mr. Eric Illsley]

often, however, the line is busy and there is no facility to leave a message. The individual is simply put off. So it is difficult to obtain the forms in the first place.

There are also several stories of forms issued to and completed by individuals, and returned for relatively minor mistakes or, more likely, omissions. Some stories are legendary.

The hon. Member for Isle of Wight referred in an Adjournment debate to a doorkeeper who told him that one of his staff had supplied a passport, a plastic and paper driving licence, a birth certificate and two household bills. His form was returned, marked "insufficient identity". Doorkeepers and the leisure industry feel increasingly frustrated by the bureaucracy of the SIA.

Another story, which is passing into folklore, is of forms being returned because the abbreviation "UK" has been used on the form instead of "United Kingdom". Petty bureaucracy does appear to be involved in the completion of the form.

The procedure is complex. The application form supplied by the SIA informs the individual that they must apply for a licence application form and booklet, complete the form, send the money and so on. It also says that the licence application form is returned to the individual part-completed. I have in my hand an application that was returned to an individual, but the only thing that has been completed is his name. Why the SIA cannot allow the individual to complete his own name on the application form is beyond me. Why can it not allow the forms to be issued in bundles or batches to door supervisory companies so that they can supply them to individuals to send back? I do not understand why the SIA insists on this part-completion, as they call it, of the form.

It is not the easiest form to complete. It is the first form that I have ever seen that asks an individual to supply his surname in four separate sections: surname, family name at birth, any other surname used, alias surname and alias given name. It is quite a complex form, which takes some understanding. I should say that the forms are intended for doorkeepers, who used to be known as bouncers. We are not giving them to Cambridge undergraduates. The nature of the industry does not lend itself to complex bureaucracy. The legislation is designed to improve the quality of our door supervisors, but we must address the bureaucracy of the system because it is discouraging people from applying.

There is also the question of cost. There is a fee of £190, which is non-refundable, to apply for a certificate. That is after an individual has completed his training course, which can cost up to £400. Altogether, the whole process costs at least £400 or £500. Again, that is for door supervisors, who probably work part-time and whose main hours of work will probably be on Friday, Saturday and Sunday nights. They will probably earn about £10 an hour, so the procedure is not cheap. This can be a disincentive to some doorkeepers, especially at a time of relatively full employment when they can seek work elsewhere.

According to the booklet, doorkeepers are disbarred from registration if they have convictions and cautions, but they can also be precluded from applying for a certificate if they have been warned about an incident or offence. The disqualifications and bureaucratic procedures have put off many doorkeepers, who probably thought from the outset that there was not much point in applying for a certificate. If they were convicted of affray or actual bodily harm years ago because of a scrap outside a nightclub when they were protecting the doors, they may think that there is no point in applying. We must consider the issue in the light of the fact that we are trying to improve the employment situation of doorkeepers.

The SIA could remove some of the bureaucracy and improve its functioning, but it is not responsible for all the delays. I referred earlier to the delays that are caused by the doorkeepers. By delays, I also mean their reluctance to apply. There is some debate as to whether enforcement of the Act will encourage doorkeepers to come forward to register or whether it will have the reverse effect. I am sure that some in the SIA, the Government and the industry believe that there will be a flood of applications once we reach the final deadline and prosecutions begin. My view is the opposite; prosecutions will discourage doorkeepers.

The industry estimates that it needs 100,000 doorkeepers to maintain the doors of clubs, pubs and other facilities throughout the country. The SIA estimates that 50,000 are needed. There is a huge discrepancy between those figures. In a June 2004 Adjournment debate, the Minister for Crime Reduction, Policing and Community Safety referred to a requirement for 95,000. Even if we split the difference and say that 70,000 doorkeepers are required, we are more than 40,000 short at present.

After three years of the Act, which came into force in 2001 with all the attendant publicity, doorkeepers have not come forward to register. Applications have been invited in the first area since March 2004. Twelve months on, the SIA and the police have expressed to MPs in a recent meeting their impatience with the situation. Prosecutions have been occurring, but doorkeepers are still reluctant to apply.

There is a theory that doormen are waiting for enforcement before applying. I am not sure that that theory works. I cannot see the point in a doorman waiting to be prosecuted for not having a badge, knowing full well that such prosecution would preclude him from obtaining one. Doormen are not waiting for prosecutions before they come forward to register. Instead, perhaps they are being deterred for the reasons that I referred to earlier. As I said, some doormen who already have minor convictions may think that they will be precluded from obtaining a certificate and so do not apply. I also referred to the red tape and complications involved in filling in the form, and the cost.

Complaints have been made by doorkeepers about their pay. Perhaps they are waiting for a crisis in the door supervisor industry that will force pay up from the present levels. That may prove to be a problem. The leisure industry will be chasing a scarce commodity, and doormen who have the necessary certification will increase their charges unless the situation is remedied. The consumer will carry the can for that in higher door admission charges and drinks prices. I had a meeting last week with the director of a company that supplies door supervisors. He said, "We are sitting back. Later this year, we will make a killing, as our door supervisors are

badged and ready to move in." That will be an added cost to the industry. The nature of the employment is that it is casual and relatively dangerous compared to some. Legislation also requires a doorkeeper to wear a badge; once he is certificated, that is a condition of keeping the certificate. In some of the more dangerous areas, the idea of wearing a badge and turning away unruly or armed youths is not exactly an inviting prospect for some door supervisors, who do not want the people whom they turn away to be able to identify them. That is another reason for doorkeepers' reluctance in coming forward.

So, for all the reasons that I have outlined, there is a huge shortfall. At the moment, it is roughly a 40,000 shortfall, on best estimates, and that is a big problem. The attitude of the SIA and the police has so far not been helpful, in my view. In the Adjournment debate last June, the hon. Member for Isle of Wight said:

"I have received the impression of arrogant, uncaring and out-of-touch officials in the SIA who are either ignoring advice or have been told to drive a policy through, regardless of the consequences."—[*Official Report*, 16 June 2004; Vol. 422, c. 885.]

Even in the middle of last year, the SIA's attitude was brought into question, but that is exactly its attitude at present.

On 3 March in the House we had a lively meeting, organised by the parliamentary beer club, with representatives of the SIA, the leisure industry and some security companies. It seemed to me that the SIA was convinced that the only way forward was to prosecute those doorkeepers who had not applied for certificates. I believe that that will compound the difficulties. Last Saturday, I had a discussion with the licensing officer for South Yorkshire, who informed me that that weekend South Yorkshire police were going to target the pubs and clubs in Sheffield, Barnsley, Doncaster and Rotherham. In Sheffield they contacted 200 door supervisors to check their credentials—42 were found not to have certificates and will be prosecuted. That is 42 fewer door supervisors just from last weekend.

In Barnsley, the police went to check the door supervisors. After the second had been checked, every other supervisor disappeared. There was not a supervisor on the doors in Barnsley at the time that South Yorkshire police began to mount the checks. That is not unusual. The stories date back to 1993, when every doorkeeper in Newcastle was stood down because of a particularly well-known incident in the industry. The idea of prosecutions will simply drive doorkeepers back underground. We need to look at a different way forward.

One of the things that the SIA does not appear to see is the effect on the leisure industry. The SIA has accused the leisure industry of mismanagement and one thing and another. The leisure industry owns the clubs and the pubs; it is not responsible for the doorkeepers. The doorkeepers and the security aspects are separate from the leisure industry, but it is likely to suffer the consequences.

Every town centre licence in Barnsley has a condition that the premises must employ registered door supervisors. Over this weekend, every licence in the town centre was under threat because the licence conditions could not be met—door supervisors could not be found. The innocent parties—those in the leisure industry—will suffer the consequences of closure, loss of income and everything that goes with that. That is unfair and slightly irresponsible. The SIA and the Government must get together and see whether they can find a way forward, unless they have a secret agenda to use that method as a back-door method of closing pubs and clubs in town centre areas. That is not bad for a Government who texted people at the beginning of the last election campaign, "If you don't give a XXXX for the licensing hours, vote Labour."

Mr. Andrew Mitchell (Sutton Coldfield) (Con): A very good point.

Mr. Deputy Speaker: Order.

Mr. Illsley: I still stand by that. I am a big supporter of the Licensing Act 2003, and I want it to work. I want this legislation to work as well. I very much welcome the decisions taken in the past few days, one of which is to extend the 11 April London deadline for two months. Although that is welcome, it is not enough, and I do not think that it will work. However, more people might come forward, given the publicity that this debate might achieve. The second decision was that an individual who has completed the form, made the payment and gone through the training will not be prosecuted if he is found to be working the doors but has not yet received the badge. That is a welcome move, as is the idea of a provisional certificate. I would like a moratorium on prosecutions; the police should hold back on prosecutions until we can increase the numbers coming forward and address the reluctance of doorkeepers to register. Prosecutions are counterproductive.

We should also reassess the legislation, even though it is late in the day, because it does not appear to be working in respect of wheel clampers and door supervisors. As well as extending the deadline for London, we could extend the deadline for all areas, perhaps giving ourselves until the end of the year to try to improve the number of doorkeepers coming forward. If it does not, the situation could become chaotic, especially in the summer months. The industry has an obligation to discourage cowboys who try to operate with unregistered doorkeepers, and to insist on badged doormen. The problem is that there are not enough of them about. We have to change attitudes. The SIA has to change its attitude and encourage registration. At the moment, all it wants to do is to enforce the legislation, rather than trying to make it work.

I will finish as I started, by saying that to have a shortage of bouncers and doormen at a time when we are being criticised for disorder as a result of binge drinking, and when every licence in the country is up for renewal and possible extension into extra hours, to leave the situation as it is is a recipe for disaster.

9.58 am

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I start by congratulating my hon. Friend the Member for Barnsley, Central (Mr. Illsley) on having called the debate. The issue of door supervisors is one of enormous importance for my constituents. Soon after I was elected in 1997, I raised it in a private Member's Bill that called for the setting up of a national register of

[Dr. Phyllis Starkey]

door supervisors, so I was pleased to see that measure incorporated into the Bill that set up the Security Industry Authority.

I should like to reiterate why the Private Security Industry Act 2001 was needed and why, in general, I still welcome the principle of it. Huge numbers of door supervisors are entirely responsible and do an incredibly important job. However, there were, unfortunately, a great many people in the trade who had a criminal record. Many of them were still involved in criminal activity, particularly in relation to the drug trade—either peddling drugs or simply turning a blind eye to the fact that others were doing so. In some parts of the country violence was a huge problem: door supervisors were assaulting the public rather than protecting them, in some cases causing fatalities and serious injuries.

I was drawn to the issue because my constituency has a young population, and the issue is important to them—not exclusively, because people of all ages like to have a good night out in pubs and clubs, but most of us of more mature years would recognise that young people tend to do that more often. It is enormously important that when young people have a good night out in a pub or a club, they can be confident that they are not going to be put at risk by the door supervisors, who are the very people who are supposed to ensure that the clientele do not put themselves or other people at risk.

So, there is an important principle that relates to all door supervisors. I will just point out that not all door supervisors are men. The increasing number of women door supervisors are making an important contribution to the trade. The Private Security Industry Act 2001 was of enormous importance in ensuring that door supervisors did not have relevant criminal records, had proper training, and were protecting the public and public order in pubs and clubs. That is what the vast majority of responsible door-supervising organisations support and, of course, it is also what the leisure industry as a whole supported, which is why it supported the Act that set up the SIA and why it lobbied for door supervisors to be the first section of the security industry to be covered by the SIA.

I wanted to reiterate those points, but I do concur with many of the points that my hon. Friend made about the difficulties that have occurred in implementation. I hope that the Opposition spokespeople act responsibly, like us, and do not lurch off into all sorts of expositions about how flexible licensing hours will lead to more binge drinking. As the report from the Home Affairs Committee points out today, the way to deal with that is through the planning system, through stopping drinks promotions and through having more—not fewer—registered door supervisors. To a certain extent, flexible licensing hours are a relatively minor part of the scene and it could be said that they will help to improve things in that they will stop what happens at the moment, which is huge numbers of extremely drunk people all turning out of pubs and clubs at the same moment and queueing up for non-existent taxis.

There are serious problems. I will not reiterate the points made by my hon. Friend about the delays in dealing with applications in the SIA or about the shortfall of door supervisors coming forward to be registered, although I will reiterate his point that many door supervisors have other jobs and do door supervising as a top-up on a relatively part-time basis. For those people, finding the money up front to pay for training and registration is not worth their while. It could be argued that, since pubs and clubs have to have registered door supervisors, it is for the trade to find a way round that situation. Clearly, pubs and clubs could give loans to the people who normally work for them to pay for training and then recover that money from their earnings. That is a perfectly reasonable solution. The trade must take some responsibility for helping to see us through the implementation period and for dealing with the fact that, although there are full-time door supervisors, there are many who are part-time, who will not themselves be able to find the money up front.

The points that I want to make that have not been made by my hon. Friend relate to two issues that have been raised with me by the management of clubs in my constituency and by the licensing officer at my local council. They relate to the fact that the SIA does not seem to give enough weight to the practicalities or to the reality of how the leisure industry operates. The first issue relates to the operation of large indoor and outdoor venues—pop concerts and festivals, rather than pubs and clubs. It is difficult to decide exactly who, among the people employed to run such a large indoor or outdoor event, has to be registered with the SIA. The SIA seems to think that it is a simple matter to decide whether staff are concerned with security and need to be registered or are taking the money for tickets and so on, and therefore do not. That does not reflect the reality of how these events are organised. There will be some people who are clearly 100 per cent. concerned with security, and some who are 100 per cent. not concerned with it, but there will be a whole load of people in the middle who are partly concerned with security. There needs to be some clarity and practicality about the way those individuals are licensed.

The second issue concerns the training that the SIA requires. I have been given the strong impression by people in the trade in my constituency that the SIA does not understand the skills required by door supervisors in large pubs and clubs and large pop concert venues, and it does not give enough emphasis to what one might describe as the heavy end of security or the skills required to deal with situations when they start to get—I know no other way to describe it—hairy. It is incredibly important that door supervising staff are able to bring the really difficult situations under control before they get completely out of hand. The SIA seems not to appreciate the need for the training to provide such skills, as well as the other skills covered in the training. Again, that is due to a lack of proper dialogue between the SIA and the trade.

I ask the Minister to reflect on those issues, and use her influence to ensure that the SIA is more pragmatic and practical and works with the responsible parts of the trade. However, I ask the trade to recognise that there was always going to be a problem. The fact is that a significant proportion of door supervisors will not be licensed because they have criminal records. Part of the point of the system was to get those people out of door supervising because we need a business that is respectable, respected and does its job properly, and the

individuals within it need to be properly recognised, properly trained and properly paid. That is an issue that the trade, as well as the SIA, needs to face.

10.7 am

Mr. John Grogan (Selby) (Lab): It is a great pleasure to take part in this debate, which was opened with such characteristic passion and clarity by my hon. Friend the Member for Barnsley, Central (Mr. Illsley), and I also felt that my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) got to the heart of the matter.

My late father had a way of cheering me up when I was a bit down. He used to say, "It's great to be alive. There are millions of people out there who would love to be alive today and aren't." I am tempted to paraphrase that a little this morning. It is great to be here on the morning that the general election is being called. Coming from a marginal seat, I reflect that there are thousands of people out there who would like to be here, but are not quite yet. In that context, I am delighted to make a few remarks in this debate.

I want to make a few suggestions on how we take the matter forward without repeating some of the arguments that have been made. My hon. Friend the Member for Barnsley, Central mentioned *The Publican Newspaper*, a very distinguished newspaper that serves the licensed trade. There is another paper that serves the licensed trade, the *Morning Advertiser*. They are both equally distinguished, except for the fact that I write a column in the *Morning Advertiser*. I shall refer to one or two suggestions I made in that column.

It is interesting that my hon. Friend the Member for Barnsley, Central mentioned towards the end of his speech the very recent extension of the deadline in London during the past few days. I reflect, as an MP from what used to be called the provinces, that it is only when an issue begins to affect London that people in the bureaucracy—and, dare I say it, the Home Office—begin to take the matter seriously. The matter has been reported in *The Publican Newspaper* and the *Morning Advertiser*, and it has been in MPs' postbags for about a year now. It is only when the deadline in London is almost upon us—within a couple of weeks—that an extension is made. That may be deeply welcome in the capital, and I am delighted that we are not going to have pubs and clubs shutting in marginal seats in the capital during the next month, but I worry a little about all the punters in the rest of the country.

A couple of measures could be taken to ease matters. They would not undermine the principles of the Private Security Industry Act 2001, which my hon. Friend the Member for Milton Keynes, South-West rightly praised when outlining the reasons for them. She was also right to point out that an increasing number of women play quite a role in the industry and that they are helping to change the face of the industry. Where a door supervisor has bothered to take a course and make an application, the simplest thing to do would be for the SIA within days to send an acknowledgment of it. As long as a door supervisor has an acknowledgment that they have made an application and they can show it to the relevant authorities, that should be good enough to prevent prosecutions in the rest of the country; otherwise, London will be a special case.

When my hon. Friend the Member for Barnsley, Central was describing some of the cases of delays and referring to folklore, I heard my hon. Friend the Minister from a sedentary position say, "Yes, it is folklore." However, there are many cases of delays, and the SIA admits that. The percentages are in doubt, but some people are definitely waiting more than 10 weeks. Quite a lot of people are having their forms returned for reasons, as my hon. Friend the Member for Barnsley, Central said, such as putting "UK" rather than "United Kingdom". Some people have had their forms returned on seven or eight occasions. If somebody has taken the trouble to undertake the course and put in the application, that should be good enough. I ask the Minister to consider carefully that suggestion.

I also understand that where the people on the books of agencies and security firms have made applications but have yet to receive their final registration from the SIA, there is a provision in the Act for approving agencies and security firms that have reached a sufficiently high standard to satisfy the SIA. No such firms have been approved, however. If some of the more reputable firms could acquire that status, it could help to break the logjam. I welcome the moves made in London by the Home Office, but we need some action that will help in the rest of the country.

I want to bring one further case to the attention of the House to show how passions are running high. On 7 March I received a press release, which I think other Members of the House received, from Mr. Andy Walker, the chief executive of the Federation of Door Supervisors and Security, the trade union for the private security industry. He is also managing director of Protexus Training Ltd. He made many criticisms about the operation of the Act, some of which we have heard this morning. He has a distinguished background, having served in the Army and for 10 years in the police. He was one of the first people to argue for the Act; he was a consultant to the Home Office, undertaking research into the Act in the 1990s; and he then became a consultant to the SIA. Within days of issuing a measured press release on, among other issues, the need for strong enforcement, he was suspended from his job by Protexus Training Ltd. All sorts of rumours are going round the industry that the suspension was a result of pressure from the SIA. The SIA is very tetchy about these matters, but it should be strong enough to face criticism and debate matters with its critics in the industry. It should not resort to undermining the careers of people with a long and distinguished history in the industry.

We have made some progress in recent weeks, but I say to the Minister that to make the Act work, we need more flexibility from the SIA and the Home Office.

10.14 am

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): I join other Members in congratulating my hon. Friend the Member for Barnsley, Central (Mr. Illsley) on securing this important debate.

The issue was brought to me just before Christmas, when there were considerable concerns about it in Birmingham. I had the opportunity to meet the Minister for Crime Reduction, Policing and Community Safety, who took some action with the Security Industry Authority and asked me to speak to the chief constable in my area to seek, locally, an agreement not to prosecute people who had made an application in the

[Mr. Khalid Mahmood]

area. I welcome the help that was available from the Home Office in trying to allay a significant concern for many people. It is a major employment issue in my constituency, where more than a quarter of people are involved in work for the leisure and hospitality industry,

The need for proper implementation and the importance of that for people who act as doorkeepers at the venues in question has already been mentioned. Without the right legislation, the wrong type of people can be involved in such employment, aggravating matters instead of policing them and making them better. In Birmingham I want to ensure that doorkeepers will be properly licensed, and able to support the police in providing the service that we all want.

In general the legislation is good, but the way in which it is implemented is an issue. In Birmingham we had a good network in which the licensing of doorkeepers was established, with very effective processes. Although I can accept the present central point of registration, we need, if we are to be able to make progress in the light of some of the debates that have gone on, the devolution back to the licensing committee of the review of some applications.

Because of the nature of the job, issues of involvement in minor offences may arise. If there is a question of people who have had huge experience in the industry being struck off the central register without a real appeal I should perhaps draw the Minister's attention to the need for a bit of local common sense, so that the local licensing committee could review a matter, take a decision and pass the information back to the SIA centrally. If we are to reach the 70,000 figure mentioned by my right hon. Friend—I am sorry, I mean my hon. Friend the Member for Barnsley, Central; there is always the next term—it is important that experienced people continue and that we do not lose the experience of those who want to take the matter seriously, take up the training courses and do a job that they are proud of. We want to encourage them, because they are needed to assist the police force and the community in providing the service we want.

The only way in which we will move forward is by a common-sense approach in which local authorities are allowed to be involved again with the SIA, in producing a register and enabling people to appeal.

10.19 am

Mr. Mark Oaten (Winchester) (LD): I join other hon. Members in congratulating the hon. Member for Barnsley, Central (Mr. Illsley) on securing the debate. It is an important issue, and I have learned a great deal this morning from the knowledge that has been conveyed and the issues that have been raised.

I echo what the hon. Member for Milton Keynes, South-West (Dr. Starkey) said about recognising how far we have come in reaching the point that we are now at. When I was first elected—probably before then, when I went to pubs at the age of 18 or 20—bouncers had a notorious image. The industry has come on in leaps and bounds and changed completely in its professionalism and the way it operates. It is worth noting that that has changed and that we do not use the word bouncers, but rightly call them door supervisors. I am sure that we all welcome those changes.

My experience, from going out with police in different parts of the country, is that door supervisors are a critical part of the management of the night-time economy. Door supervisors in city centres work closely with the police and CCTV operators, and are often miked up with earpieces and walkie-talkies. Their contribution is a key part of managing what happens in our city centres and requires an awful lot of training, skills and trust. Working closely with others, they have become a pivotal part of that process.

We often think that the main function of door supervisors is to deal with drunkenness and disorder. Of course, making sure that people going into pubs and clubs are not drunk is a key role, but they are also responsible for dealing with under-age drinking and making sure that age limits are properly managed. That is extremely difficult. When I am out with police and they ask me to judge how old somebody is, I find it near impossible to tell a 13-year-old from a 21-year-old, but door supervisors have to deal with those difficult and complex tasks. They are also often responsible for safety issues such as ensuring that the limit of people allowed into a pub or club is managed properly, and that a record is kept of how many people go in, so that health and safety regulations are observed.

In some city centres, door supervisors provide reassurance to members of the public who may have been to the cinema or theatre, who do not necessarily want to go into a pub or club and who may feel uneasy when they see a large queue of people waiting to go in to a pub or club. The presence of a door supervisor who is in control of the situation can be greatly reassuring. Door supervisors play a key and growing role, and we should praise and thank them for their work.

The hon. Member for Barnsley, Central highlighted a number of problems in the system. I do not know whether they are folklore or serious issues, but let me address some of those raised, such as the point about the operation of the SIA. I hope that the Minister will address some of those points, reassure us and let us know whether they are real problems. We are told that the SIA has had difficulties with phone calls. One would think that a simple system could manage that. These days, many people request applications and forms by e-mail, or using webline and online access; why is not that service more widely available?

The hon. Member for Barnsley, Central made a good point about groups of applications from different clubs being made together. A lot of clubs are now part of networks and can manage that process. That seems to be a sensible and responsible approach in which we should ask pub and club groups to get involved. Multiple applications should be processed simply, and I am concerned about the delays.

I am also concerned to hear about what has been happening in South Yorkshire with the police and their work over the past couple of weekends. If it is true that there have been spot checks and that certificates are not in place, and that individuals face prosecution or are disappearing because they do not want those police checks, that will break down the important relationship between the police and door supervisors, which should be one of trust and working together, rather than one of mistrust and nervousness. If that is happening in South Yorkshire, it is sending all the wrong messages.

The hon. Member for Milton Keynes, South-West talked about handling large venues such as pop festivals. In my constituency, for the past six years, we have had the Homelands festival in the bank holiday weekend at the end of May, to which 40,000 people come. Having attended that to see what takes place, I know that hundreds of people are involved in that organisation. For clarity, it would be extremely helpful to know which people should be registered. The hon. Lady made an excellent point on that.

The hon. Lady asked what kind of training takes place. I do not know; I am ignorant about that, but she is right to highlight the difficult circumstances in which door supervisors will find themselves. Indeed, they will be the same difficult circumstances in which police find themselves on Friday and Saturday nights, so door supervisors' training should be of as good quality, so that they can handle situations with hot-headed people. I do not know what involvement the police have in that training—I assume and hope that there is some, but perhaps the Minister can tell us.

I do not know whether, for example, the training involves taking individuals out on a Friday or Saturday night, with someone supervising, to see how they cope. I hope that the training would involve that, and that a door supervisor would not be thrown into a violent situation on a Saturday night without having experienced something similar with guidance or training.

The hon. Member for Milton Keynes, South-West rightly mentioned that many such individuals have had criminal records and that being a door supervisor had been an underground profession. I hope that having a criminal record in the past would not be a barrier to individuals applying for and getting jobs in the future. I strongly believe that if individuals have served their time or been through a process, we should not rule them out because of what may have taken place four or five years ago. Again, I would welcome the Minister's comments on that.

The hon. Member for Selby (Mr. Grogan) amused us with his comments about the *Morning Advertiser*, but he made a serious point about London often being the starting process. However, my evidence is that London has been coping with the problem slightly better. Where the problem has been difficult is in cities where the night-time economy has grown. London has had a night-time economy for many years, but in some of the newer cities, particularly in the north in England, the night-time economy has taken off in the past three or four years. The hon. Gentleman is right to highlight the need to ensure that legislation catches up in those areas. I am not just talking about the northern cities, but about some of the cathedral cities in the south of England, which are experiencing a growing problem.

It is right that resources should be put across. With some of the changes taking place and the deadline moving in London from April to 6 June, I hope that the Minister will reflect on the possibility of changing that deadline in some other cities where there are difficulties. The hon. Member for Selby mentioned the word "marginal" only three or four times, which was extraordinarily restrained of him. Given what is taking place this morning, we wish him well in the future.

The hon. Member for Birmingham, Perry Barr (Mr. Mahmood) made a telling point. We do not necessarily need to manage the whole process from a central bank. Let us draw on local knowledge, to see whether we understand circumstances more locally, and let us have more local approvals in the system. Let us ensure both that there is a good appeals system in place and that we consider such a tricky issue from a common-sense perspective.

Mr. Illsley: I should perhaps clarify something that I obviously did not make clear. The extension of the two-month period in London is by the Metropolitan police, who will not prosecute between 11 April and 6 June. The SIA has not moved the deadline, which concerns a moratorium on prosecutions.

Mr. Oaten: I am grateful for clarity on that, but as I understand it the point remains valid. If there is a problem in London, there will be problems in other cities. We hope that the Government work with police forces throughout the country to introduce a similar delay. If the problems are as severe as the hon. Gentleman suggests, moving to June 6 will not tackle the problem. Indeed, he mentioned delaying until the end of the year.

There are two issues that the Government are considering. The first is the idea, which we support, of charging a levy on pubs and clubs that are causing difficulties. Perhaps we are slightly blinkered in assuming that the levy should go towards police costs. There is a strong case for considering other ways of using the levy to help the night-time economy; for example, through night buses and so on. The levy could also go towards processing door supervisors or the cost on individuals undergoing that.

The hon. Member for Milton Keynes, South-West pleaded with the Opposition not to make cheap points about 24-hour licensing. I shall not do that, but I make the observation that with so many changes taking place that still need to bed down, is there not a case for a pause, before we move ahead later this year?

10.29 am

Mr. Andrew Mitchell (Sutton Coldfield) (Con): As many members of the Committee have said—

Mr. Deputy Speaker: Order. This is not a Committee; this is the complementary Chamber of the House of Commons.

Mr. Mitchell: I am most grateful to you, Sir Nicholas, for correcting me.

As several hon. Members have implied, there is a spring in all our steps today. As you will know, Sir, Nicholas, the Ching Ming festival is celebrated today and that accounts for my enthusiasm in attending the debate, which has been remarkably constructive.

Turning to other matters, this may of course be the last time that the Minister and I perform together, as we have done a great deal over the past six months. That will be a sadness for me. I see her here today, supported, as ever, by her loyal and faithful Parliamentary Private Secretary, who is sitting behind her.

[Mr. Mitchell]

I congratulate the hon. Member for Barnsley, Central (Mr. Illsley) on securing this important debate and on the constructive and helpful way in which he opened proceedings. He and I entered the House in 1987, although I took an enforced sabbatical between 1997 and 2001, when the Private Security Industry Act 2001 was passed. Although the hon. Gentleman cannot be acquitted of the charge of having been in the House when the legislation was passed, the Minister and I were not here.

I have looked at the record of the debates on the Act, and it is clear that the Opposition highlighted the enforcement issues. The hon. Gentleman has raised many of them today, and I shall come to them in a moment. I have also toured the night spots of Sutton Coldfield—as you may have done in the past, Sir Nicholas—and together with the chief of police I have seen at first hand the valuable work that has been conducted. It has been described by all those who have spoken.

The private security industry has been campaigning for national regulation for more than 30 years, as have a succession of hon. Members, security trade associations and lobby groups. They all assert that they want the system to work but that it is currently neither user-friendly nor proportionate.

The hon. Member for Milton Keynes, South-West (Dr. Starkey) is absolutely right that there is support for the policy across the House. She issued an injunction to the trade at the tail end of her speech, but I think that the trade completely accepts what she said, and I hope that the Minister agrees.

The hon. Member for Birmingham, Perry Barr (Mr. Mahmood) made a most helpful point in stressing that common sense should be the guiding principle. However, the Minister will have winced as Labour Members, in a devastating indictment, politely and deftly condemned not the Government's policy, but their competence in handling this issue.

I wish to bring five key issues to the attention of the Chamber. A very low number of door supervisors have applied for and received their SIA licences. The biggest question is why are they not registering? Those who have applied have often had to wait a long time before receiving their licence, and I am advised that the SIA has a backlog of 9,500 applications. The application process is complex and expensive. There is a lack of SIA licence non-compliance enforcement, and if the 11 April 2005 licence deadline is maintained, there will be only about 13,500 licensed door supervisors in England and Wales, according to figures issued yesterday. That is in an industry that employs just under 100,000 door supervisors.

The SIA has received only 23,000 applications for licences, and 13,500 licences have been issued. If the Government and the SIA do not extend the application deadline beyond 11 April—as has been said, they have done that for the London area in conjunction with the Metropolitan police—the country will have only 13,500 licensed door supervisors. That is in no way enough, and pubs and clubs would not be able to stay open, because they would be contravening their licences. That would obviously lead to more work for the police, and as hon. Members have said, less secure town and city centres. Many pubs and clubs would have to close because they would not be fulfilling the licensing criteria if they did not have door supervisors.

There are nationwide problems with SIA processing times. The Manchester Pub and Club Network attempted to delay the start of the licence deadline after doormen complained of extensive delays in getting passes approved and issued. Phil Burke, of the Manchester Pub and Club network, said:

"the Network has received a large number of calls from worried doormen forced to quit working the doors through no fault of their own because their new SIA passes are failing to arrive on time."

Stephen Thomas, the chief executive of the security firm Luminar plc, has expressed his concern over the "SIA and its performance," and an official at the Cabinet Office's Better Regulation Task Force has admitted that the Private Security Industry Act 2001 is "bad legislation" and that the SIA's performance

"leaves much to be desired."

There is also the problem of non-compliance. Many door supervisors have not even gone through the application process. This is a very serious problem, which the SIA needs to address immediately. It has been caused by several factors. First, inevitably there is the expense. It costs a door supervisor about £400 for a training course and £190 to apply for a licence.

Secondly, the SIA licence application criteria are very strict. Obviously, that is necessary in order to remove criminality from the industry. However, it cannot be correct that one can be refused a licence as a door supervisor because one has received a caution for a minor offence, but one can join the police service in some areas with such a criminal record. The application criteria should at least be no stricter than the process of joining the police.

Thirdly, the licence gives away the identity of a door supervisor and could make them vulnerable to revenge attacks, which greatly concerns the union. The licence, which must be worn by the door supervisor, must display his full name. That could lead many door supervisors to fear revenge attacks if they apprehend drug dealers or criminals in the establishments in which they are employed to ensure order.

Fourthly, the application process itself is also of concern. Many of those who have applied for a licence have complained that the process is very slow and that the SIA is inefficient in dealing with the application. One must call the SIA to receive an application pack; it cannot be downloaded from the website.

There have been many complaints that there is a long wait to get through on the telephone to request a pack. I asked a member of my staff to try to apply on the phone, and they were kept on hold for a very long time. When they tried again, a message advised them to try again later as the line was too busy, and they were automatically cut off. Another message advised them to call between 8 and 10 am. As you can appreciate, Mr. Deputy Speaker, that would not be a good time for a door supervisor, who may have been at work until the early hours of the morning, to make such a call.

The application form can take some time to arrive. I am advised that it can take up to two months. Once it has been completed, it is often returned with a message that there are errors on the form but without any explanation as to what those errors are.

The industry has been trying to work with the SIA to make the process simpler and easier, but with little success. The individual door supervisor must, for example, fill out the form themselves. The form is four pages long, as the Minister will know. Their employer cannot help them. Many individuals cannot fill out the application form, perhaps because English is not their first language or because they find it confusing, for the reasons elegantly explained by the hon. Member for Barnsley, Central. Businesses and training companies that have tried to help to register security staff have been told that applications must be submitted individually and in person.

Industry associations have also suggested that the door supervisory qualifications currently held by approximately 40,000 people should be recognised at least as a provisional licence when those people apply for a licence. The SIA has also rejected that suggestion. Will the Minister reconsider this issue? The SIA argues that it sends out a 30-page booklet explaining how to fill out the application form, and so it is not necessary to relax the rules or to simplify the form. The poor uptake, however, shows that reform is necessary.

The SIA states that it takes six weeks to process an application form. That is not the experience of many people. Application forms are lost in the system, and original documents are often lost. This led to one doorman having to cancel his family holiday. One doorman in Wales applied for his SIA licence in the last week of July, and did not receive it until the week before Christmas.

Fifthly, the SIA's lack of enforcement for non-compliance is also a problem. FEDS, the trade union for the private security industry, which first told me of its concerns at the beginning of the year, believes that one of the key reasons for the uptake of licences being so slow is that many doormen are not convinced that the system will be enforced. It became illegal to work as an unlicensed door supervisor in June in Hampshire, in August in the south-west, in September in Wales, and in October in the midlands. To date, only a small number of prosecutions have been brought.

Many door supervisors do not want to waste the time or expense of becoming licensed, as they do not believe that the SIA will enforce the regulations. Will the Minister comment on that specific point? The SIA's official figures show that it has 40 enforcement and compliance officers. Does the Minister think that it will be possible to regulate an industry with more than 85,000 employees with such a number?

In our submission, the SIA must employ more enforcement officers in order to carry out its work with any credibility. It says that it will work in partnership with the police and local authorities to enforce its licensing regime. For obvious reasons that the Minister will understand, the SIA must not rely on the police to enforce the licensing regulations. Police in the metropolitan areas, where most of the country's clubs and pubs are situated, are far too busy on Friday and Saturday nights dealing with the violent and alcohol-related crime and disorder that we now see in our town centres. The binge drinking culture means that, more than ever before, the police rely on door supervisors to keep their establishments in good order; they do not want to arrest or discipline them on behalf of the SIA.

We appear to have a Criminal Records Bureau-style mess, with all the consequent difficulties that have become so familiar under this Government. The hon. Member for Barnsley, Central—a senior and well-respected Labour Member—delivered an indictment not of the policy but of the way in which it is being implemented. Her Majesty's Opposition will clearly add that to the charge sheet of this discredited and incompetent Government as we go into the general election. However, I urge the Minister to take action this day, to stir up the SIA and to deliver the message that, even at this late hour, the Government understand the scale of the problem and will take action to deal with it.

10.42 am

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): We do not know, but the Prime Minister may already have called time on this Parliament; however, I am certain that our constituencies will not be calling time on Labour in government. I am sure that people across the country will see the effort that we have put in over the past eight years to making a real difference.

I congratulate my hon. Friend the Member for Barnsley, Central (Mr. Illsley) on securing the debate. What makes it crucial is that at its heart are the most important people—the public who use the establishments. That was clearly outlined by my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey). At one time, there was hardly any regulation of door supervisors and other door staff. I understand that only 60 per cent. of local authorities had any form of licensing scheme; and the schemes varied from one local authority area to another, particularly on training and on benchmarks on previous criminality and involvement in crime. We have moved on from a pretty dire situation.

We have also moved on for the employees involved in that sector. They are often paid cash in hand, and their rights as employees are mostly unprotected. As a former officer of the GMB, I know that that trade union has always taken a keen interest in recognising that part of our work force. Allan Black, a national officer, is responsible for that. He and the union have been working hard to get that work recognised as a professional job and to ensure that the leisure industry and others recognise that they cannot treat those people as a sort of add-on when running such establishments.

I take issue with my hon. Friend the Member for Barnsley, Central on the role of the leisure industry. It should take an interest in door supervisors, whether they are contracted from a company or taken on individually. It is crucial that the industry takes responsibility for the people front of house who supervise the entry and leaving of an establishment and maintain good order. I am sorry, but there is no excuse; the industry must take responsibility for such people in the same way that it must take responsibility for its own staff.

Mr. Illsley: I am not sure which point in my speech my hon. Friend was referring to, but I take entirely her point that all parts of the industry must take responsibility for whatever they do. In my final comments I said that the leisure industry must ensure that it employed badged supervisors to drive out the cowboy or criminal element of unregistered door supervisors.

Caroline Flint: I welcome my hon. Friend's additional contribution, and we must make those points absolutely clear. We should consider our discussions in the wider context of licensed premises and how they are run. The hon. Member for Winchester (Mr. Oaten), the spokesperson for the Liberal Democrats, made points about under-age drinking and serving people who have had one too many, and the problems that that causes. We should consider the whole package of the police, local authorities, residents and community organisations working with licensed establishments and other retailers to ensure that people can have a good night out in a safe atmosphere. It is part of the jigsaw; it is about making our enjoyment safer and more pleasurable.

It is key to ensure that people feel that organisations such as the SIA are working well. I am covering this debate for my hon. Friend the Minister for Crime Reduction, Policing and Community Safety, but I understand that there have been some problems. The SIA has had to re-examine its systems, for example, but it is not just a question of the SIA's responsibility. In preparing for the debate, I asked some of the questions that hon. Members have asked this morning about the number of applications and why they have not come in. We must assume that some people have not applied because they are concerned that they will not be approved. Several Members have mentioned that that is not necessarily a bad thing, and it has been recognised that the process constitutes a big clearing house. That exercise is important for the public and those individuals working as door supervisors who are doing a good job, have been trained and who, whether they are working for a company contracted to an establishment or individually, want to be valued for their professionalism and integrity.

As my hon. Friend the Member for Birmingham, Perry Barr (Mr. Mahmood) said, unfortunately there are some examples, illustrated by arrests, convictions and trouble caused, of individuals who should not have any responsibility for supervising establishments in our communities.

My hon. Friend the Member for Selby (Mr. Grogan) asked whether London was receiving special treatment. It is not. Recognising how huge the process is, we have introduced the system of door supervisor licensing regionally. It started with a pilot in Hampshire and the Isle of Wight, and then, starting in the south-west, it moved clockwise geographically through England and Wales. The south-west began accepting licences from 1 June 2004. The introduction of the system moved from Wales to the midlands, the north-west, the north-east, the east, the south-east and London. At each stage notice was given about sending in applications and a deadline was given for each region. As my hon. Friend the Member for Birmingham, Perry Barr said, our discussions with the police were about what should be done where applications have not been processed. If people have received acknowledgment of their application—everybody should get a letter stating that their application has been received and is being processed—that will satisfy the requirement if the police are trying to decide whether to prosecute. The process allows for some proportionality and discretion, which I shall discuss later, and that is exactly the same for London. I can tell my hon. Friend the Member for Selby that it is not the case that we have only thought about some of those issues when they have started to affect London itself. I say that as a South Yorkshire MP.

What does worry me is the fact that people are not applying. I take on board the points that have been made about individuals who have applied, and other issues. In trying to determine whether the examples that have been given this morning are folklore, urban myths or whatever one wants to call them, it would be helpful if the names of individuals could be attached to particular cases so that we can follow them up and establish what happened. I cannot say with my hand on my heart that errors have not been made. The nature of the beast is such that mistakes are bound to happen, but we need to know whether we are dealing with serial offending—the errors are happening time and again—or one-offs due to an administrative error or whatever. I do not dismiss the anecdotes—I think of the examples that my hon. Friend the Member for Barnsley, Central gave—but it would be helpful to have names against them so that we could investigate specific incidents and determine whether they were isolated cases or something more worrying. That also applies to the comments made by several other colleagues.

As everyone knows, the date when applications could first be made and when a licence would become a legal requirement in each region were published in full in July 2003. That was 11 months before the first legal requirement to be licensed—the offence date—and a full 20 months ahead of the final legal requirement date of 11 April, which we are coming up to, for London. Regardless of some of the comments that have been made in this debate, it is clear that individuals and businesses have had a considerable amount of time in which to plan, prepare, and train to meet the regulatory timetable. However, despite that, many applications have been submitted late in all the geographical regions, and the picture is no better in London.

Training has been available for all door supervisors since January 2004. As each region came online, the SIA tried to ensure that capacity was available to cope with the estimated demand. I understand the point that my hon. Friend the Member for Milton Keynes, South-West made about what is included in the training. The SIA did consult during development of the training specification with individual door supervisors, company trainers, awarding bodies and associations about the specification, but I shall ensure that her comments are passed on to my hon. Friend the Minister for Crime Reduction, Policing and Community Safety to determine whether there is anything missing.

On who should be registered, the Act describes the designated activities that an individual is required to have a licence to undertake, and they are described in the "Get Licensed" booklet. I shall ensure that the points about indoor arenas and large venues are also covered.

Training courses have been organised prior to the offence dates in most regions, but several have been cancelled due to a lack of take-up. Unfortunately, it is not until the offence date has been reached and individuals risk prosecution that the demand for training courses in any region increases. That is worrying, as it prompts the question whether some individuals and sections of the trade are operating in the spirit of what we are trying to achieve, which is a safer night out for the paying public. In each region there has been a three-month window between the date when applications could be received and the date when it became a legal requirement to hold a licence. The SIA published a target for processing 80 per cent. of licence applications within six weeks. The average since licensing began is 73 per cent. within six weeks, and 89 per cent. of all applications are processed within eight weeks. Obviously, that is not 100 per cent., but that is because some applications throw up several questions, and the SIA must be thorough in establishing what the concerns and problems are.

The SIA estimates that some 46,000 individuals will need door supervisor licences. That figure is supported by its operational experience and its police partners. As of 30 March, 50,597 individuals had requested application forms, but only 27,721 of them had returned their completed forms. That is worrying, and happened in spite of the fact that as of 30 March 45,060 individual door supervisors had spent time and money obtaining the necessary qualification.

On a more encouraging note, it is pleasing to see that in the past month applications were requested by potential door supervisors at an average rate of 500 per day. An average of 250 a day were returned, and an average of 300 newly trained door supervisors joined the qualifications database every day, having gained the necessary qualifications. However, the situation is still worrying, and we must ask why individuals do not return application forms that they have been given and why those who have received the necessary training do not move forward. I also wonder, as the daughter of publicans, why in establishments there is no discussion with door staff about why they have not returned their applications.

The SIA and its police and local authority partners have made every effort to ensure that individuals and their employers are fully aware of their responsibilities. Direct mailing, mail shots and meetings with the licensed trade have very clearly outlined the actions that individuals need to take, and the time scale within which they need to take them.

Hon. Members have posed questions about the cost of the licence. I understand that it costs £190. It can attract a subsidy of £105 from the Learning and Skills Council. The licence fee is tax deductible—that is worth just under £50—and other funding subsidies are available as well. There are several methods of assisting people with the fee, but, as hon. Members mentioned, companies who employ doorkeepers might want to look into that, to build a reputation for themselves as an organisation that has fully trained staff.

It is hoped that more people will continue to apply. As I have said, we need to reduce the number of errors. A high error rate has occurred in London applications, which demonstrates that some people are still not fully aware of how to fill in the application forms. Where those errors are minor, they are, where possible, solved through a telephone call, but where the error or omission is critical to the licensing criteria, the form or a duplicate has to be returned.

It is not until the SIA has a complete and acceptable application with a cleared payment, including the necessary supporting documentation, that they can start to process it. The processing of course includes a criminality check.

Mr. Illsley: I want to reinforce a point; I think that what the Minister has just referred to is among the examples that are passing into folklore. It is impossible to correct a form over the telephone with the SIA. People simply cannot get through.

Caroline Flint: I shall look into that issue and follow it up.

Mr. Grogan: I understand that the Prime Minister is on the way to the palace, so the moment of decision is nigh. Will my hon. Friend clarify whether she is urging police forces not to prosecute people who have submitted an application form and received an acknowledgment? Can she at least give us that encouragement?

Caroline Flint: No, I am not urging that. The issue is one that we must examine. We need to consider whether people show a real willingness to comply with the legislation. That is not an issue that I can deal with; it is an operational decision for police at force level. What I have tried to describe to my hon. Friend is how attempts have been made to assist people, and to give a proportionate response. I am not prepared to keep moving the barrier back. As I said at the start of the debate, we are concerned about the continued safety of the public.

A reform that has been made is that from yesterday the processing of applications can commence immediately on receipt of a correctly completed form, without waiting for the payment to clear. I understand that we are also looking into the question of bulk applications coming in from organisations. We have listened to the concerns that have been expressed and dealt with some of the issues raised.

However, although we listen and have carried out reforms, and although I shall write to hon. Members about some of the other matters that the SIA has taken into account, what we are doing is important for the protection of the public and we must stand firm.

Woodcraft Folk

11 am

Jeremy Corbyn (Islington, North) (Lab): This debate has resulted in enormous interest in the Woodcraft Folk and has come about because more than 100 Members of Parliament have signed my early-day motion asking the Government to restore their very modest level of funding to the national organisation of the Woodcraft Folk. I do not know whether you have personally been involved in the Woodcraft Folk, Mr. Deputy Speaker.

Mr. Deputy Speaker (Sir Nicholas Winterton) *indicated dissent.*

Jeremy Corbyn: Obviously not. I should explain briefly what the Woodcraft Folk are. That would enlighten the rest of the world and, one never knows, it might persuade more people to join, which would be extremely useful. *[Interruption.]* Are they left-wing enough? We do not discriminate. The Woodcraft Folk have existed for 80 years. They were founded as a co-operative youth organisation, with a totally volunteer ethos. They seek to develop children's lives in a way that is peaceful, co-operative and at one with nature. Many of the mores and traditions of the Woodcraft Folk come from native American cultures and much of the singing and many of the activities at camps are related to that tradition.

Those of us who have been involved, or, in my case, still are involved, with Woodcraft as active parents and so on, find the camps disturbingly democratic in their operations. When one arrives at a Woodcraft camp with several dozen, if not several hundred, children, dividing them all up into clans or villages and then democratically deciding who is going to do what can mean that professors of philosophy are ordered around by children of primary school age, who decide how they should conduct themselves when doing the washing up and all the other things that have to be done there. So, they are disturbingly democratic organisations and I urge all Members of Parliament who are getting ideas above their station to spend a week at a Woodcraft camp in the summer. It would do them all a great deal of good.

The values of the organisation are, and have been, that it gives a lot of children an opportunity to do things together, to be taken seriously, to understand democratic values, and to value and respect each other. Rather than having a hierarchy, everything is conducted in circles. Some of the debates and discussions are very long, but it means that children begin to understand the responsibilities of decision making and how they conduct their lives.

Dr. Ian Gibson (Norwich, North) (Lab): Does my hon. Friend agree that it is not just the young people who enjoy the Woodcraft Folk, but the parents, guardians and people who look after them? They learn a lot about themselves in that kind of environment.

Jeremy Corbyn: Absolutely. I endorse that. I have been on many Woodcraft camps and one finds skills one did not know one had. One also finds that one does not have a lot of skills that one thought one had before going to the camp. The camps provide that kind of opportunity. They are good for the adults as well. The whole thing relies on volunteer work and activity. The basis of most of the Woodcraft groups was inner-city communities in the 1920s and 1930s. They were the only opportunity that many working-class kids ever had to get out of slum living and awful physical conditions and go to outdoor pursuit centres. The Woodcraft Folk own a small number of centres around the country and also use scout camps and other people's campsites. The Woodcraft Folk provided that release and that opportunity, and gave the children the values of understanding and respect for other people. We should pay a lot of credit to them for that.

The Woodcraft Folk are not a middle-class ghetto that is run around the rims of the M25 or the north or south circular. They are a national body, which links up closely with international organisations. International camps are held every year and there is a great deal of cross-fertilisation between different groups. For example, we had an enormous international camp at Newark a few years back with 4,000 children from all over the world. It was well run; it was on a large campsite and the whole thing was ecologically sustainable. The whole image was "Sust 'n' Able", to the extent that there was a bicycle-powered cinema, where a group of people sat on bicycles and propelled a generator that provided electricity for the films. Unfortunately, the people became fascinated by the films and stopped pedalling, so the electricity went out and we lost the film altogether. However, all those kids will remember that in a way that they perhaps would not remember something else.

Mr. Bob Blizzard (Waveney) (Lab): I certainly concur that the Woodcraft Folk are not just an urban movement. My own children attended the local group in Lowestoft, and there are still two Woodcraft groups today—one in the rural area and one in Lowestoft. Is the problem that the organisation is not as widely known as it should be? Should we not be using the modest Government grant to make people more aware of the Woodcraft Folk, rather than taking it away? My children benefited from the group, and many more could do so.

Jeremy Corbyn: Absolutely. Those who have been in Woodcraft never forget it, and it is certainly a life-enhancing experience. However, I want to say a little more about the international side of things before I go on to the issue of funding.

International camps provide a real opportunity for young people from all over the world to come together. Woodcraft attempts, through international contacts, to reduce the costs for those coming from poor countries. If African children are coming, for example, we will try to help them out in some way, but if Europeans are coming, they probably will not need helping out in the same way. The camp was an amazing experience for all those children who turned up. Likewise, the delegation sent by Woodcraft to the Johannesburg summit on the sustainable world was an amazing experience for those children. I do not think that they would have had that experience had we not had Woodcraft.

Two years ago, I attended an international camp in Finland, where there were different philosophies about how children should operate and be treated, respected and so on. That resulted in some enormously long

debates about why the Soviet Union collapsed. Nevertheless, the debates were interesting and the children learned great deal. It was a fascinating experience. We should recognise what Woodcraft has achieved, why it was founded, and how children and adults alike benefit from it.

Mr. Keith Bradley (Manchester, Withington) (Lab): I confirm what my hon. Friend is saying about the international camps, having visited one myself a number of years ago. I commend the work of groups such as the one in south Manchester, based in Withington, and the work of Angela Downing and her team, who do marvellous work for people in the city to foster the aims and values identified by my hon. Friend. We have to ensure that that work continues in areas such as south Manchester.

Jeremy Corbyn: Absolutely. I endorse what my right hon. Friend has said, because the experience of kids from inner-city Britain—who come from poor communities and get that opportunity, that bit of oxygen and that space—is fantastic. One can see those children developing during a few days of having to live and work co-operatively. That is a great achievement.

Mr. Stephen Pound (Ealing, North) (Lab): Before my hon. Friend moves on from the issue of the inner-city constituencies—there is sometimes a perception that Woodcraft Folk are more countryside-based—I want to tell him, as a fellow inner-city urban Member of Parliament, that the opportunity not only to open one's lungs but to open one's mind is absolutely unique in my experience. The work that the Woodcraft Folk do as an element of social inclusion in our city constituencies is absolutely vital and seldom recognised, but never has it been more important than it is now. Will my hon. Friend accept the fact that many of my constituents have looked to the Woodcraft Folk as a window on a wider world and have become far better people because of the Folk, as have the society and community from which they come?

Jeremy Corbyn: That is absolutely so. Many members attended the lobby of Parliament two weeks ago organised by the Woodcraft Folk. A large number of people—hundreds, mainly from the London groups, as we are in London—came to that lobby. It was young, it was exciting, it was vibrant, it was multi-ethnic, it was respectful, it was listening—all that sort of thing, which is what is so good about the Woodcraft Folk.

We tabled the early-day motion and asked for and received this debate because of the issue of funding. The amount of public money that goes to the Woodcraft Folk from local authority youth budgets and from national Government is absolutely tiny. The biggest supporters of the Woodcraft Folk are the parents and the children themselves, who undertake fundraising activities such as jumble sales, just as any other youth group does, to raise money. Help also comes from donations, particularly from the co-operative organisations, which have been generous and supportive of the Woodcraft Folk for a long time. I pay tribute to the Co-operative Wholesale Society, Co-operative Retail Services and all those who have done so much to support Woodcraft over the years.

A number of trade unions have also made donations. My union, Unison, has given money to Woodcraft at various times or helped to support specific projects, such as the international camp that we held in Newark. The Woodcraft Folk rely on volunteer work and participation and voluntary donations for most of their activities.

Mr. Pound: In the interests of further publicity, I remind my hon. Friend that there are also registered supporters, and I am proud to be one. Such a small sum of money—usually about £20 or £30 a year—is extremely good value. Perhaps a few more registered supporters would be appreciated.

Jeremy Corbyn: I would bring out my Woodcraft card to demonstrate my credentials. If I had remembered, I would have worn my Woodcraft shirt—a beautiful bottle green shirt—which would also entitle me to attend the annual gathering. We do not have conferences, meetings or conventions, and we do not meet in Bournemouth, but we do have annual gatherings, which are great fun and, again, democratic.

What brought about all the furore, including articles in *The Daily Telegraph* and *The Independent*—one suddenly discovers that many journalists were Woodcraft Folkers and are upset at the prospect of the Woodcraft Folk suffering—was the Department for Education and Skills grant. Over the years, the Woodcraft Folk have received a grant from the Department which has in part funded the work of the head office. The grant amounted to around £50,000 a year the last time it was paid, which is a small amount for a voluntary organisation.

We are in the year of the volunteer and there is nothing more voluntary than most of what the Woodcraft Folk do. We do not have paid workers, other than those who run the outdoor pursuit centres and those at head office. We are not a wealthy organisation. When the Woodcraft Folk reapplied for the grant, they were unfortunately not successful. The money will not be available from next year onwards. That is a great shame, because it will damage the work of head office and weaken the Woodcraft Folk. The failure of that application also sends the unfortunate message to volunteers that they are not likely to receive recognition from central Government.

I hope that the Minister can give us the hopeful news that the Government are prepared to consider the decision again and sit down further with Woodcraft Folk national officials—there was a meeting yesterday—to discuss how to support them in the future. Above all, I hope that the Minister will make a clear declaration that we welcome, support and admire the work of the Woodcraft Folk, in that it develops fully rounded individuals in our society.

I meet children who come to my Woodcraft Folk group. I visit other groups and occasionally show them round Parliament. They ask a lot of questions. They are questioning young people, making a contribution. Surely that is what we are all about. Some of the kids on Woodcraft camps are not easy to deal with; they are very difficult kids. They come from a difficult environment or family background, and have been given an opportunity, a space—above all, respect—by the ethos

[Jeremy Corbyn]

of Woodcraft. That is something that we should all encourage. I would be grateful if the Minister told us how she got on in her meeting with the Woodcraft Folk yesterday. How many letters of support for Woodcraft has she received in the past few weeks, in addition to the 100-plus signatures on my early-day motion? Above all, can she give us some hope that the Woodcraft Folk will continue to receive financial support from central Government so that their head office can continue its important work? Will local authorities be encouraged, through their youth budgets where appropriate, to fund equipment for camping, meetings, activities and all that sort of thing?

I conclude by quoting a parent in my constituency, who has written to me at length. She says:

"Why do I bother to volunteer? The time that I have been working as a volunteer for the Woodcraft Folk I could have been being paid for the equivalent time on a teacher's salary, as that is my profession, at which I am successful and enjoy. I am increasing the amount of work that I am taking on in primary school, but I am finding it very hard to let go of what I am doing with the Woodcraft Folk, and these are some of the reasons why: there are enormous benefits to mine and other people's children; they are confident to mix with a broader range of people, and thus better prepared for their future responsibilities. They learn skills, gain insight and knowledge, develop positive attitudes . . . Benefits to the adults, parents and families: Adult members are able to develop friendships at the same time as their children, working collaboratively with other parents".

Anybody who has brought up young children will know that it is a joy and a wonderful experience, but it can be quite isolating. However, if one is in a collective organisation with other parents who are doing the same thing, one can feel good about it and develop firm friendships. My correspondent continues:

"The Woodcraft Folk could expand to include more children and parents as members. However the benefit of what goes on in the groups goes much further than to only those people. We know that the attitudes that have been developed in the groups will spread in to all aspects of the community".

I hope that the Minister will give us some good news and will recognise that we need the Woodcraft Folk. We need those values, that strength and that voluntary effort. We need that joy, and we need the recognition of central Government to develop it further.

11.18 am

The Minister for Children, Young People and Families (Margaret Hodge): I congratulate my old friend, the hon. Member for Islington, North (Jeremy Corbyn), on securing the debate, and all who have joined him.

Let me say something about the scheme under which the Woodcraft Folk submitted an application. In the past eight years, we have, throughout the Government and particularly in the Department for Education and Skills, massively increased our support for the voluntary and community sector and greatly expanded the funding available for the scheme. It runs in a three-year cycle: £9 million was allocated for 1996 to 1999, whereas £21 million is available for the cycle for which we have just allocated money, so we have more than doubled the funding available to voluntary youth organisations.

To pick up on what my hon. Friend said, many, if not all, the organisations offered what the Woodcraft Folk offers. I should not like any hon. Member to go away with the idea that the money was not allocated to worthwhile organisations that do the two things to which my hon. Friend alluded. The first of those is to work with disadvantaged children to ensure that they can participate in society, either through activities or by expressing a voice. That is done by Children's Express, the Children's Society, the British Youth Council, Barnardo's and a number of other organisations—I could go on. They are all organisations that hon. Members would wish the Government to support. The second is to depend on volunteers. Woodland Folk is not the only organisation that depends on volunteers. All the organisations that were successful in this year's funding round use volunteer activity to contribute to supporting youth activity and engagement, and to providing stimulating and enriching experiences for young people and teaching them the sense of civil responsibility that will enable them to participate in society when they grow up.

Let me explain how we approached this year's funding round. Through the "Every Child Matters" Green Paper, we have embarked on a radical transformation of children's services. We want everything that we do to meet the five outcomes that children told us, in a consultation exercise, were important to them. In reconfiguring services for children, we reconsidered how we should provide Government support to the voluntary and community sector. As a result, we published a funding strategy document in December 2004, which set out for consultation the principles for funding the sector on which we thought we should go forward.

First, we wanted to fund organisations that have the "Every Child Matters" outcomes at their hearts and build their services around the needs of children and young people. Secondly, we wanted to support national infrastructure, which is relevant to the Woodcraft Folk. Thirdly, we wanted to support innovation, because if we are to transform children's services, we should look for new ways in which to deliver them and to help us put children at the heart of things. Fourthly, we wanted to consider organisations' commitment to the participation of children and young people, which is at the heart of everything we do. Many of the organisations that we funded were able to achieve that.

I understand the disappointment of the Woodcraft Folk in having their funding bid turned down, but I assure my hon. Friend that that is in no way a criticism of their work. I have known of that organisation and its contribution for a long time, and of its link to the co-operative movement and the philosophy that underpins it. I welcome that contribution—as I do the contribution of other voluntary organisations working in the sector—in promoting the well-being of children and their participation in society, and in providing the sort of enriching activities that will help their development and support them in achieving their potential.

Some 160 organisations bid for funding this year. We could have run a closed shop scheme by simply asking organisations that had previously received funding to repeat their funding applications, but we consulted the voluntary and community sector—specifically voluntary youth organisations—and said that we wanted to open the territory so that all organisations could bid against the criteria that we set in relation to the "Every Child Matters" agenda. It was with that

concurrence and consultation that we opened up the scheme. However, the fact that 160 organisations bid meant that there was strong competition.

We published a clear set of objectives and criteria against which we would judge the bids, including how the proposed outcomes of the work that the organisations wished to carry out linked to the "Every Child Matters" outcomes. Having published the criteria and having agreed with the voluntary sector to open the scheme to all voluntary organisations, which I think hon. Members would agree is fair, we assessed the schemes. We used a fair and transparent process to assess all bids against criteria that we made public in our application guidance.

Unfortunately, the Woodcraft Folk bid was not successful when judged against those criteria. I suggest that hon. Members read their application, which I hope they will make available to them. Again, I stress that that does not mean that the organisation does not do splendid things and does not have a very important contribution to make, but if we publish criteria, if we want an open and transparent system, and if we have a fair competition, it is inevitable that some organisations will fail and others will succeed.

By doing things this way, we were able to fund organisations that hon. Members would want us to support. UNICEF, which did not succeed in obtaining funding before through the grant scheme, received funding for the first time. So did the YMCA and organisations such as The Wildlife Trusts and Youth Music Theatre UK. I could cite others. Some organisations that did not succeed in obtaining funding are as worth while as the Woodcraft Folk.

Mr. Blizzard: Notwithstanding what the Minister says, does she accept that any voluntary body that has received a grant from the Government or from anyone else for many years needs a period of notice before that grant is withdrawn or before it is unsuccessful with another bid? Suddenly being cut off is as bad as losing the money itself. Surely phasing and timing are important.

Margaret Hodge: Having spent part of my life working in the voluntary sector, I know that one spends far too much time securing funds and then worrying about losing them. That is part of the inequality in the way in which we as a nation fund all parts of the voluntary sector. I am not quite sure what the answer is. The system is better than it was when I worked in it because people tend to receive three-year funding instead of one-year funding, which gives much greater security. When I worked in the voluntary sector, we received funding for a year and did not know until the 11th month whether we would receive it the following year. People grappled around for new money. Funding is insecure, but that is part of living in the voluntary sector world. It is tough.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Will the Minister give way?

Margaret Hodge: With the greatest respect to my hon. Friend, I will move on because I have only three minutes left in which to strike a more positive note, which is what I believe hon. Members want me to do.

As I said, the insecurity of funding is a general problem. We do, however, want to support the Woodcraft Folk. We want them to succeed, as they make a contribution, although they failed to convince those who assessed the competition that they were as good as other organisations that submitted bids.

I met the Woodcraft Folk yesterday to see how we could support their work and help them. I stress that the grant is £50,000 against head office costs of about £250,000; but funding is almost £1 million overall. So it is not a huge element in the organisation's overall funding, which I believe my hon. Friend the Member for Ealing, North (Mr. Pound) accepted. Most of the contributions come from families and children. No doubt my hon. Friend and others would not mind seeing their contribution doubled if it had a funding crisis.

We want to help the Woodcraft Folk by seconding a member of our staff to them for 12 months. We hope to get on with that rapidly. We also hope that that member of staff will be able to support the central organisation by helping it to look for new ways of diversifying the funding streams that it receives so that it secures long-term funding and continues to provide the experience that all hon. Members have welcomed.

Sitting suspended until Two o'clock.

HIV/AIDS Overseas

2 pm

Mr. Nigel Evans (Ribble Valley) (Con): It is a great pleasure to have had this issue selected for debate. A number of eyes will be on other matters now that the general election has been called, but, despite the fact that we shall all be busy with other things, I hope that we shall have time to reflect on the policies that an incoming Government—of whatever persuasion—will adopt to deal with the pandemic of HIV/AIDS. I am therefore delighted to see the hon. Member for Walthamstow (Mr. Gerrard) in his place. He has done such a lot as the chairman of the all-party group on AIDS in the House of Commons and I welcome him to the debate.

The subject has been debated several times in the House during this Parliament, but we cannot debate it often enough. If we debated it every week, that would not be too often. Indeed, the Minister is responding to another Adjournment debate about HIV/AIDS today. The hon. Member for Northampton, North (Ms Keeble) will be looking at a particular aspect of the problem of HIV/AIDS—the increasing number of orphans in Africa, with all the problems that that creates.

I shall look at the raw statistics, so that we can remind ourselves of the pandemic with which we are dealing. Although everyone talks about Africa, the issue goes much wider, so I want to look at some other regions. If several other areas do not learn the lessons of what went wrong in many parts of Africa, they, too, could face the problems that Africa faces today.

Sub-Saharan Africa is the region hardest hit. Some 25.4 million people live with HIV. Last year, an estimated 3.1 million people became infected, while 2.3 million people died of AIDS. The AIDS pandemic has cut life expectancy at birth to below 40 years in nine African countries and the number of orphans is expected to double by 2010.

Let me put those numbers in context. The number of people currently living with HIV/AIDS in sub-Saharan Africa alone is nearly equal to half the population of the entire United Kingdom. In fact, even though the region holds just over 10 per cent. of the world's population, it contains nearly two thirds of all HIV/AIDS cases.

In Zimbabwe, the situation is especially bleak. Just last week, UNICEF said that one in five Zimbabwean children are now orphans. More chilling still is the fact that one Zimbabwean child dies every 15 minutes from AIDS. That means that six children in Zimbabwe will die of this preventable disease during this debate if it runs its full course. Clearly, that is an outrage that we should simply not tolerate.

South Africa continues to have the highest number of people with HIV in the world. At the end of 2003, an estimated 5.3 million people were living with HIV. Added to that grim number is the fact that HIV prevalence among pregnant women is more than 27 per cent. That means that more than one in four expectant mothers have HIV, and many of them will pass that death warrant on to their children. Unfortunately, there is no sign of a decline in the epidemic, and the most recent data suggest that prevalence is increasing in all age groups apart from one.

Although sub-Saharan Africa is the region hardest hit, it is not alone in facing the spectre of HIV/AIDS. In the Caribbean, for example, AIDS has become the leading cause of death among people who would normally be in the prime of their lives—those aged between 15 and 44. By 2010, life expectancy at birth is projected to be 10 years less in Haiti and nine years less in Trinidad and Tobago than it would have been without AIDS. We can see what is happening throughout the Caribbean.

Eastern Europe and central Asia have also seen the number of people living with HIV rise dramatically in the past few years. By the end of last year, an estimated 1.4 million people had HIV—a more than 900 per cent. increase in less than a decade. If there is any good news in these statistics, it is that most of the outbreaks in the region are still in their early stages and, if we want to do something about the situation, clearly we can. I was looking at some World Bank statistics on Vietnam, where £35 million has just been given to fight the AIDS fight. An estimated 250,000 people were living with HIV by the end of 2003 but, if that is not arrested, by 2010—just five years away—the figure will reach 1 million, which is extremely worrying.

Asia has a relatively low percentage of people living with HIV/AIDS, but I am still uncertain about whether a number of the countries are owning up to the reality of the statistics. The fact is that their populations are huge. China and India are especially worrying cases. I will mention India in a moment in another context. It has a huge population of more than 1 billion people. It has 5.1 million people suffering from HIV and that number is growing. That must be worrying. All 31 provinces in China have HIV cases. That shows us exactly what can happen in a country with a population of 1.5 billion. We must pay attention to what is happening in Africa, but we must not forget countries such as China and India; otherwise, the picture will be incredibly stark.

In Latin America, more than 1.7 million people are living with HIV. Two countries in that region, Guatemala and Honduras, are especially hard hit, with national adult HIV prevalence of more than 1 per cent. However, lower prevalence in other countries disguises the fact that serious, localised epidemics are under way. That is another point. It is the same with India. We can talk about 5.1 million cases, but they are not spread throughout India; they are in specific parts of India. That is what we must watch.

Worldwide, the total number of people living with HIV last year was estimated at 39.4 million, the equivalent of about two thirds of the population of the United Kingdom. Approximately 4.9 million people became newly infected last year alone, of whom about 640,000 were below the age of 15. As would be expected from those figures, the death rate is depressingly high. Last year alone, about 3.1 million people died from AIDS, including more than 500,000 children under the age of 15. Let me put that in context. That is like 18 jumbo jets crashing into the earth every day. If 18 jumbo jets were crashing into the earth every day, the world would want to do something about it. To take the context that I mentioned earlier, we have started the general election campaign and it will last 30 days.

During the period of the election, which we will all be fighting, 250,000 people will die because of AIDS. That is how significant the pandemic is.

Mr. Nell Gerrard (Walthamstow) (Lab): I am listening with interest to the statistics. Does the hon. Gentleman agree that one of the other areas that is of concern is eastern Europe? If we consider the infection rates in some of the countries of the former Soviet Union, including Russia and some of the Baltic states that are either in, or soon will be in the European Union, we cannot regard this epidemic as being far away and of no concern to us. It is on our doorstep in those cases.

Mr. Evans: I am extremely grateful for those comments. Clearly, there are no borders as far as HIV/AIDS is concerned. It does not matter where one happens to be. As I said, we concentrate on Africa and clearly that is a huge problem, but HIV/AIDS is everywhere in the world. The hon. Gentleman mentions parts of Asia and central Europe. He is absolutely right. The problem is growing. That is my fear. If I could point out today that the number of new cases, or the number of people dying of AIDS was decreasing, I would be more relaxed, but I cannot be relaxed. There is only one area in the entire world where the figures are stagnant. They are increasing everywhere else.

Between 2002 and today, the number of people with HIV/AIDS has increased. In Asia, the figure has increased to 8.2 million; in eastern Europe during the last two years the figure has gone up from 1 million to 1.4 million; in Latin America, it has increased from 1.5 million to 1.7 million; in Oceania it has gone from 28,000 to 35,000—the figure is relatively low there, but it is still increasing—and in the middle east, it has gone from 430,000 to 540,000. No one talks about the number in the middle east. In the one area where the figure is static, which is north America and western Europe—I know it is increasing in the United Kingdom—the number of women with HIV/AIDS has increased from 390,000 to 420,000. That is how stark the situation is, and that is why we should not just concentrate on one area of the world. This is a global pandemic—that is what the word means—and we have got to do a lot more to tackle it at every stage.

We know that there is no cure for AIDS at the moment, although antiretroviral treatments can extend the life of those who are HIV-positive. The World Health Organisation estimates that nine out of 10 people who need the treatments are not receiving them. That needs to be addressed. The best medicine in the world cannot work if it does not reach those who desperately need it. Even worse, if this situation continues, 5 million to 6 million more people will die of AIDS in the next two years.

As devastating as those numbers are, they will only be a teardrop in the ocean of misery unless strong action is taken immediately. That is because the devastation of HIV/AIDS goes beyond short-term health concerns; it is a long-term economic disaster for all those countries. A World Bank report released in 2003 found that AIDS reduces economic growth to the point of economic collapse. It does that by destroying human capital—the people who work—and accumulated knowledge and experience goes with it. It also wrecks the foundations of human capital—education and family—and creates millions of orphans, who are less likely to invest in education and job training for their future.

Shanta Devarajan, chief economist of the World Bank's Human Development Network, notes that in countries with severe HIV/AIDS epidemics

"if nothing is done quickly to fight their epidemic, they could face economic collapse within several generations, with family incomes being cut in half."

Moreover, the WHO points out the mutually reinforcing link between HIV/AIDS and poverty:

"In many countries, HIV/AIDS pushes people deeper into poverty as households lose their breadwinners, livelihoods are compromised and savings are consumed by the cost of health care. The pandemic also adds to the strain on national institutions and resources, and undermines the social systems that help people to cope with adversity. In the most severely affected settings there is already evidence that HIV/AIDS is eroding human security and productivity, undermining economic development, and threatening social cohesion."

Not only is HIV/AIDS devastating the current work force, but it affects future workers. The report goes on to say:

"Educational systems and education standards too are being affected as more young people are forced to leave school to take care of sick parents and look after siblings. More than 11 million African children have lost one or both parents to AIDS. The spread of HIV and the impact of AIDS are disproportionately affecting young people, and therefore the future of the global community itself."

In an attempt to examine further the future effects of the HIV/AIDS pandemic, UNAIDS recently produced a study that examined three scenarios for the future of AIDS in Africa. Each makes certain assumptions about how the world will react right now and then imagines how those decisions will affect the world in a quarter of a century. I could go through each of the scenarios, but I shall not do so. All I can say is that each is fairly grim in its own way. Even the most effective approach means that many more millions of people will contract HIV, which will turn into AIDS at a later stage. The report points out:

"There is no magic bullet: just as the causes of HIV and AIDS are complex, so are the responses. There is no single policy prescription that will change the outcome of the epidemic. HIV and AIDS is a long-wave event, and needs consistent policy responses over several terms of government. Rapidly fluctuating policy responses will do nothing to stem the epidemic. It is essential to develop both short-term pragmatic solutions and long-term strategic responses. Working on both is critical to a successful outcome."

Obviously, each of the scenarios presented can do no more than make an informed guess about the future, but remember that even the worst-case scenario 15 years ago did not predict the devastation that has been brought upon us all by HIV/AIDS. This is a wake-up call for us all.

I congratulate the United States of America on its programme for spending $15 billion with President Bush's emergency plan for AIDS relief. On 21 September, he said:

"America has undertaken a $15 billion effort to provide prevention and treatment and humane care in nations afflicted by AIDS, placing a special focus on 15 countries where the need is most urgent. AIDS is the greatest health crisis of our time and our unprecedented commitment will bring new hope to those who have walked too long in the shadow of death."

[Mr. Evans]

One area in which the US is spending money is in building capacity, which is essential. Providing money is one thing, but we desperately need to ensure that countries can spend that money effectively. I said that the US is focusing on 15 countries, but it is active in 96 countries. That is essential. It also supports other projects, through other funding, such as the Global Fund to Fight AIDS and UNAIDS.

I want to mention the "Conservative Manifesto for International Development: Action on Global Poverty", which was recently published. On page 3, it says:

"Conservatives will increase spending on the Department for International Development (DfID) by £800m over three years, from £4.5bn in 2005–6 to £5.3bn in 2007–8. This is, measure for measure, exactly the same as the planned figures announced by the Government. We will work towards meeting by 2013 the UN target of spending 0.7 per cent. of national income on aid."

That is important, because this is not a party political issue. I know that there will be 30 days of us slugging it out throughout the country, and I hope that international development will not be one of the issues on which Labour politicians will point at the Conservatives and say that there is a threat that we will cut money there, because that simply is not the case. I am delighted to read, further on in the report, about the areas in which we want money to be spent most effectively.

I am grateful to Help the Aged, which sent me its briefing on the report, which considers the impact of HIV/AIDS throughout Africa, particularly on the elderly. I talked about the number of people aged between 15 and 44 who have contracted HIV or are dying of AIDS and about the number of orphans, but we forget the price that is paid by the older generation who have to look after the orphans. We must reconsider the holistic approach to HIV. It is not enough simply to help to treat those with HIV. We must consider the orphans and the grandparents picking up the tab.

I pay tribute to the hon. Member for Walthamstow, who I understand is standing down at the general election.

Mr. Gerrard: Certainly not.

Mr. Evans: In that case, I will not make the comments that I was about to make—no, I pay tribute to him.

The report "Treat with respect: HIV, Public Health and Immigration" is an important contribution to the debate and what we do in this country. A lot of it deals with the immigration into this country of people who are suffering from HIV. How we deal with such people is important. I welcome the report's publication and its contribution to the discussion on how to treat those who suffer from HIV. The problem is a global one; it is as simple as that. We know that the increasing number of cases in this country is because of immigrants. We cannot wash our hands of that fact or turn a blind eye to it. That is the reality, and we must ensure that everybody is treated equally.

I also pay tribute to another person who is not standing down: the hon. Member for City of York (Hugh Bayley), who chairs the all-party group on Africa, of which I was a member. Its report "Averting Catastrophe: AIDS in the 21st century" was an important contribution to the debate and I used it when I spoke in conferences on HIV in Canada and India. The report made many important recommendations such as launching the international finance facility and pushing for a review of urgent cases of unspent funds in the European Union, to which I hope the Minister will refer. The quality of EU spending and its effectiveness worries me incredibly. Recommendation 24 states:

"Establish a unit within the DTI in partnership with experienced companies to advise other companies with operations in Africa on developing fully comprehensive HIV and AIDS programmes for both their workers, their families and the communities in which they work and where migrant labour is used also in the communities from which their workers come and return to."

I shall refer to that later.

The group also brought out another excellent report entitled "The UK Government and Africa in 2005: How joined up is Whitehall?" It considers all aspects of the issue, although it admits that the report is not comprehensive. However, it looks at the pandemic and how there can be joined-up government in all Departments.

I spoke about India. From 31 January to 5 February, I attended the Commonwealth Parliamentary Association conference study group in New Delhi, which considered all aspects of HIV throughout the Commonwealth. It is staggering that, according to the United Nations Development Programme human development report 2004,

"AIDS explains why 20 countries have suffered development reversals since 1990—exactly half of them are Commonwealth countries."

The footnote names those countries: Bahamas, Belize, Botswana, Cameroon, Kenya, Lesotho, South Africa, Swaziland, Tanzania and Zambia.

The report was comprehensive in its recommendations about what parliamentarians and legislatures should do. It asks for a multi-sectoral approach, which is right. It also suggests establishing a Select or Standing Committee on HIV/AIDS, which should produce a report on at least an annual basis. HIV/AIDS is so important that I hope that the incoming Government on 6 May will consider that recommendation very seriously indeed.

The report proposed:

"Investing in human capital and encouraging the retention of trained professionals, especially in healthcare."

One issue that was raised in India was the scandal of the number of doctors and nurses who are attracted from countries such as India and Africa to work in the health service here. Those trained health professionals should be retained in their own countries to deal with the problem of HIV/AIDS. I understand that some of our money is being used to train doctors and nurses in those countries, and that is all very well, but if once we have trained them they come to this country to work, that is a problem. We need to ensure that the doctors and nurses and professionally trained health-care providers are retained in their own countries.

I turn now to the issue of companies—British multinationals, basically—doing more throughout the world. One multinational springs to mind almost immediately: Coca-Cola. There is almost nowhere in the

various parts of the world to which I have travelled in my relatively short time on this earth where I have not eventually seen the Coca-Cola sign. Its power in reaching out to the public in the remotest of villages is amazing. It can get its "Drink Coca-Cola" message across because its marketing expertise is second to none. It is better than many Governments in the countries in which it operates.

I was therefore interested to find out what Coca-Cola is doing in the battle to get the message across about HIV/AIDS and in helping to tackle it. It has set up the Coca-Cola Africa foundation, which is a partnership with UNAIDS specifically designed to make use of Coca-Cola's business systems. We must work out how Coca-Cola's strengths in marketplace infrastructure, local resources, marketing expertise and local community insights can be applied to other companies.

The Coca-Cola Africa foundation has supported programmes in 10 countries and assigned one of its marketing managers to work with UNAIDS. That is absolutely superb. It has rolled out projects in Kenya, Tanzania, Ethiopia, Egypt, South Africa, Nigeria, Morocco, Tunisia, Zimbabwe, Swaziland and Zambia, and plans are under way to do so in other countries. Not only Coca-Cola but the company's bottlers are involved. Coca-Cola estimates that it has 45 bottling partners in 54 African countries employing 60,000 people, so it can immediately get the message across to its workers.

I was also interested in the power of Coca-Cola's advertising and the ability to get the message across to their markets—the wider public. Celia Smith, who works for Coca-Cola in the United Kingdom, sent me a message saying:

"Our bottle trucks are regularly used for such purposes. Certainly in Africa we use our distribution networks to get information and also condoms to remote areas. Examples of where this is happening are numerous. The charity War Child have said how successfully this works in Uganda for example.

One of our South African bottling partners has led and supported a wide range of HIV/AIDS initiatives. They are a strong supporter of 'Lovelife' the lifestyle brand promoting healthy living and sexuality amongst young South Africans by offering distribution support for educational materials. The bottler is also providing both infrastructure and marketing support to Hope Worldwide, an international nongovernmental organisation running prevention programmes in Africa.

In Kenya, the Coca-Cola Foundation has been working with other partners to source, transport and place cargo containers that have been converted into Rural Health Centres for the dissemination of information on HIV/AIDS to hard to reach districts".

We have to be concerned about the hard-to-reach districts that other people do not seem to be able to get to. Celia Smith continued:

"The Coca-Cola Foundation has also partnered with Population Services International on campaigns designed to counter the spread of HIV/AIDS and other sexually transmitted diseases by the distribution of condoms. The Coca-Cola Foundation is tapping into Coca-Cola's resources to store, distribute and market education materials throughout various countries. This programme is now being rolled out to every country in Africa."

That is leading by example.

I have also done some research into a number of other companies that I shall mention briefly. Barclays is everywhere in this country and, increasingly, in other parts of the world. It has its own programme that recognises that HIV/AIDS will have a potentially devastating effect on businesses, which will have a direct impact on the organisation, its employees and all relevant stakeholders. The company knows that that is in its own interests as well as its civic responsibility. BP has done exactly the same and has its own programme.

A few weeks ago, I met the HIV/AIDS director of SABMiller, the company that produces brands such as Castle Lager and Peroni. I had a lengthy conversation with him and I was impressed by what the company is doing for its work force to ensure non-discrimination and that all workers and families get educational packs. The scheme costs the company a fair amount of money. Anyone in SABMiller can be tested for HIV, and if they have got it, they will get all the necessary treatment from the company for free. That is absolutely superb. There is also confidentiality for employees so that not everyone knows that they have the condition. There is no discrimination whatever. I would like the sort of investment that SABMiller is making on behalf of its employees to be spread out.

I am delighted that we in the UK invest ever-increasing sums of money, as does the United States. However, the problem is absolutely massive. We cannot deal with it on our own, or even with the USA. We must be able to harness the huge power of companies throughout the world that operate in areas that are being devastated by HIV. That means looking at companies early on, in countries such as India and China, to ensure that they use their resources too.

I hope that the Government will respond to the Commission for Africa. The Prime Minister has already said that he will implement all the recommendations in the report, which we welcome. I hope that there will be a timetable and a proper audit, to ensure that all the recommended measures are effective.

I also welcome the Government's latest initiative—announced today, I understand—to provide £24 million to fund a trial to assess how well a microbicide gel can prevent HIV infection in women, which we now know to be the biggest killer in Africa.

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): Just to correct the hon. Gentleman slightly, that money is to fund phase 3 clinical trials of one of the leading contenders for a workable microbicide.

Mr. Evans: I am happy to be corrected. We know that new infections are most prevalent among women. Everything that we can do to ensure both that women can access all the available treatments and that there is no discrimination between men and women in doing so is invaluable. The necessary research will cost a lot of money, and we should support it wherever it is conducted.

I conclude by asking the Government to ensure that their presidencies of the G8 and European Union are effective, and that they are audited, so that we can see what has been achieved. I mentioned the fact that by the end of this election campaign 250,000 people will have died of AIDS. To put that in context, let us imagine in that period the populations of Nottingham or Cardiff or Stoke-on-Trent or Plymouth or Wolverhampton being wiped out by AIDS. That is what we are talking about—that is how big the disease is.

[Mr. Evans]

HIV/AIDS is a major crisis that requires immediate attention and action. As Professor Richard Feachem correctly argues:

"HIV/AIDS is the greatest disaster in recorded human history. It is already worse than the black death in Europe in the middle of the 14th century, and the word 'already' is important because the epidemic will get far worse before it gets better, even if we did all the right things tomorrow."

He is right, but we are not doing the right things. Dr. Piot has argued that

"the AIDS pandemic needs to be recognised to be one of the most serious threats to our prospects for progress and stability—on a par with such extraordinary threats as nuclear weaponry or global climate change."

HIV/AIDS is a pandemic that is not going away. We must act now. It is far too easy to pay lip service to the problem, to pose for cameras and to make speeches. We can all do that, but the victims of HIV/AIDS need more than that. They need real, practical action to save them and their future. They deserve nothing less and nothing less will do. Fortunately, failure is not inevitable and success is not impossible. Working hard, we can overcome the disease. Millions of people around the globe are looking to us to do something and we must not disappoint them.

Mr. Deputy Speaker (Sir Nicholas Winterton): The hon. Member for Richmond Park (Dr. Tonge) has sent me a note to explain why she was unavoidably delayed, which I fully accept. As she is leaving the House, I am more than happy to call her to speak for the Liberal Democrats.

2.34 pm

Dr. Jenny Tonge (Richmond Park) (LD): Thank you, Mr. Deputy Speaker. My excuse was lame: my wires were completely crossed—I do not know how, but they were.

I welcome this debate, so late in this Parliament. We have had many debates on AIDS and I congratulate the hon. Member for Ribble Valley (Mr. Evans) on bringing the issue to the attention of the House again. He rightly says that the problem is massive. I do not think that in modern times we have ever faced such a weapon of mass destruction as the AIDS virus. It is quite extraordinary. We must not forget that what is Africa's problem today and perhaps the problem of India and south-east Asia tomorrow will be our problem the day after that. It is wrong for people to assume that this is a third-world disease—it is not. People are travelling, populations are mixing, and it will be our problem before we know where we are. Therefore, we must take great steps to deal with it, but we must take the right steps.

The one thing that I must get off my chest before I leave this place is the subject of antiretroviral drugs. I totally agree that if drugs are available in the west to keep people alive and allow them to live a healthy, productive life, they should be available to people in developing countries. There is no question about that. However, it is not a simple matter; it is not like dishing out aspirin. There is a problem with antiretrovirals.

As a medical practitioner for many years, I know how easy it is for intelligent people to forget to take their antibiotics once they are feeling a bit better—I have done it myself. They forget for a few days and then think, "Oh, golly, I've gone away for the weekend and forgotten for two days. Oh, never mind. I'm better anyway." The huge danger with antibiotic and antiretroviral therapy is that, at the very least, people will forget to take the drugs, even if the drugs are cheaper and they have access to them. If that happens, resistant strains of the virus will pop up all over the place, and the science will not be able to keep up with them.

So what do we need? We need a tightly organised health infrastructure if people are to take the drugs properly. It is in their and our interest that they are taken properly; otherwise, the drugs, which are our only weapon, will become useless. Can we have an assurance from the Government that they have discussed with their international voluntary and Government partners the question of making the drugs available only if there is a proper health infrastructure to deliver them?

I point the Minister to the really wonderful example in Botswana. The hon. Member for Ribble Valley mentioned Coca-Cola. Ever since I came into Parliament, I have been beefing on about how Coca-Cola reaches parts of the world that other things cannot reach, and asking why a big container of condoms cannot be taped on to every bottle as it is distributed. Coca-Cola gets everywhere, and the condoms should be going with it. That is a good example of industry helping in the fight against AIDS, and I welcome what Coca-Cola is doing.

When I went to Botswana, I was hugely impressed by a public-private partnership called Debswana, which includes De Beers, the Government of Botswana, Merck Sharp and Dohme, and the Bill and Melinda Gates Foundation, which is funding much of the cost of the drugs. They have come together for all the people who work in the diamond industry—it seems that that includes most Botswanans—and have drawn up a tight regime. The workers are rigorously tested and then have to sign a contract. If they break the contract—it requires them to take the drugs properly and attend for check-ups and testing—they are in danger of losing their jobs and livelihoods. They will no longer receive drugs through that public-private partnership and will no longer be in the programme if they break the contract. They must stick to it.

Multinational companies get such bad press. Everyone castigates big companies, saying that they never do any good, they despoil the environment, they do not uphold workers' rights, they do not obey the guidelines of the Organisation for Economic Co-operation and Development. If only such companies would say, "Okay. Everyone, everywhere we are operating, will be part of a campaign to combat AIDS." That is the first thing; I have got it off my chest. Please let us not throw millions of pounds at antiretroviral drugs that will be a waste and will make the pandemic worse.

The other thing that I have to get off my chest is the fact that the United States Government, who say that they are putting $5 billion into the fight against AIDS, refuse to fund any reproductive health programmes because of the involvement of abortion. They are withdrawing from many of them, and programmes all over the world are failing because of that. They also refuse to allow cheap generic drugs, and it seems to me

that the $5 billion that they are ploughing into the fight against AIDS is going straight to the big drugs companies in the form of subsidies for antiretroviral drugs. It is an important issue. I know that my ex-medical colleagues feel strongly about it and would want me to impress on the Government the fact that we must not waste those drugs.

I want to mention how important women's health is in the whole fight. Again, the hon. Member for Ribble Valley mentioned that. If people are being treated for AIDS, it is often the man in the family who gets the treatment. If money runs short, he gets the drugs and the wife stops. In my experience, it is always the women who lose out in developing countries.

Women's health is integral. I am delighted that, following the work done by the all-party group on population, development and reproductive health, headed by the hon. Member for Calder Valley (Chris McCafferty), and the report that it published, the Government have accepted that women's health, particularly their reproductive health, is integral to the fight against AIDS. The two have to go together; we cannot fight AIDS without doing something about the reproductive health of women. Improving women's health means not only access to treatment, but better childbirth—fewer accidents in childbirth, more trained midwives and more village birth assistants. It also means better access to health care for women. It means treating intercurrent infections such as thrush, chlamydia and trichomonas—all of which make women more susceptible to the AIDS virus. It means continuing our campaign against female genital mutilation, which does such terrible damage to women and ensures that the first time they have intercourse, if it is with an HIV positive partner, they will catch AIDS for sure because of the damage done by simple intercourse.

Such measures are terribly important, combined with family planning and women's ability to limit the size of their families. Their health is dependent on being able to do that. We should also always remember that even in my family the best bits of food go to husband and children. I still have the nauseating habit of making sure that the men and the children have had enough before I serve myself. It is a sad fact, but that is the sort of mother I am—is it not beautiful? Everyone will know that a lot of women are like that. They tend to serve up the food and then have what is left for themselves. In developing counties, when one bowl of rice goes between all, women get very little food. We must tackle that. We must also tackle the fact that women inhale more smoke from burning wood. Wood is still the staple fuel in developing countries and that affects their physical health and respiratory system in a big way. We must make moves on that.

All such things, together with microbicides—the Government's work on those is terribly welcome—are important in the fight against AIDS. It is not just about antiretroviral drugs. In my view—I must say that I am a "glass half empty" person when it comes to the AIDS pandemic—we may well lose a generation of people to the pandemic. However, we need to concentrate on prevention for the next generation. That means education and male and female condoms. It is a simple measure, but the message must get through about education and the use of condoms. Please God that the new Pope will have a different attitude towards condoms, at least for the prevention of infection. We need a change of policy worldwide. It must become a sin not to use a condom if a person thinks that they or their partner are HIV-positive. Although we accept that many things must be done about the pandemic, education and prevention will still be the biggest weapon, all over the developing world.

I want to mention three other things, briefly. They are big issues, and I do not want the fact that I do not give them much time to lead the House to think that I do not consider them important. One is the number of AIDS orphans being created by the pandemic. That is building up one hell of a sociological problem for the rest of the world. Children are growing up without parents, with ageing grandparents.

I am a grandparent to six grandchildren, and the Easter holidays were very tiring, although I am a well-nourished, healthy woman. For a sick, elderly grandparent in the developing world to have to take on a host of grandchildren is quite something, and we must concentrate hard on that issue. That means considering the matter from the point of view of the orphans, but I understand that Help the Aged wants us also to consider the needs of the people who must care for those children.

Mr. Evans: Does the hon. Lady recognise that, if even one parent has died and that parent was the breadwinner, youngsters have to work to help the family to survive? We talk about the education that the youngsters need, but they are denied schooling from an early age because the family does not believe that it can be an economic unit unless the youngsters go out to work. The poverty is reinforced when one or both parents die.

Dr. Tonge: The hon. Gentleman makes a good point and it is true that children are often denied education because they need to work—something that we are not familiar with in this country. We have long forgotten, although it is not so long ago—perhaps 150 years—that children did have to work to prevent their families from starving. That goes on in probably two thirds of the world today.

Lastly, I want to put in a plea for more vaccine research. As a medic, I know that a vaccine is the only answer. We have conquered—touch wood—smallpox in this world. It should be possible, with the help of vaccines, to conquer the AIDS virus eventually. My final words in this speech should perhaps be to pay tribute to the international AIDS vaccine initiative, headed by Dr. Seth Berkley in the USA. It is a brilliant organisation which has done the most extraordinary work and has pushed and fought for more money to go into AIDS vaccine research and into the companies that will make the product when it comes on stream. There is a huge amount to do in that area, and I pay tribute to the people who have been working on it. I hope that the Government will continue to support them.

2.48 pm

Mr. Alan Duncan (Rutland and Melton) (Con): I think that it was five months ago when we met in Westminster Hall to discuss HIV/AIDS. I calculate that in those five months probably another 2 million people around the world will have been infected by HIV, and perhaps another 1 million will have died from AIDS.

[Mr. Alan Duncan]

It is clear that the HIV/AIDS emergency is the biggest threat facing humankind today. It kills 8,000 people every day. More than 40 million people are infected and for too many people lack of access to treatment turns a lifelong illness into a guaranteed death sentence. Every new HIV infection that could have been prevented is not just a tragedy but a scandal, so it is right that we debate the issues today.

We are all grateful, I think, to my hon. Friend the Member for Ribble Valley (Mr. Evans) for initiating the debate. He has a clear command of the issue and has shown continuing interest in it, as one could tell from all that he said today. I am also glad, Mr. Deputy Speaker, that you were able to call the hon. Member for Richmond Park (Dr. Tonge), and I am glad that she was able to speak. We are sorry that she is leaving the House, and that was probably her valedictory speech, but we wish her well. I want also to acknowledge her long-standing interest in international development and humanitarian matters, and the contribution that she has always made to our debates and proceedings, particularly on matters of reproductive health. We have heard that clearly today with her sensible analysis of how to treat HIV/AIDS, primarily in Africa but anywhere that it might exist.

The battle against HIV/AIDS is a political as much as a medical challenge. Political will is holding us back more than the absorptive capacity of Governments of developing countries. The scale of the epidemic must compel us to act. When historians in the future examine how our generation reacted to the crisis, no politician will be able to use ignorance as an excuse for inaction. At a global level, the political response has not until recently reflected the urgency of the situation. We might as well be honest—40 million people need treatment, yet it seems that the international community will fall far short of achieving the target of treating even 3 million people by the end of the year.

Despite recent progress, there is still not enough cash for the fight against AIDS. UNAIDS has estimated that it will take some £6.6 billion this year to counter the spread of HIV, and so far only about half of that has been forthcoming. The G8 launched the Global Fund to Fight AIDS, Tuberculosis and Malaria in 2001; now it has an obligation to ensure that it is properly funded. When existing programmes come up for renewal, we must ensure that the money is there to pay for them.

The British Government have shown initiative on HIV/AIDS. I admit that, and I salute the Department's decision to earmark £1.5 billion for the AIDS fight and to include HIV/AIDS in all its bilateral activities. However, let us face it, we have to do more and there is a real problem on the ground. Treatment costs about $1 a day. Many people have to live on $. a day. So, they can either be treated and starve or eat and die of AIDS. That is not much of a choice.

The best way to tackle HIV/AIDS is through a combination of preventive education, the provision of condoms, help for universal primary health care, the extension of antiretroviral drug treatment—despite what the hon. Member for Richmond Park had to say about the dangers of not consuming those drugs consistently—and the continuing quest for a HIV vaccine.

Governments in the rich world must take strong and swift action to stem the spread of HIV; equally the Governments of countries with affected populations must demonstrate the political will to tackle the crisis. Charities, civil society, enlightened private companies, which my hon. Friend the Member for Ribble Valley described, and the families of people affected by HIV/AIDS must all play an important role in the battle against HIV. Politicians and Governments control resources of the magnitude necessary to win the war on HIV/AIDS, however. Where the political will exists, the fight against HIV/AIDS is winnable. Places as diverse as Uganda, Thailand and Brazil have succeeded in slowing the spread of HIV through effective programmes of prevention and treatment. Those examples show that ultimate political responsibility lies with the Governments of those countries affected by the pandemic.

Uganda has shown that where there is strong, enlightened leadership, the spread of HIV can be brought under control. Equally, the South African experience shows the damage that can be done when the men at the top fail to comprehend the seriousness of the threat posed.

So far the global political response to AIDS has been focused—quite naturally—on sub-Saharan Africa. However, there are terrifying signs of a nascent epidemic in India and China, which between them are home to more than one third of the world's population. India is likely to be acknowledged as the country with the largest number of HIV-positive citizens in the world during 2005. Decisive action by the Governments of India and China could save the lives of millions of people in the coming years, but historically, at least, the Governments of those two countries have not lived up to their responsibilities to their citizens. Donor countries must assert quite bluntly that India's leadership in particular needs to wake up. If we see an explosion of AIDS in China and India, let no one say that we did not see it coming.

Mr. Evans: Does my hon. Friend agree that part of the problem with all this is that Africa was in denial for many years? It was a taboo subject, so it did not mention it, and it denied that it was happening. If China and India go down that path, they will suffer the same problems that Africa is suffering now. They can avert the tragedy of sub-Saharan Africa now if they stop their denial, have good governance and put in place proper and effective programmes.

Mr. Duncan: My hon. Friend is absolutely right. Early action is effective action, and no action can be too early. With that in mind, I shall explore how the British Government should deal with Governments who refuse to take HIV/AIDS seriously. How do we use our diplomatic influence to encourage the Government of any such country to take action to help to stem the spread of HIV?

Clearly, that raises complex and difficult issues of morality and diplomacy. I do not pretend to have all the answers myself, and I approach the matter in a spirit of curiosity rather than of criticism. We need to tread carefully. Outside interference in the domestic affairs of some countries is likely to be resented and might even be

counter-productive, but perhaps the Minister will agree that there is one option that we simply must not choose—the option to do nothing.

Surely we cannot stand by and watch while HIV/AIDS ravages an entire sub-continent. There is a positive precedent for action. The recent report by the Select Committee on International Development on the Department for International Development's activities in India states:

"International donors and organisations played a key role in motivating the GoI to initiate its first responses to HIV/AIDS during the early 1990s."

I am happy to acknowledge that it goes on to salute the role that DFID has played in shaping India's agenda on AIDS.

It continues:

"Early indications are that the new UPA government is taking the challenge seriously",

and

"We strongly encourage DFID to do all it can to support the GoI in taking such decisive action."

I would be interested to hear the Minister's assessment of the most effective and productive ways in which the British Government can influence the Governments of affected countries to live up to their responsibilities to their people.

HIV/AIDS is inextricably linked to poverty, so the solution to the crisis is indelibly linked to the wider goals of poverty reduction. Political leaders here can do much to address that poverty. Zambia has 1 million HIV-positive people, but spends 30 per cent. more on servicing its debts than it does on health. Kenya spends $0.76 per capita on HIV/AIDS compared with $12.92 per capita on debt repayments.

As well as AIDS-specific funding at this year's G8 summit and EU presidency, we need action for faster and deeper debt relief, for better aid, and for freer and fairer trade. I hope that I get the opportunity on 6 May to implement those objectives.

The Conservative party has advanced concrete and ambitious plans for action on those key priorities. Conservatives will increase spending on DFID from $4.5 billion in 2005–06 to $5.3 billion in 2007–08. We will work towards meeting the UN target of spending 0.7 per cent. of national income on international aid by 2013. Any suggestion that we would cut spending would be a lie.

Our studies have shown that significant efficiency savings can be made in the way in which the aid budget is spent. Every penny that we save will be ploughed straight back into DFID spending. That money will lift more people out of poverty, because we will spend it more effectively, by focusing it on the poorest countries and channelling more through non-governmental organisations, and less through the wasteful EU. *[Laughter.]*

Dr. Tonge: I cannot resist saying this. If the hon. Gentleman becomes the Secretary of State for International Development after 5 May—if pigs fly—I shall be watching from the wings every single penny that his Government put into international development. I shall haunt him until he fulfils all of those promises.

Mr. Duncan: I look forward to being haunted by such a gorgeous and delicious ghost. When I am sitting in the Secretary of State's office, I look forward to inviting her to come and give me the benefit of her advice and experience.

As I said at the beginning, we consider international development an area of consensus. We can argue where we have differences, and there may be a difference of emphasis on free trade. We may not actually need to argue on the EU, because although the Minister laughed just now, an answer to a parliamentary question that I tabled said that his Department was not happy with the fact that EU spending was devoted too much to stability in neighbouring countries and insufficiently to poverty reduction, which is what aid should be all about. The Minister is laughing only at his own parliamentary answer.

We will also support small-scale, environmentally and socially sustainable projects rather than large-scale, prestige, big-ticket schemes. We will make free trade fairer and fair trade freer. A Conservative Government will support a multilateral, rules-based trading system overseen by the World Trade Organisation—

Mr. Deputy Speaker: Order. I know that everyone is tempted to indulge in electioneering, even in humble debates in Westminster Hall, but I must remind the hon. Gentleman that we are concentrating on Government policy on HIV/AIDS overseas and not on general overseas aid and development.

Mr. Duncan: The two are of course inextricably linked, but I accept your strictures, Mr. Deputy Speaker.

We have laid down everything that we intend to do in our manifesto document, "Action on global poverty", which is available on our website for all interested readers. The policies set out in it will help secure the ongoing improvements in living conditions, which will help to stem the spread of HIV/AIDS. By combining compassion and generosity with realism and practicality, we will help end poverty and stem the spread of HIV.

3.3 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): It is a pleasure to take part in such a debate, and I pay tribute to the hon. Member for Ribble Valley (Mr. Evans) for securing it and for the bulk of his speech. He set out the continuing challenge facing developed countries to help developing countries, and in his focus on companies at the end of his speech, he rightly challenged us to do more to work with companies and the private sector more broadly to fight AIDS.

I join the hon. Member for Rutland and Melton (Mr. Duncan) in paying tribute to the hon. Member for Richmond Park (Dr. Tonge) and her campaigning record. She has been a doughty champion on women's issues in general and on development. She is an opponent with whom one cannot relax, and that is testimony to her ability.

Let me join hon. Members who have spoken by highlighting some statistics that demonstrate the scale of the challenge before us. In 2004, more than 3 million people died of AIDS, and nearly 5 million were newly infected with the virus. We are seeing a reversal of the

[Mr. Gareth Thomas]

development gains that have been made in sub-Saharan Africa in the past 20 to 30 years because of the HIV/AIDS crisis. Today, nearly 40 million people worldwide are living with HIV, the bulk of them in developing countries, and in 2003, an estimated 12.3 million African children were orphaned as a result of AIDS. Sadly, we know that the worst is yet to come. The number of children orphaned by AIDS is expected to rise to 18.4 million by 2010, and a growing number of them will be double orphans—children who have lost their mother and father.

The hon. Member for Ribble Valley rightly alluded to the challenges in Asia and to the real worry that we shall see in India, China and the rest of Asia what we are seeing in Africa. Indeed, if nothing were to change, India would have a larger number of people with HIV/AIDS by 2010 than any country in Africa.

My hon. Friend the Member for Walthamstow (Mr. Gerrard) does an excellent job chairing the all-party group on AIDS and, like other hon. Members, he rightly reminded us of the challenge facing eastern Europe, with its rising incidence of HIV/AIDS. I should add that there is also a growing challenge in the number of people infected with HIV in the Caribbean. That epidemic is being fuelled by the stigma and discrimination that surrounds people with HIV/AIDS, and we must continue to challenge that.

The hon. Member for Rutland and Melton was absolutely right that political will is fundamental to tackling HIV/AIDS. There needs to be political will in developing countries, and he highlighted several countries where there has been strong political commitment to tackling AIDS. Uganda and Senegal are two clear examples, and Brazil is another. Political will is also fundamental in developed countries. As rich nations, we have to make more money available for the fight against AIDS. An increasing amount is being made available, but we clearly need to do more.

The hon. Gentleman mentioned India. As he suggested, the British Government, through my Department, have been having extensive, ongoing discussions with the National AIDS Control Organisation in India and with the new Indian Government, as we did with the previous Government. I pay tribute to the new Government for deciding to increase the amount that they make available to fight AIDS. I also welcome the appointment of the new head of the National AIDS Control Organisation, whom I met when I went to India to discuss HIV/AIDS in September and October last year. Things are beginning to move in the right direction, and we are beginning to see a step change in the fight against AIDS. As Dr. Quraishi made clear to me, however, much more still needs to be done, and donors such as Britain clearly need to do more to support that effort.

Mr. Evans: I too talked to an Indian Minister, who said that the Government were in negotiations with Coca-Cola to replicate and harness the ability that it had clearly demonstrated in Africa. If they can do that early on with a number of other companies—perhaps companies based in the United Kingdom with divisions in India—that would be very effective. I hope that the Minister will at least allude to some of the things that the British Government will be doing to contact British companies so that they are proactive in India and other parts of the world, as well as in Africa.

Mr. Thomas: I will do just that if the hon. Gentleman will bear with me. However, I wanted to answer the last part of the point raised by the hon. Member for Rutland and Melton about political will. He asked what we would do if there were problems with the attitude of a developing country Government, and Burma and Zimbabwe are classic cases. There are real concerns about the growing AIDS epidemic in those countries, and there is clearly a complete absence of political will at the top echelons of their Governments to tackle the AIDS crisis. In such cases, we have to recognise that we cannot work through existing Government mechanisms, as we can in other countries in the developing world. We have to work through United Nations organisations and NGOs, and that, indeed, is what we are doing in both countries.

The UK is already the world's second biggest donor of AIDS and sexual and reproductive health assistance. I hope that the commitments that we signalled last July, when the Prime Minister launched "Taking Action", the UK's strategy for tackling HIV/AIDS in the developing world, underline still further our commitment. In that document, we set out how the UK will respond to the challenge of AIDS by promoting a comprehensive response to prevention—hon. Members rightly said that we must continue to focus on that—treatment and care. Our response will also involve addressing the social impact of AIDS, prioritising the needs of women—as the hon. Member for Richmond Park rightly mentioned—and young people including orphans and other young children made vulnerable by AIDS. My hon. Friend the Member for Northampton, North (Ms Keeble) will make strong representations on their behalf in an Adjournment debate in the Chamber later today.

We have committed some £1.5 billion of taxpayers' money to tackling HIV/AIDS over the next three years. As part of that commitment we have doubled our support to the Global Fund to Fight AIDS, Tuberculosis and Malaria, bringing our total support to more than £250 million through to 2008. At least £150 million of that £1.5 billion will be spent on programmes to meet the needs of orphans and other children made vulnerable by AIDS.

We have given additional funding of some £36 million over four years to UNAIDS to support its global leadership role in the fight against AIDS, and we have provided additional funding of £80 million over four years to the United Nations Population Fund to support HIV prevention and sexual and reproductive health work with women. As the hon. Member for Richmond Park said, that is not least because of the growing recognition that AIDS increasingly has a woman's face, to borrow the words of Kofi Annan. We will also use some of the £1.5 billion to increase support for research into microbicides and vaccines for HIV prevention, of which more in a moment.

The hon. Member for Ribble Valley touched on our presidencies of the G8 and the EU. He rightly said that they represent a huge opportunity for us to bring the world together to make further progress on HIV/AIDS. He will be aware of the Prime Minister's commitment to

putting Africa centre stage for our discussions at the G8 summit—the Commission for Africa feeding into that process.

In terms of HIV/AIDS, we will focus on two areas during the presidency. First, we will try to make the money that is available for AIDS, and further money that we want to see become available, work more effectively. In too many developing countries there are simply too many donor missions. That ties up resources as the countries have to respond to the needs of each donor mission. We need to ensure that there is much more effective international co-ordination of our support for developing country Governments in dealing with HIV/AIDS. Secondly, we want to maintain the momentum that has begun to build up around HIV prevention.

The hon. Lady rightly paid tribute to the international AIDS vaccine initiative and the leadership of Dr. Seth Berkley, whom the Secretary of State and I have met several times to discuss the hunt for a vaccine and how we can step up efforts internationally. At the Sea Island G8 summit in 2004, the Americans rightly prioritised the need to step up our efforts. It is our responsibility as the G8's host this year to take that issue forward. There have been a series of meetings building up to our summit in Gleneagles, considering how we can find additional resources for a vaccine. It is one area where we want the European Union to show additional leadership. We are in discussions with the EU about how it might do that.

We also want to secure further support for sexual and reproductive health and rights services and further financing to accelerate development of microbicides. Again, we are talking to the EU, which has shown some leadership already on microbicide financing, to see whether it can find additional resources. On 9 March in London, we hosted jointly with UNAIDS, the Americans and France a ministerial conference: "Making the Money Work: The Three Ones In Action". Its aim was to take us towards agreement on more coherent national and international efforts to co-ordinate a more effective response to each developing country Government in the fight against AIDS, as well as looking at establishing the necessary financing framework.

The key outcomes were an agreement to mobilise funding to narrow the AIDS funding shortfall, which we currently estimate to be at least $8 billion over the next three years, with some $20 billion needed annually from 2008. Further necessary work to underpin those figures has started, as well as a process of agreeing the division of labour between the various international organisations involved in the fight against AIDS. Under the UK presidency, we shall host the global fund's replenishment conference in September, which will take place alongside a broader AIDS funding meeting, building on the "Making the Money Work" event. It aims to narrow the financing gap for AIDS. By the end of 2005, we want agreement among donors and the international system on a well co-ordinated and funded plan to tackle AIDS, so that we can move forward on all the issues that I have described.

I want to deal with some of the specific points that hon. Members have raised. The hon. Member for Ribble Valley highlighted the capacity issue, which is now the biggest challenge facing developing countries in their response to AIDS. Drugs prices were once the issue, but the Department is now working on the capacity issue. It is to provide an additional £100 million to the Government of Malawi, working with them to see what we can do to increase the number of nurses and doctors. Malawi has fewer than 30 nurses per 100,000 population, compared with 85 per 100,000 in Tanzania, and 1,000 health workers per 100,000 in Europe. That gives a sense of the scale of the AIDS crisis and the capacity gap. We are seeking to increase the funding of nurses and doctors in Malawi, in order to help to persuade them not to seek employment elsewhere, including in Europe.

Dr. Tonge: I was in Malawi a couple of years ago, when there was a 40 per cent. vacancy rate for doctors and nurses. Doctors and nurses said that they were leaving not in search of better wages—they would like to stay at home if they could—but because the hospitals and health services, such as they are, were completely overwhelmed by AIDS victims, who are left at the gates by relatives. In the wards that I saw, people slept two in a bed and two under the bed; they took it in turns to lie on the bed. What we saw, in what used to be a decent hospital, was absolutely horrific. That problem must be addressed. AIDS victims could be treated or cared for in the community if there were a community nursing structure. That would help the hospitals return to normal work, and would keep the doctors and nurses in Malawi.

Mr. Thomas: I accept what the hon. Lady says. To amplify her point, of Malawi's 29 districts, 10 have no Government doctor, and four have no doctor at all. That demonstrates the truth of her comment. We are seeking not only to pay the existing doctors and nurses more money in order to retain them in Malawi, but to expand training capacity to recruit more people and to invest more in the health infrastructure. We are also looking at what we need to do in the hard-to-reach areas, about which the hon. Member for Ribble Valley has specific concerns.

Dr. Tonge: I am sorry to dwell on this point, but it is terribly important for doctors and nurses to have some sort of stimulus when they are working in medicine and surgery, and to do something other than treat AIDS victims. When I was in Malawi, they were acting virtually as mortuary attendants. There was little that they could do, and that was the major reason for their wanting to get out. If the medical and nursing staff are to be retained, someone must get the AIDS victims out of the hospitals.

Mr. Thomas: I accept the hon. Lady's point that we must not only focus on HIV/AIDS but look in the round at health care in developing countries. Over the past eight years, we have spent some £1.5 billion on developing health systems in developing countries. Clearly, it would be nonsense if we were to focus only on AIDS. We must look at the broader picture. In that context, our programme in Malawi will be helpful, not only to tackling AIDS, but to health service capacity more generally.

The hon. Members for Rutland and Melton and for Ribble Valley referred to the numbers of people needing treatment. From June 2004, there were only 440,000

[Mr. Thomas]

people on treatment in developing countries. By December 2004, that figure had gone up to 720,000—a 75 per cent. increase—which is directly attributable to the leadership that the World Health Organisation has shown as part of its 3 by 5 initiative.

Mr. Alan Duncan: Why has the 3 by 5 initiative been such a failure?

Mr. Thomas: The initiative has not been a failure. *[Interruption.]* Let me finish the point. It has focused attention on hard-to-reach areas and on what we need to do to increase people's access to treatment. We need to recognise the very low base from which things started. I am referring to the number of people in developing countries who were on treatment when the initiative was launched. The fact that, in only six months, there was a 75 per cent. increase in the number of people on treatment is encouraging. We have some nine months until the end of 2005. It will be pretty difficult to hit the 3 million target, but I do not think that we will be far off it, and without the initiative we would not have made the progress that we have.

Clearly, as the hon. Gentleman says, more work needs to be done by rich countries working in partnership with the Governments of developing countries to get more people on to treatment. Fundamental to that is increasing capacity in the health service. An example of that is what we are doing in Malawi, which we hope will help that country.

Mr. Evans: On the point about targets, we can talk about percentages, but the real problem is that we are starting from a low base. Since the Minister has been speaking, more than 3,000 people have died of AIDS. That puts into perspective the real problem that we face. Surely we should be far more ambitious about the targets. The approach has to be unified—integrated not only within countries, but throughout the world.

Mr. Thomas: We have to have ambitious targets. Sadly, the target of 3 million people on treatment by 2005 was very ambitious, but it has focused international attention on how we get people on to treatment. The 75 per cent. increase in only six months last year is encouraging in its general direction. However, the hon. Gentleman is right: given the numbers of people who will potentially need AIDS treatment, this issue requires immediate international attention. I hope that the financing conference that we host in September and the global fund's replenishment conference will help to lever further resources into the fight against AIDS and the fight to make access to treatment more widely available.

The hon. Gentleman rightly paid tribute to the companies that are working extremely hard to give access to treatment to their staff who are HIV-positive and, in some cases, to the communities where the companies are based. He named various companies, and I shall give two examples. Diageo pledged to provide all its HIV-positive staff in Africa and their dependants with antiretroviral therapy for life. Anglo American has launched a partnership with the global fund to extend prevention and treatment programmes to local communities in South Africa. One outcome of the conference that the Caribbean countries asked us to host on fighting stigma and discrimination relating to HIV-AIDS in the Caribbean, which was held in November, was an agreement to work with the private sector more effectively in the Caribbean to focus its attention on these issues.

The hon. Member for Rutland and Melton launched an attack on the European Union that was pretty typical of what comes from Conservatives. Although the EU needs to do more to fight AIDS and poverty, we should acknowledge the considerable progress and the huge contribution that it has made to the global fund, for example. That has helped to lever in additional money.

The hon. Member for Richmond Park touched on the importance of education. I am sure that she will have been pleased by the launch at the end of January of our increase in funding for girls' education. We shall continue to work, through the fast-track initiative, to focus on countries where the challenge on access to education is particularly severe. I have touched on the hon. Lady's concerns about vaccines and the work that we shall do to step up a gear in that respect.

The only sour note in the debate was the sanctimonious nonsense about the Tory spending plans on development, and I was surprised that the hon. Members for Ribble Valley and for Rutland and Melton chose not to mention their party's dismal record on international development issues. Nevertheless, I pay tribute to the hon. Member for Ribble Valley for securing the debate. It is always helpful for us to be reminded of the challenges posed by AIDS. The hon. Gentleman asked the Government to focus specifically on what else the private sector can do, and I undertake to continue to examine that issue.

Mr. Deputy Speaker: We have finished that debate a little early, but as the initiator of the next debate and the Minister responsible for responding to it are present, we can begin it some five minutes earlier than expected.

Health Service (Northern Ireland)

3.25 pm

Mrs. Iris Robinson (Strangford) (DUP): I am grateful for the opportunity to have this debate, albeit in the dying moments of this Parliament. I again raise the issue of health, having done so at the Northern Ireland Grand Committee during the draft Budget debate. However, as the Minister who then responded was not the Health Minister, I hope for better answers today, and I am delighted to see the Minister in her place.

Health service provision is a major concern for people in Northern Ireland, because it has the worst waiting lists in the United Kingdom. As I said in the Grand Committee, the Audit Office report into the Province's hospital waiting lists, which was published last year, confirmed that Northern Ireland has the worst waiting lists in the United Kingdom. The Ulster public face longer waits to access services than patients in England, Scotland or Wales.

The latest quarterly waiting list statistics for the Province indicate slight improvements in relation to in-patient lists, which have been deemed a departmental priority. However the number requiring an initial hospital out-patient appointment continues to rise, and has almost doubled since 1998 to 164,672. In England, 1.8 per cent. of the population are on waiting lists for treatment, but in Northern Ireland the comparative figure is 3 per cent.

In seeking to improve the in-patient list, the out-patient lists are suffering. We even have waiting lists to get on to waiting lists. Greater investment in the training and recruitment of health professionals is essential and I also want to see the prompt restructuring of our dozens of health bodies to streamline decision making and enhance accountability.

Although a proposed increase of 9 per cent., up to £3.3 billion, in the current expenditure of the Department of Health, Social Services and Public Safety may, on the surface, appear generous, health service inflation continues to grow at a much steeper rate. By 2007–08, the percentage rise that direct rule Ministers have committed themselves to will be less than 6 per cent. The positive public messages from Ministers do not equate with the demands and restrictions that they are placing on senior managers away from the media spotlight.

Differential access to private health care, as well as rurality, and factors related to ability to pay, reduce the differential spend per head on health and social services. Statistics indicate that, after assessing relative needs, to provide services at a comparative level would cost 17 per cent. more per person in Northern Ireland than in England. Different levels of private health care elevate that to 21 per cent. more to achieve the same level of service. However, the Barnett formula makes no allowance for differential need.

I want to make a particular point about the quality of Northern Ireland's hospital stock, which is very poor. There is also a greater backlog of maintenance compared with that in England. Many of our hospitals are of a substantial age and require redevelopment or replacement. Imaging and laboratory equipment that is more than 10 years old needs to be replaced to improve quality, effectiveness and staff productivity, and to reduce patient delays.

Although the cost of treating the victims of 35 years of terrorism soaked up hundreds of millions of pounds from the local health budget in past years, some imagine that, because violence has significantly reduced, those extra costs are no longer being incurred. Sadly, however, apart from the many new victims requiring attention, which do not make the headlines to the same extent, the health service still has to care for the victims of the past. For instance, bomb victims still require prosthetic limbs, and many still live with the psychological consequences of terrorism. And, of course, the trauma has not stopped. I unsuccessfully sought an estimate of the costs associated with caring for recent victims of the ongoing paramilitary beatings and shootings.

I am sure that the Minister has been briefed on the fact that the local press in Northern Ireland were this morning reporting the tragedy that is waiting to happen as ambulance cover falls to dangerous levels across the Province. Union officials report that large swathes of the Province were left without sufficient cover over Easter. On Easter Saturday, the entire city of Londonderry had no ambulance crew. Staff in other divisions had to scramble around to provide personnel.

On the same night, there was no vehicle to cover the night shift in Strabane, County Tyrone, so the crew were forced to drive a minibus the fifteen miles to Altnagelvin hospital to find an ambulance. Staff from Enniskillen were sent to Londonderry to cover an area with which they were unfamiliar. A patient was transferred in a day-care vehicle in order to free an emergency ambulance. Last Saturday night in East Antrim there was only one crew covering Whiteabbey, Rathcoole and Carrick, but there should have been at least two. The depot in Downpatrick regularly takes ambulances off the road because staff are unavailable.

A major overhaul of ambulance staffing is required to ensure that each depot has the appropriate number of personnel. I trust that the Minister will address that most critical matter. I fear to contemplate what might happen were a major incident to occur while we are reliant on an unsatisfactory skeleton service.

I hope that the Minister will deal also with the question of chemotherapy drugs, which illustrates the problem of rising costs in Northern Ireland. A new regional cancer centre will open its doors at Belfast City hospital early in 2006. However, hospitals, including Belfast City, recently had to produce emergency contingency plans because of multi-million pound shortfalls. One area identified for savings was that of cancer drugs. Thankfully, an injection of cash averted the withdrawal of those vital medications, but it highlights the difficulties that we face.

Diagnosing cancer earlier, and keeping more people alive, means treating cancer as a chronic disease, with third and fourth-line drugs often being required. Experience in other countries indicates that the rapid growth in the use of chemotherapy and haematology drug-based therapies will continue. Cancer drugs are also being used more frequently for symptom control.

Chemotherapy drug costs at Belfast City hospital rose by about £3 million last year, and £1.4 million had to be found just to maintain the services currently being provided. More cancer patients are being diagnosed and treated in the Province every year. Day case and out-patient attendances at the City hospital were up by a

[Mrs. Iris Robinson]

staggering 30 per cent. in one year. We are building a new cancer centre of excellence and attempting to attract world leaders in the field to come and work in the Province, and funding is proving problematic. Cancer sufferers should be entitled to the very best treatments. It is dreadful to think that life-saving treatments may not be available to those in the greatest need because the local health service cannot afford them.

Haematology patients also have concerns. A constituent of mine, Anne Aitchison, a lovely lady, has been campaigning for many years for improved local health services. In particular, she has been promoting the provision of coagulometers. Not only would those devices benefit patients, but they would save the local health service money and time. Patients currently face a trek to the hospital warfarin clinic, and they often have to wait several hours for the results of an invasive blood test before seeing a doctor.

Regular hospital attendance can swallow up a significant part of the lives of patients whose blood needs to be checked every week; it can result in the loss of a whole day from work or education. Massive resources are used in warfarin clinics. Doctors and nurses are needed to conduct expensive blood tests, and ambulances are sometimes required to collect patients, whereas the new coagulometers can be used by patients in their own homes, and involve only a small pinprick, much like blood glucose monitoring. It is much easier to use them, especially where elderly and confused patients are concerned, than to take intravenous blood samples.

In Germany, hand-held coagulometers have been provided for approximately 100,000 patients, but in Northern Ireland, where some 1.5 per cent. of the population requires oral anticoagulation therapy, they can be acquired only by private means or through fundraising. The use of coagulometers empowers patients to take greater responsibility for their care, something that the Government have been keen to encourage. They should be made more widely available through the national health service, and I hope that the Minister will consider favourably the ongoing pleas of warfarin patients.

My party has been considering general improvements that could be made to the health service in Northern Ireland, and we aim to publish proposals in a policy document shortly. There is little direct responsibility or accountability in any tier of health care management in the Province. We need transparency in spending and detailed audit trails. In recent years, a huge amount of money has been thrown at problems, and it has disappeared without trace. There must be targeted strategies with clear responsibility and accountability. Under the 1998 Belfast agreement, the Sinn Fein Health Minister acted as she pleased, regardless of the views of the Health Committee, the Assembly or her Executive colleagues. If ever a new Executive is created, there must be more opportunities for scrutiny, and Ministers must be prevented from acting unilaterally.

The Minister will know that our health care staff perform complicated procedures in pressurised environments. However, they often feel unappreciated, and are suffering a morale problem. That must change if the national health service is to retain the cream of the health professionals, who are frustrated that they cannot deliver the optimum service. Maximum use should be made of highly trained staff. It is inappropriate for specialists to perform tasks that could be done by others who are less qualified.

Despite the new general medical services contract, general practitioners struggling to find beds for their patients feel undervalued, overburdened and unsupported. They do not have enough time to spend with patients, and that sometimes results in inappropriate referrals to already crowded emergency departments. Approximately 90 per cent. of national health service patients are dealt with in primary care. That speciality must not be allowed to suffer on account of acute care pressures.

The DUP wants to decrease administrative bureaucracy, not just to save money but also to streamline decision making and create a more efficient system. We advocate that, as a result of the ongoing review of public administration, the number of boards and trusts should be slashed to leave no more than half a dozen authorities. A single body should oversee regional services, and money must be channelled to front-line services rather than being frittered away in administrative costs. However, it is essential that the expertise developed over many years should not be lost as a result of such rationalisation. A co-ordinated health care network must develop, and replication of services must cease.

Significant investment is required in order to improve efficiency in the service. We advocate increased funding, in excess of the Barnett formula, to ensure that those in the Province receive a standard of care that not only matches the best found elsewhere in the United Kingdom, but relates to need. We are talking not just about providing extra beds but about finding more staff, which will lead to an improvement in hospital services. We urge the provision of more radiographers and extra physiotherapists, occupational therapists and speech therapists, and we would like more doctors and nursing staff to be trained locally.

We should invest in areas in which improvements are most likely to result in reduced spending in future. We must think holistically about the impact of ill health on our society; that includes the costs of long-term care, benefits and absence from work. There are insufficient residential, domiciliary and nursing home places and, of those that exist, a large proportion are nursing home places, which are the most expensive. At any one time in the Province, there are 400 individuals blocking beds in Northern Ireland hospitals because the resources do not exist in the community to support them. That contributes to access difficulties at the opposite end of the hospital admission cycle. A concerted effort must be made to remove that persistent brake on the system.

We have to plan for our ageing population. People are living longer now, which means a growing demand for health care among the elderly. More patients require treatment for conditions such as fractured hips, dementia and strokes. Our health service has been consistently overstretched for a number of years. That cannot continue indefinitely without repercussions. Rapid patient turnover contributes to rising levels of health care-acquired infections such as MRSA. Patients, including the infirm or disabled, and particularly their relatives, are fearful of their even going

into hospital in case they come out in a worse condition than when they went in. That is totally unacceptable in today's age.

Aside from the threat to life, those acquired infections have massive resource implications for the health service. The Government must clearly address that issue rapidly. The capacity levels at which our hospitals consistently operate also raise questions about how we could cope if there was a major outbreak of influenza or an unpredicted pandemic. We must ensure that we have and maintain a sufficient stockpile of antiviral drugs for such an eventuality. I would be interested to hear from the Minister what level of preparedness exists in Northern Ireland.

I have previously expressed concerns regarding the contracting out of cleaning services at local hospitals. There must be appropriate regulation centrally of standards of cleanliness in each trust.

Individuals should be encouraged to adopt greater personal responsibility for healthy living, particularly in relation to diet and exercise. There still needs to be greater awareness of the danger and effects of binge drinking, smoking and illicit drug use. I strongly support a comprehensive ban on smoking in public places, which should be introduced with immediate effect. Another issue that concerns the general public is the difficulty patients and their relatives have in accessing details about their condition or treatment. Those on waiting lists should be provided with the best possible indication of when they are likely to be called for treatment. Uncertainly only exacerbates their ill health. Greater health service transparency would be welcomed.

Conditions such as diabetes are rapidly becoming more common. Many such illnesses do not attract media headlines, but lead to lifelong suffering for those affected. The long-term costs are very high when people with those conditions deteriorate. I contend that early and best treatment is not only best for the patient but for our economy. Equally, new anti-TNF medications have the potential to transform the lives of the most severe sufferers of rheumatoid arthritis. Such patients could return to or remain in work if more of those drugs were funded. Let us ensure that that medication is distributed where needed, rather than on a postcode basis.

Mental health and learning disabilities have traditionally been underfunded. The child and adolescent psychiatry service in the Province requires major improvement, particularly given the large number of suicides among young people in Northern Ireland.

This Government maintain that, alongside education, health is one of their greatest priorities. The public in Northern Ireland have not seen the improvements over the past four years that they would like to have seen. It is to be hoped that whoever has responsibility for the Province's health after the election will do everything that they can to ensure that the people of Armagh, Antrim and Ards are treated exactly the same as those anywhere else in England, Scotland or Wales.

3.44 pm

The Parliamentary Under-Secretary of State for Northern Ireland (Angela Smith): I am grateful to the hon. Member for Strangford (Mrs. Robinson) for raising the issue of health service funds in Northern Ireland. I apologise for not being available to answer her questions in the Committee. I am sure that she understands that I always make a great effort to answer the many questions that she asks, and am happy to do so. I hope that my colleagues were able to deal with her queries.

The hon. Lady is right to say that, like other health services, health and personal social services in Northern Ireland has had to cope with the combined effect of increasing demands, increased public expectations and the high cost of new technologies. Given the pressures, the service has responded well to those demands, and I praise the staff. On each visit I have made to every hospital, care home and other institution in the health service, I have had nothing but praise and admiration for the work the staff do, sometimes under pressures that we are doing our best to alleviate but which are not acceptable. I hold the staff in the highest regard for the work that they do.

Demand for health and personal social services varies across the UK, but we have to recognise that there are high levels of need in Northern Ireland. To start with, it concerns me that general health is worse across Northern Ireland than it is in England. The morbidity and mortality rates for major disease risks are among the worst in Europe. There is a high level of severe disabilities and I have no doubt that 30 years of conflict—euphemistically called the troubles—has had an impact on people's mental health. That is sometimes not recognised until it manifests itself in some physical way, but it is a pressure that must be recognised.

I am also concerned that injuries from road traffic collisions in Northern Ireland are higher than anywhere else in the whole of the UK, which creates additional pressure on hospital admissions. The way to tackle that is by reducing the number of collisions that take place, reducing the number of people who are killed or seriously injured. The hon. Lady will be aware of the efforts made by the Department of the Environment, and as the Minister responsible for road safety I have made a particular commitment to reduce those numbers. There have been some successes but not enough notice has been taken of the messages we have put forward.

In all those areas demands will continue to increase. There have been technological developments and medical advances but Northern Ireland will also be affected by the growth in the elderly population. There is a projected growth of 52 per cent. over the next 20 years compared with 41 per cent. in the UK as a whole.

Having outlined where there are difficulties, which the hon. Lady has done as well, it is right to outline some of the achievements. We should look particularly at the areas of improving health and reducing waiting times. I am always loth to talk just about reducing waiting lists; I do not think that people care much how many other people are on the list. It is a question of how long it takes someone to get the treatment they need.

I want to look at what is being achieved. I am sorry that the hon. Lady said that money has been wasted and that people have seen no response. I dispute that. Although there are enormous pressures, a lot has been achieved and staff work particularly hard to see the results of the investment put in. I can tell her that since

[Angela Smith]

1997–98 the volume of hospital in-patient and day case activity has increased by 17.5 per cent. More people are being treated.

Community care packages are particularly relevant when we refer to bed blocking. That is not a phrase I like to use; I think delayed discharge is more appropriate. The person in that bed would probably welcome the opportunity to be moved from hospital and have a proper care package. The phrase "bed blocking" can be detrimental to them. The number of community care packages increased by 36 per cent. between March 1998 and March 2004. The average length of stay in hospital has reduced by 10 per cent., allowing better use of hospital beds, and the throughput per bed in the acute hospital sector has increased by 17 per cent. Again, more people are being treated.

Comparing 1997–98, when we first came into government, with 2003–04, the day case rate has increased from 25.5 per cent. to 31.3 per cent. That means we have got people through hospital more quickly to allow others to have operations. In relation to general health issues, between 1998 and 2002, life expectancy has increased in Northern Ireland by 1.3 years for males and 0.9 years for females.

The hon. Lady did not mention oral health in her comments, but she has put questions to me on that before, and I know that she has interests in that area. Oral health is still very bad, but it has improved significantly for both adults and children. From 1979 to 1998, the proportion of adults without any natural teeth fell from 33 per cent. to 12 per cent. and over the past 20 years, the average number of decayed teeth per 12-year-old child has dropped from 4.8 to 2.7. Looking at the health cost weighted activity index, we see an increase in health output. People are getting generally healthier; we are moving in the right direction.

Among the key reasons have been the financial priority given to the needs of health and personal social services in recent years, as well as the financial stability of boards and trusts, and the ways in which they have operated. The hon. Lady said that she wanted the treatment of Northern Ireland to approach closer to equality with England. As to outcomes, I agree; but I do not think that the hon. Lady would agree about that in relation to financing, because current Treasury figures show that expenditure per head of population is 12 per cent. higher in Northern Ireland than in England.

Health needs remain Northern Ireland's top priority when resources are allocated across Departments. That is reflected in the increase in spending of nearly 25 per cent. in the past three years, and the planned growth of more than 23 per cent. for the next three years. That planned increase over the next three years can be compared with other Northern Ireland Departments. In health and personal social services, the increase will be 9.5 per cent., 6.8 per cent. and 5.3 per cent., and across other Departments the figures will be 6.6 per cent., 4.9 per cent. and 4.3 per cent. The financial uplifts will be £290 million, £230 million and £188 million.

Much of the increased funding will be required to meet the cost of reforming the pay and conditions of practically all staff, under "Agenda for Change", the general medical services contract and the consultants' contract. Those pay deals are significantly higher than the cost of inflation, because they are intended not only to make the health service more competitive in the job market and properly to reward the staff, who make a tremendous contribution, but to facilitate increased flexibility in working patterns and the redesign of existing jobs. The result is improvements in quantity and quality of work. Our biggest asset, in health and personal social services, is the staff we employ. I make no apologies for the fact that the increases are going to the staff, who are the people who make the difference.

The increases in funding also bring several new developments into play, including the cancer centre that was mentioned, the acquired brain injury unit, the medium secure unit, redevelopments at the Ulster hospital and the Mater advanced wards. There will be additional capacity at Antrim hospital and—I am pleased that the hon. Lady mentioned this point—the regional centre for adolescent psychiatric inpatients. The hon. Lady will know what heavy pressure there has been on that service, and I have, with officials, been considering ways to meet the very heavy demands, and to adopt perhaps broader and more holistic ways of thinking about the pressures on young people, which in some cases lead them to feel that the only way forward is to make an attempt on their life. We want to improve services and think more holistically about the range of services available to young people.

Specific resources will also be ring-fenced for a range of specific service developments, including the improvement of foster care, the introduction of improved child protection arrangements, renal, cancer and cardiology services, support for carers, further enhancement for ambulance services, which, we recognise, is needed, and additional medical students; the last point is relevant to the issue of staff that has already been raised.

The hon. Lady specified the need for capital investment. I do not know if she is aware of the moneys that are being made available through the Budget statement; however, resources totalling nearly £600 million were made available for capital developments in health, social services and public safety, for the incoming budget period 2005 to 2008. That will continue the major hospital modernisation programme set out in "Developing Better Services", alongside a range of continuing regional and local developments, including primary and community care, learning disability and residential child care. Further phases of development programmes at the Royal Victoria, Ulster and Altnagelvin sites will continue, and planning and enabling work for new hospital modernisation schemes will be taken forward; that will include the new south-west hospital, redevelopment at Craigavon hospital complex and expansion at Antrim.

On examining the figures and the spending increase I do not find it acceptable that spending that is 12 per cent. higher than spending in England does not give good or better quality outcomes for patients. I do not think that it is enough to say that Northern Ireland experiences greater pressures and that the only answer is to spend more; we are spending more. Clearly something must be done about how we spend the money more wisely. I want every penny to count, in the interest of patients. We need to undertake a critical review of the matter.

The hon. Lady will be aware of the Appleby report. We have asked Professor Appleby of the King's Fund to conduct a review of health and social care provision across Northern Ireland. Similar reviews have been carried out in England and in Wales.

The review will consider how the money is spent. It may have other terms of reference, but I am confident that it will highlight the ways in which we can use the money that we have more effectively and, if additional spending is needed, how we can use that most effectively. We need to consider current demand in relation to the funding available and decide whether we are doing the best for patients with the money available.

The hon. Lady also mentioned the structures of the health and social services, which sometimes strike me as overly bureaucratic. A point was made about transparency. The staff do the best that they can but the structures hamper them in many ways.

The review of public administration is open for consultation and addresses many of the points that have been made by ensuring that we have a structure that is commensurate with the work that is to be done and that does not overburden staff, officials and others who are trying to provide a better health service.

I hope that those two points will address the hon. Lady's questions and will show that they are being taken very seriously. We have every intention of ensuring as quickly as possible that we have the best possible structures to secure the best possible outcome.

As far as modernisation, reform and efficiency are concerned, we want the same targets for health and social services as we do for other parts of the public sector. The challenge is not simply to spend more but to spend more wisely. What is most important is the outcome for patients. Unless we achieve the necessary outcomes, we are not doing them the service that they need with the money that we have available.

The hon. Lady asked about pandemic preparations. I assure her that the Department has done a considerable amount of planning for some time and continues to do so. A supply of antiviral drugs has been obtained and currently amounts to more than 4 million, which is equivalent to the number of antiviral drugs available in the other parts of the UK.

The hon. Lady also mentioned a smoking ban, which is close to my heart. The consultation on that closed on 23 March. As she will appreciate, there has been a considerable amount of interest in the issue and a range of opinions has been expressed. We are going through all the responses to ascertain the balance, and I will report back in due course.

I do, however, urge a word of caution. There is a view in some quarters that a smoking ban solves all health problems caused by smoking. It does not. Even if we had a smoking ban, we would still need to pursue our current strategy: the tobacco action plan. Such a ban is all very well for people who smoke in public places, but many people smoke in their own homes and with children around. Smoking must therefore still be addressed, regardless of any smoking ban.

I can tell the hon. Lady that £400,000 of additional funding is being provided in the 2004–05 Budget for the ambulance service. The same amount will be provided in the following Budget.

Staffing issues are serious and have been a problem for some time. The amount of additional support that is being given through the "Agenda for Change" to provide better support, salaries and training for staff does make a difference. I am optimistic that that addresses the problem, although I do not underestimate the size of the problem. Work has been done through the "Agenda for Change" to address the sorts of problems to which hon. Members referred.

More places are also being provided for medical students. Some 81 places have been created at Queen's medical school this autumn, which is a 50 per cent. increase in the number of medical students in only two years. The hon. Lady also mentioned specialist drugs, and I assure her that additional funding is being found to try to address the increasing needs.

I hope that our discussion of a range of issues has shown that much planning has been done to ensure that we meet the demands of the health service in the 21st century, and that we are doing our very best within the Budget to meet the increasing demands that have been placed on us. We must decide whether we are spending our money wisely enough, whether we can do more and whether we can do some things better. All those questions are constantly under review to give us the best possible health service.

Mr. Deputy Speaker (Sir Nicholas Winterton): We now move to the last debate, which was initiated by the hon. and learned Member for Dudley, North (Ross Cranston). I hope that I may be permitted from the Chair to wish him well when he leaves the House at this election. He has served the House well for three years as Solicitor-General, and we honour and respect his decision to leave.

Whistleblowing

4 pm

Ross Cranston (Dudley, North) (Lab): Thank you, Mr. Deputy Speaker. I am grateful for your kind remarks.

First, I declare my interest as a former trustee and chairman of the whistleblowing charity Public Concern at Work. Secondly, I apologise to my hon. Friend the Minister for the Cabinet Office for dragging him here this afternoon. I know that he has many other important and pressing matters on his plate, but I hope to make it clear that this issue is important and affects matters for which my hon. Friend has responsibility and in which he has taken a close interest both before and since he entered the House, particularly the need to regenerate civil society.

This issue demands and deserves to be revisited at this time. I particularly want to raise the question of where it best sits in the machinery of government. I am pleased that the Government have done a great deal to advance whistleblowing, particularly by supporting the Public Interest Disclosure Act 1998, to which I shall return, and by advancing the interest in Government.

It may help if I briefly explain the background to the Act. The idea of legislation on whistleblowing was first raised by my hon. Friend the Member for Cannock Chase (Tony Wright), who is beside me, in 1995. A private Member's Bill was introduced the following year by my hon. Friend who is now the Under-Secretary of State for Wales. Unfortunately, the Bill did not reach the statute book because it was opposed by the then Government. However, its practical approach secured the support not only of business and other key interests outside the House, but of my right hon. Friend the Prime Minister in an important speech that he made in 1996.

The Act was introduced as a private Member's Bill shortly after the 1997 election by the hon. Member for Aldridge-Brownhills (Mr. Shepherd), who is here today. He was a strong and long supporter of the measure, and it was his fortitude that got it on to the statute book; I pay tribute to him for that. With the support of the Government and the formidable help of the Minister without Portfolio, my right hon. Friend the Member for Makerfield (Mr. McCartney), who was then a Minister at the Department of Trade and Industry, the Act was one of the first measures to be enacted by the Labour Government.

I set out that sequence of events because it explains several things. First, it shows that the Act neither emanated from nor passed through the ordinary machinery of government as a Government Bill would. Of course, it remains central and at the cutting edge of the developing relationship between Government, business and civil society, and I believe that the interface between those different conceptual interests is especially important to much of what the Government are doing.

Where the Act has been promoted and understood as a cultural measure, it has been a success, and it retains the support of all key interests. Abroad, it has become an international benchmark and Public Concern at Work has assisted Governments in countries as diverse as Japan, the Netherlands and South Africa in adopting and implementing the same legislative approach to accountability and the public interest. In fact, my hon. Friend the Minister will be interested to know that, in Japan, the Cabinet Office is responsible for almost identical legislation, because it is seen primarily as impacting on quality of life.

In this country, because of the history that I have outlined, the 1998 Act is part of employment legislation. Therefore, responsibility for it in the Government falls on the individual rights section of the employment relations unit in the Department of Trade and Industry. The result is that the Department with responsibility for the legislation cannot readily view it as a governance or cultural measure, which I have argued is the right way to see whistleblowing. The promoters of the 1998 Act certainly saw it as an employment rights measure, but they regarded it primarily as one dealing with governance and institutional culture.

Inasmuch as the 1998 Act is a cultural or governance measure, the promotional task is undertaken not so much by the Government, who see whistleblowing as an employment rights issue, but by the charity Public Concern at Work. The charity's work has enjoyed the support of leading companies, regulators, trade unions and various Departments, particularly the Department of Health. The charity has unrivalled experience of providing people unsure whether and how to raise concerns about wrongdoing with free advice. It has also helped organisations in the public, private and voluntary sectors to reap the benefits of a whistleblowing culture. I pay tribute to the charity's dynamic director, Guy Dehn.

I am grateful that the Minister is responding to this debate, because it is becoming apparent, I hope, that he is particularly well placed—through his position in the Cabinet Office and the more important positions that I am sure he will assume after the election—to ensure that the notion of whistleblowing as a feature of governance and institutional culture will become an important part of Government policy. I do not want to overstate the case, but the Government can help and guide people when they confront a whistleblowing dilemma in their personal life or their employment. If people are concerned about fraud, wrongdoing or health and safety abuse, they need guidance. The Government need to provide that to them.

On the wider significance of whistleblowing, I can do no better than quote from Dame Janet Smith's recent report into the murders by Dr. Harold Shipman. Dame Janet concluded with a crucial point:

> "I believe that the willingness of one healthcare professional to take responsibility for raising concerns about the conduct, performance or health of another could make a greater potential contribution to patient safety than any other single factor."

Whistleblowing is about empowerment, as she makes clear when she summarises the value and dilemma that it poses:

> "The raising of genuinely held concerns about issues of public importance is to be encouraged. The public interest may be served in many different ways, such as by the prevention or detection of crime, by the prevention of accidents or by the protection of the public purse."

Barriers to whistleblowing include

> "the fear of being seen as a troublemaker or 'maverick', the fear of recriminations and a feeling of impotence grounded in the belief that, even if the report is made, nothing will be done about it."

To help to address that dilemma in the health service, Dame Janet recommends greater awareness among both the health service work force and the general public of the role that whistleblowing can play. She also recommends the increased availability of confidential guidance to those who are faced with a whistleblowing dilemma.

One simple but important way in which the Government can foster an empowering culture is to accept the recommendations set out in the recent report of the Committee on Standards in Public Life. In an authoritative review of how whistleblowing is working, the Committee emphasises that an organisational culture that encourages the raising of concerns about wrongdoing is one where the principles of public life can far more readily take root. That, it says, is because the contribution that whistleblowing can make to an organisation's internal culture is as

"an instrument of good governance and a manifestation of a more open culture."

As we all know, that in turn informs trust in government.

The Committee's report "emphatically endorsed" the approach of Public Concern at Work and recommended that the leaders of public bodies commit their organisations to several key elements of good practice. Those include ensuring that staff are aware of and trust the whistleblowing avenues; providing realistic advice on what that process means for openness, confidentiality and anonymity; continually reviewing how the procedures work; and regularly communicating to staff the avenues open to them.

The recommendations are practical and sound, and they commend themselves because they will help ensure that when people face the whistleblowing dilemma they have the necessary guidance. I would be delighted to hear from my hon. Friend that the Government endorse the Committee's recommendations. I hope that he will have no difficulty in endorsing the practical approach that the Committee takes towards the role that whistleblowing can and should play in not only promoting good governance but empowering people with the confidence to inform, influence and involve themselves in events close to them.

A second recommendation that the Committee has made on whistleblowing also impacts on the work of the Cabinet Office, although it is about that part that informs and improves the role of regulation. The Committee recommends:

"All regulators should review their procedures for handling whistleblowing by individuals and bodies under their jurisdiction, drawing upon good practice."

That meshes well with the recommendations made to my right hon. Friend the Chancellor in the Hampton review about refreshing—if I may use the jargon—regulatory cultures.

Today I raise the policy issues that impact on and will greatly benefit from a greater understanding of whistleblowing. The issue raised by Dame Janet relates specifically to health; another raised by the Hampton review relates to regulatory cultures; and possibly the most important issue relates to standards across public life. Conceptually speaking, whistleblowing is a fine example of civil society working successfully with business and government. My concern is that the issue is not best placed in the machinery of government while it remains in the employment rights unit at the Department of Trade and Industry. That is no criticism whatever of the DTI, but of necessity. Due to whistleblowing being placed there, it is considered to be an issue of individual employment rights.

The Committee rightly concluded:

"The statutory framework in the Public Interest Disclosure Act 1998 is a helpful driver but must be recognised as a 'backstop' which can provide redress when things go wrong, not as a substitute for cultures that actively encourage challenge of inappropriate behaviour".

The Shipman report recommends that the Act be amended, and I hope that, in that context, the more general issues that I have raised about the future of whistleblowing will be addressed.

Mr. Deputy Speaker (Sir Nicholas Winterton): I should advise the Chamber that two Members—the hon. Members for Aldridge-Brownhills and for Cannock Chase—have sought the permission of the initiator of the debate, the Minister and the Chair to participate briefly.

4.15 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): In the few minutes that I have, I would like to add my sentiments to those expressed by you, Mr. Deputy Speaker. It is a great privilege and honour to follow the hon. and learned Member for Dudley, North (Ross Cranston). His honesty, candour and sheer decency as a fellow representative of the west midlands will be sorely missed by members of all parties and of no parties in our region. His work on this subject has been of enormous importance.

I am not certain what the hon. and learned Gentleman meant when he spoke about the important position of the Minister after the election; I do not know whether it is an indication that he is retiring and seeking pastures new or whether, if my party is right, he is taking up a Front-Bench position in the Opposition.

Perhaps the greatest whistleblower that I have had the privilege to meet and know is the Japanese ambassador to Britain. He was a senior official in the Japanese Foreign Ministry, and he blew the whistle on his Foreign Minister. She was the daughter of a former Japanese Prime Minister and an enormously popular figure in Japan. The culture in Japan—a culture that prevails in much of the world—was that anyone who cites a wrong or brings it into the open is risking their job, and in the way of these things, he ended up in London in a distinguished post for a think-tank. However, the world rights itself sometimes, and, as I said, he is now Japan's ambassador to the United Kingdom.

The case that by his actions the now ambassador raised was important. Japanese public opinion came to understand that there was a deep wrong—a malaise in the Foreign Ministry that many thought was part of the signature of Japanese culture. His act—painful and difficult for him at the time, but by his honour necessary—helped change a climate of opinion in a Japan that wanted to modernise. I would like to think that senior officials in Government Departments would occasionally speak up here, but that takes me beyond the brief.

[Mr. Richard Shepherd]

What is important is the recognition of good governance and of the fact that there is a public interest in a wider circle of people understanding the ethical basis on which Government, the administration of great companies and the actions in little businesses all help to elevate the standard of and belief in propriety across the nation. That is why people such as the hon. and learned Member for Dudley, North and my colleague and neighbour the hon. Member for Cannock Chase (Tony Wright) have laboured long to bring about the legislation. It is a merit that the Government supported the measure and introduced it, allied with the other great measure that complements and reinforces it: freedom of information. I hate the word "empowerment", but these measures lift a society. We are equal citizens, and we believe in an ethical, good and just society. That is the principle behind the work.

In the natural British way, we look to institutions. We have the distinguished work, to which the hon. and learned Gentleman referred, of the Committee on Standards in Public Life. The recommendations are clear and worth while.

Part of the difficulty that I have encountered over recent years is the tenacity with which the Department of Trade and Industry views the measure as merely an employment measure. That is limiting and gives rise to suspicions in people's minds. The principle behind the Act, which, as I said, was supported by the Government, was to raise a standard, not to be a backstop for compensation for a wrong. People that have suffered a wrong must be entitled to some form of compensation, but we have moved on to different ground and, therefore, I want to reinforce the structural point that the hon. and learned Member for Dudley, North made. As in Japan, the matter should be right at the heart of Government. The responsibility would sit better with the Cabinet Office than the DTI.

If we are to tackle these areas of difficulty in public and private life—private individuals are affected as well, and the Shipman report echoes this message—the Minister should endorse the proposals and recommendations of the Committee on Standards in Public Life and argue within Government that this is the instrument by which they can effect the purposes behind the Act.

4.21 pm

Tony Wright (Cannock Chase) (Lab): I rise briefly to do two things. First, I join the tributes to my hon. and learned Friend the Member for Dudley, North (Ross Cranston), who is my office neighbour. The House will be hugely deprived of his expertise. I have been inspecting his rubbish in the corridor, and this morning among the things that he was throwing out I came across a huge volume entitled "The Legislative Enactments of the Democratic Socialist Republic of Sri Lanka". Not many people, when they clean out their office, can dispose of volumes of that quality and character. He will be hugely missed, and I shall miss him as an office companion. It is entirely appropriate that he should have secured this debate on whistleblowing for what may be his swansong in the House.

Secondly, those of us who played a role in the genesis of the whistleblowing legislation never saw it as a narrow employment rights measure; we always saw it as a measure that would transform the governance of public and private organisations. In so far as it has been narrowed into an employment measure, that is understandable but regrettable. However, report after report now states that we must think more widely about whistleblowing. The Shipman report is only the latest report to say how crucial the role of whistleblowing is in the good ordering of organisations. The Government will always take huge credit for having ensured that the measure came on to the statute book. After the election, I hope that they will revisit the measure and think about how to carry it forward so that it can genuinely become the basis for a cultural revolution.

4.24 pm

The Minister for the Cabinet Office (Mr. David Miliband): It is a pleasure to follow my hon. Friend the Member for Cannock Chase (Tony Wright). As he began to talk about a cultural revolution, it might be time to revive some old Maoist songs, but this is probably not the occasion to do so. I feel like a pygmy in the presence of three giants of good government and legislative reform. They should all have the thanks of not only the whole House, but the whole country for the work that they have done together and separately.

I add my sorrow at the departure of my hon. and learned Friend the Member for Dudley, North (Ross Cranston) but also my gratitude for the enormous contribution that he has made in his eight years in the House. As you pointed out, Mr. Deputy Speaker, he served as Solicitor-General and made a signal contribution, especially in respect of youth justice, in which he took a particular interest. He has also been on the Standards and Privileges Committee. Fortunately, I have never had to appear before him, but I am sure that he performed that role with distinction.

It is important to put it on the record that as a Minister and as a Back Bencher, my hon. and learned Friend worked hard to secure better compensation for vaccine-damaged children, an issue to which he has devoted enormous energy. Whether it be academia, the world of finance or the world of the law, their gain is our loss. I am sure that we have not heard the last of him.

I want to make a few points in the short time available to me. I am glad that the hon. Member for Aldridge-Brownhills (Mr. Shepherd) linked the Public Interest Disclosure Act 1998, on which we are focusing today, and the Freedom of Information Act 2000. He is right that they go together. I share the view held by my hon. and learned Friend that the passage on to the statute book of the Act in 1998 with wide support put whistleblowing on a new footing. The background to the Act has been sufficiently dwelt on, and I will not stick with it. However, it is significant that American campaigners should have described it as

"the most far-reaching whistleblower law in the world".

That is important.

As world leaders, we have no room for complacency. The legislation covers the private and public sectors and encourages employers and employees to co-operate in dealing with problems. It is a matter of good governance and good government. All three hon. Members raised the issue of the relationship between the Cabinet Office and the DTI. I hope that I will not disappoint them unduly if I say that I am not going to announce

machinery of government changes now. However, I do want to address head on their central point in calling for such changes, which is that whistleblowing is not a matter of employment law but one of culture. The Government agree. The need to build organisational cultures is a responsibility of central Government, as well as individual Departments.

In such a context, we should welcome the fact that there is agitation from outside this House, notably from Public Concern at Work. I applaud the work that has been done in civil society. Public Concern at Work has worked on the issue for many years and deserves credit for what has happened. However, the machinery is less important than the commitment. I have been impressed in my short time in the Cabinet Office to have discovered just how much the Cabinet Office is doing to promulgate a culture in the civil service that we would all support. The core values of the civil service are not merely set out, but there are procedures for individual civil servants to raise concerns. That sets the broader context for the conduct of civil servants.

It may be of interest to all three hon. Members to know that nominated officers have been identified in each Department, who act in that capacity in addition to their normal duties. They are directly responsible to the permanent secretary and are there to advise individual members of staff on the interpretation of the civil service code, on how to resolve a concern related to the code and on how such a concern can be taken forward through departmental procedures and, if requested, to pass concerns on to the appropriate point in the Department if they are satisfied that the matter falls within the scope of the code. The work is proactive and it betokens the significance of the cultural changes that my hon. and learned Friend is talking about.

My hon. and learned Friend also mentioned the health service. The NHS has been working with Public Concern at Work to promulgate the whistleblowing guidance first issued in September 1999, stating that every NHS trust and health authority should have in place policies and procedures that comply with the 1998 Act. A policy pack was issued to all NHS employees—all 1.3 million of them—in July 2003, specifically tailored to the needs of individual GPs and their staff, as well as hospital staff.

With respect to the Committee on Standards in Public Life, I am happy to agree that its report is thoughtful, serious and common-sensical—practical, I think the hon. Member for Aldridge-Brownhills said—but the extent of my enthusiasm for the recommendations cannot yet go as far as announcing the Government's conclusions on the reports. That is a matter for cross-departmental work, which is ongoing. However, we recognise the importance of the recommendations and are committed to taking them seriously. We will report back to the whole House as soon as possible.

On that note I thank you, Mr. Deputy Speaker, for the tenth or eleventh time in this Parliament for overseeing business with which I have been involved. I conclude by thanking my hon. and learned Friend again for raising the issue.

Question put and agreed to.

Adjourned accordingly at half-past Four o'clock.

Westminster Hall

Wednesday 6 April 2005

[MR. EDWARD O'HARA *in the Chair*]

Tax Credits

Motion made, and Question proposed, That the sitting be now adjourned.—[*Mr. Jim Murphy.*]

9.30 am

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I am delighted to have secured this debate and to be able to highlight problems that are causing misery and hardship not only in my constituency but, judging from the number of Members in the Chamber, in all constituencies. Citizens Advice Scotland sent me a briefing earlier this week saying that the problem is causing real hardship. It also said that the problem is working against both the Government's policy of social inclusion and against the Scottish Executive's policy on debt relief and debt help in Scotland. Citizens Advice has also produced a leaflet; I do not have a copy, but I understand that it is entitled "Debt Problems and Tax Credits".

I start by stating what it is that I seek to achieve this morning, and what it is that I do not seek to achieve. I say immediately that I do not seek to question the policy of tax credits. Indeed, I welcome the real help that the policy has given to many of my constituents; many hard-up families are undoubtedly better off for it. I appreciate the help that the system has given them. No; I seek to highlight what I believe to be a serious deficiency in the administration of the policy, which is causing severe hardship to a small but significant number of my constituents. That small number of people have just as much right to be properly treated by the system as those for whom there has been no problem.

I shall focus on the question of overpayment. I am not speaking of overpayments that have come about through any fault of the claimant, nor those that have resulted through fraud or attempted fraud. I speak only of overpayments caused by Revenue error. Overpayments can come about in a variety of ways. For instance, income might have risen by more than £2,500 during the tax year, but the claimant did not inform the Inland Revenue; or the claimant did not inform the Revenue of a change of circumstances; and the information supplied by the claimant could have been incorrect. Lastly, it could be caused by official error—a miscalculation on the part of the Revenue. It is on that last point that I shall focus.

I draw attention to two points. The first is that when claimants have done everything in their power to advise the Revenue of a change of circumstance or have said that they think something has been done badly or incorrectly, the system, like some Orwellian photocopier, keeps churning out awards and demands and completely ignores the contact that the claimant has made. The second is the sheer volume—

David Taylor (North-West Leicestershire) (Lab/Co-op): I do not want to anticipate the hon. Gentleman, but I wonder whether he would include in that list of examples the steady stream of families that return money that they are pretty certain they are not entitled to, only to be reassured that it is part of their entitlement—and then, to their chagrin, they are landed with an overpayment assessment at the end of the year. Such circumstances are difficult to understand.

John Thurso: The hon. Gentleman puts his finger on one of the main problems that I seek to address today. I have confined myself to three examples, but I suspect that hon. Members on both sides of the House will have 20, 30 40 or even 50 examples in their caseload. The problem is that people have recognised that they have been overpaid and have sought to give the money back. In one of the cases to which I shall refer, a lady tried to repay the money by cheque and was told that there was no facility for receiving it. Ultimately, after having insisted and been told that the money was hers, she eventually spent it. Such people find themselves in hardship and debt as a result.

The second point is the sheer volume of errors, either human or computer, that now seem to occur within the system. I begin by asking the Minister some simple questions. First, is not the credit system designed to help those who are worst off and most dependent on help? Secondly, are not those people, by the very nature of their circumstances, among the most challenged? They often live in the most difficult circumstances, and the system should be a lifeline, rather than a torpedo. Thirdly, is it reasonable to expect such people to second-guess a system whose complexity is such that even trained accountants and Revenue personnel find it difficult to understand the problem at the heart of each case?

The problems first started to come to my attention several months into the 2003 financial year. There was a steady stream of complaints from those who had previously received working families tax credit. As a result of the migration from that credit to the working tax credit and the child tax credit, one or other of the two entitlements was getting lost and families were suffering. At the time, I put that down simply to a change in the system and I did my best to deal with the problems, as I am sure that other hon. Members did.

At this point, I must pay tribute to those who work on and service the hotline for MPs, because my office and I have had a phenomenal service from them. They have taken tremendous care and made a great effort. Sometimes, they have been on the telephone with my office for more than an hour at a time, and they have worked hard to make corrections and issue emergency awards to relieve hardship. In a way, it is a testimony to the difficult nature and depth of the problem that, notwithstanding their effort, I have had to refer so many cases to Ministers.

Over the past year, the issue of overpayment has come very much to the forefront of my work. In the overwhelming number of cases that have been brought to my attention, the error has occurred when claimants' circumstances have changed. For example, one partner has gone back to work, or the wife has come off maternity leave. The claimants have notified the changes to the Revenue, which has noted the additional income for the spouse who has gone back to work, but it has somehow deleted the income for the spouse whose circumstances have remained unchanged. That seems to be one of the root causes of the problem.

[John Thurso]

In a parliamentary question, I asked the Chancellor

"how many (a) working and (b) child tax credit award notices issued to couples in 2003–04 omitted the earnings of one of the partners resulting in an overpayment which the Revenue is now seeking to recover".

The Paymaster General started her answer with the helpful comment:

"The information requested is not available."

She then went on to say:

"The Inland Revenue is aware of a small number of occasions in 2003–04 when a tax credit award notice omitted the earnings of one partner. No separate records are available of precisely how many cases were involved."—[*Official Report, House of Commons*, 1 March 2005; Vol. 431, c. 1064W.]

On 10 January, the Paymaster General made a statement in answer to another question. She said:

"By the end of December 2004 about 78,000 taxpayers had returned Form TC846, or had otherwise been recorded as requesting the write-off of their overpayments on grounds of official error. About 41,000 requests had been decided by that date, and about 1,600 families had their overpayments written off for that reason."—[*Official Report, House of Commons*, 10 January 2005; Vol. 429, c. 129W.]

Pursuant to my earlier question, I asked further

"whether the omission of earnings of one partner on tax credits awards issued in 2003–04 occurred as a result of (a) human processing error and (b) a computer systems failure."

In response, the Paymaster General said:

"This error occurred when staff did not follow the correct procedure to update the tax credits computer system with more recent information".—[*Official Report, House of Commons*, 4 April 2005; Vol. 432, c. 1176W.]

That was the critical part of her answer, which changes the nature of the problem, from a software or computer problem, for which the Revenue had agreed to waive the overpayment, to a human error, for which the Revenue will not make payment. That might explain why, of the 78,000 taxpayers returning the form and the 41,000 requests decided, a mere 1,600 people had their overpayments waived.

David Taylor: Does the hon. Gentleman endorse the view of a number of organisations campaigning on the issue that the right to recover overpayments resulting from official error ought to be ended and, rather wider of that point, that there ought to be statutory tests for recoverability, which should not operate in a framework that owes too much to the discretion of the individual assessing the case?

John Thurso: I agree with the hon. Gentleman. One of the things that strikes me most when comparing the social security system with the tax credit system is that in each case the social security system has a proper appeal procedure, ending in an almost judicial process, whereas there is no such process in the credit system. Each decision is entirely down to the choice of the particular official dealing with the case. It would be much more helpful if there were at least a proper set of guidelines or, at best, a formal system.

I asked the Minister another question. The Paymaster General referred to "a small number of people", but what is a small number? If my case work is anything to go by, the number may be small to the Treasury, but not to those who are affected by it—in fact, the issue is the biggest in my case work. I have to deal with the full range of issues, right across the spectrum, as, I am sure, does every hon. Member. However, tax credits has more files than any other item. Why are the details not being kept? I have experience of being a non-executive director of a plc and if we behaved like that, we would be brought to book by the authorities, because we would be required to keep such details and information. At the very least, we would be lambasted by a consumer organisation, and no doubt the Government or this place would be seeking to legislate.

I shall refer to the three cases that I have chosen as examples. I shall not use the names of the constituents, because I have not had an opportunity to ask them about that, and it would not be fair to use their precise names. However, I am in correspondence with the Paymaster General in connection with all three cases, and would be happy to give the Minister the names afterwards if he so wished. I was going to call the cases Mr. and Mrs. S, and so forth, until I discovered that the first two surnames both began with S, so instead I shall refer to them as case A, and so on. I also thought of referring to them as Mr. and Mrs. Caithness, Mr. and Mrs. Sutherland, and Mr. and Mrs. Easter Ross, but I shall stick with case A.

In 2003, the husband was in work. The wife notified the Inland Revenue of her return to work following the birth of their baby. Both their P60s, and seven payslips for the two of them, were handed in to the Inland Revenue office. The wife's earnings were recorded but, unbeknown to the couple, the husband's earnings were deleted. The couple took on a new housing commitment: they bought a house, and took on a mortgage based on their income as calculated in the light of the award. They did not enter into that commitment lightly, and it is not something that they could get out of lightly.

In 2004, the couple were told by the Inland Revenue that there had been an overpayment of £2,444. The Revenue admits the error, but the Paymaster General told me in a letter of 10 March that the Inland Revenue did not think that it was reasonable for the couple to believe that their award was correct when only one income was shown on the form. I have here the actual form from which it is supposed they should reasonably have deduced that there was a mistake. It has the wife's name quite clearly on one side, and underneath it says that she works 16 hours a week. The husband's name is underneath, and the form says that he works 40 hours a week. Under "total income" they have given the correct total for the two of them.

The form asks the couple to tell the Revenue if their annual income gets above a certain amount—and a figure of £7,560 is given opposite the section filled in by "Mrs. Sutherland"—as they may receive too much tax credit and may be asked to pay back the amount awarded. There is nothing in the form or in its layout to suggest that that figure refers to the combined total of the two incomes, which is stated on the form and which is, in fact, correct. The couple were, in my view, reasonably entitled to feel that they had been given a correct award. As I said, they took on a mortgage as a result of that reward, and are now in severe difficulties in attempting to deal with the situation that has come

about. I do not believe that the ordinary literate and numerate man or woman on the street can reasonably be expected to find their way around a system with that degree of complexity.

The second case is of a husband who was made redundant in 2003. He informed all the relevant authorities, and he received jobseeker's allowance and a tax credit award. In May 2004, he started a new job, and all the authorities were informed of the change of circumstances. A steady flow of letters arrived from the Inland Revenue—in fact, he received seven in one day. He came to a clinic that I held in a village hall near where he lives, and produced a paper bag, from which he tipped a phenomenal pile of papers. I thought that I had problems filling out and dealing with my own tax demand, but when I saw the sheer complexity of his case, I thought to myself, "One would really need to employ an accountant to go through all of that."

The situation went on from there. It culminated, on 21 September 2004, with the couple receiving a demand for repayment of a child tax credit of £2,248.71 and of a working tax credit of £1,528.99. In a subsequent telephone call to the Inland Revenue, the couple were informed that the overpayment now stood at some £3,800—nearly £4,000—for the one tax credit, and at £2,300 for the other. Again, the Paymaster General has received details of this case. The couple are still awaiting a full explanation and clarification of their position. Between 5 February and 7 February this year, the couple received a further nine different award notices from the Inland Revenue, and on 26 February a further eight award notices were received. If the test is one of reasonableness, is it really reasonable that a constituent should be expected to deal with that volume of paperwork coming through their letterbox?

David Taylor: All this seems so familiar to those of us who were practising accountants when self-assessment was introduced. Eventually, the Inland Revenue got on top of that, and I hope that it will do so in this case. However, is it not unreasonable that of the 7 million families in the country, the 3 million that receive tax credit to the extent that it wipes out their tax liability should be provided with such impenetrable statements and that there should be no obligation to calculate separately and notify any alleged overpayment?

John Thurso: The hon. Gentleman again makes the exact point about the sheer complexity of the system. Let us not forget that that system is designed to help people who are most disadvantaged and on the lowest incomes. Although I do not for a moment suggest that they are of any less intellectual value than anybody else, such people, by their very nature and the circumstances in which they find themselves, are least likely to have either access to the professional help that is needed or the time to deal with such problems.

Mr. John Burnett (Torridge and West Devon) (LD): The hon. Member for North-West Leicestershire (David Taylor) made the point that the accountancy profession mastered self-assessment. The private sector is involved in that, because it is financially worth its while. However, in this matter, as my hon. Friend implies, there is little incentive for the private sector to give assistance because the people involved—the claimants who have been wronged—do not have the money or resources to pay for the relevant advice.

John Thurso: My hon. Friend has again put his finger on the button. Before I come to the third case, I should like to refer to what the ombudsman said to the Public Administration Committee on 2 December 2004:

> "If you have six different award notices and you have no real idea which of those, if any, is right, having a debate about whether you reasonably believed that that was the right figure is not helpful in those circumstances."

There is a wide opinion, shared on both sides of the House and among professionals, that there is a very real problem that has to be dealt with.

I shall touch on the third case. It involves a couple, one of whom has knowledge of the tax credit calculations through his employment; he works in a citizen's advice office. At the end of November and the beginning of December 2003, he started to telephone the tax credit office to say that he believed that an error had been made in the calculation. No adjustment was made.

On 12 January 2004, he confirmed in writing to the tax credit office his belief that the calculation had been wrongly made. He was particularly concerned not to build up overpayment, and he made five subsequent telephone calls. In the first, he was told that the case would be looked at. In the second, he was told not to worry, that the matter would be sorted out in April and that the Inland Revenue would treat it as a loan. In the third call, he asked whether he could repay by cheque, but was told that there was no facility to enable him to do that. The official responding to the fourth call said that there was no knowledge of any difficulties with the case at all. During his fifth call, made in April 2004, he was told by the Inland Revenue that it would now update its records.

It finally transpired that a zero had been mistakenly left off his recorded earnings. In August last year, the Revenue admitted that error, but informed my constituent that it did not think it reasonable for him to believe that his award was correct. In fact, he had spent five months asking the Revenue to check the calculation. Last month, he received notice of a new award and, at the same time, a demand for an overpayment of £4,779.29.

I have given only three examples, but I suspect that all of them could be replicated in the casework of other Members here. The examples that I have given represent only the tip of the iceberg of what I have in my office; some 25 or 30 other cases are currently under way, and they have three things in common. First, the claimants did everything by the book. Secondly, the error, whether human or computer, was with the Revenue and thirdly, the resulting stress and hardship has achieved the diametric opposite of the intention of the policy.

The Minister might wish to tell me how many of my constituents have benefited from the policy; I am happy to accept that and will not dispute it. He can, if he wants to, blame it all on the claimants. However, because I suspect that he is in politics for pretty much the same reason that I am—to help those who need it most—he could accept that there is a real problem causing genuine hardship for a small but significant number of our citizens, and use the power of his office to deal with it.

[John Thurso]

The test is reasonableness. Is it reasonable to award desperate and hard-up families life-giving succour one day, only brusquely to withdraw it at a later stage—so increasing their difficulties—all through administrative incompetence? Is it reasonable to issue forms so complex that trained accountants and the Revenue's own staff have difficulty dealing with them, and is it reasonable to operate a system with a fault level that would not be tolerated in any other organisation? I would say no to all three of those questions; it is not reasonable.

I end with the case of a young mother who was so desperate because of the circumstances that she found herself in that my office staff feared for her life. Finally, in desperation, they phoned the officials involved to say that that was their belief. The hotline responded magnificently; emergency aid was given and all was well. However, I wonder how long it will be before somebody in such desperate circumstances does resort to desperate measures. I hope that the Minister, having heard the cases that I have described and the examples given by other hon. Members, will realise that the problem may be small, but it is very significant for those whom it affects. Please will he think about what can be done to put right the appalling problem of overpayments and seriously consider waiving the payments in those cases in which the fault is clearly not on the part of the claimant, but has arisen from an error in the system, be it human or computer?

9.58 am

Mr. Kevan Jones (North Durham) (Lab): I think that my second or third contribution to a debate in the House was on Second Reading of what became the Tax Credits Act 2002. I supported it then as good policy, and it is nice to see the difference that it has made to many families in a short time. I concur with the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) about the assistance that it is giving—certainly in North Durham—to many hard-working families, taking away the stigma of claiming benefit and allowing them to go to work. Along with the record increase in child benefit and other policies of this Labour Government, it has made a real difference in my constituency and everywhere else. I make no apology for the policy. We should be proud of it, and should champion it from the rooftops.

I am annoyed, however, when a flagship policy such as this, which is making so much difference—I meet people every day who have benefited from it, especially young women who would not previously have been able to go to work, but who now can—is damaged by administrative incompetence. When I was in local government, I was always annoyed when people got sent round the system. People such as those who have just been described should not have to go through so many difficulties to claim a benefit that should be their right.

I wish to raise four cases. When I asked for examples, my office staff said, "How many do you want?" The other issue, which I am sure many hon. Members have realised, is that officers are inundated with inquiries. They spent a lot time dealing with these cases, some of which involve desperate people. We are not talking about people who can accept that one week their income will drop by £10 or even £20. They live on tax credits and rely on them for budgeting their family income. It is unacceptable for people to be treated in this way.

David Taylor: Does my hon. Friend agree, as I do, with the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) that the staff who support the MPs' hotline are top quality people with good communication skills who deal with these issues accurately? Is it not a pity that those characteristics are not more widely shared among the operational staff in the Inland Revenue?

Mr. Jones: I do, but it is sad that constituents have to come to their MPs to get an answer to these problems. When they ring the Inland Revenue they do not get the same service as we get, which is not right. They should be able to get answers to their questions and be dealt with properly. I shall give examples of people who are still waiting for replies to letters several months down the line.

The hotline has been useful, but both the Inland Revenue and the Department are not very good at replying to Members' letters about these cases. It makes it difficult for MPs because, as the hon. Member for Caithness, Sutherland and Easter Ross said a few minutes ago, we are dealing with people who want help. They cannot wait for two or three weeks. I have an abhorrence of debt, which is shared by most people in working-class communities. It is wrong that such people, through no fault of their own, end up thinking that they owe the system money. I shall make a suggestion in a minute: the Minister might find it controversial, but it needs to be considered.

I want to focus on four cases, which touch on similar issues to those raised by the hon. Member for Caithness, Sutherland and Easter Ross. I also want to describe how these people have been treated by the system before my office became involved. The first case is that of Mark McGough and Victoria Kerry of Catchgate. They contacted me in December 2004 when their payments suddenly stopped without explanation. They contacted the tax credit office, which told them that it was because there had been an overpayment. On further inspection the tax credit office explained that the overpayment had occurred because the calculation assumed that Mr. McGough and Miss Kerry had no income. That was totally incorrect, as they were both in work.

Their award notice clearly stated their correct income and so they assumed that the tax credit that they were receiving was correct. The information on that form was used by the tax credit office to calculate their tax credit. A mistake was made by the Inland Revenue and my constituents were not responsible for the overpayment. It could be argued that they should have raised the matter. But how could they? The notice they received was correct and stated their correct income.

I am pursuing this case because I believe that in such cases the money should be written off. My constituents were in no position to suggest that their payments were incorrect. The people who I have been dealing with are simple, hard-working and honest individuals. They have been honest with the Inland Revenue in terms of providing information. They have not tried to

manipulate or hoodwink the system. They have been open and honest and have got into these situations through no fault of their own.

The second case is that of Mr. and Mrs. Hall of West Pelton. They have had a difficult time with the tax credit office. They originally contacted me in July 2004. They had received numerous conflicting claim notices, which led on two or three occasions to the withdrawal of credits with no explanation. I asked the tax credit office to investigate and in August I received a reply, stating that everything had been resolved, and that the Halls would receive regular payments from then on. However, there was no explanation of the mistaken stopping of the other payments. All that was said was that—I hate this explanation, as I did when I was in local government—the system had a failure in it. That is not acceptable. I want to know the reasons for the payments being stopped, and I think that the people concerned deserve to know them.

That state of affairs continued until December and January, when the Halls suddenly received an overpayment notice, although they had been receiving regular payments for the previous six months. The tax credit office appears confused about how that happened. It is another instance in which Mr. and Mrs. Hall have been entirely honest and up-front, and have provided the system with all the relevant information, but have been given no explanation for the overpayment. That is another matter that I am still pursuing by letter, although I have yet to receive a reply.

The next case that I want to mention concerns Miss Julie Simm, of Perkinsville in my constituency, who contacted me to say that the tax credit office said that she had been overpaid. She had supplied all the correct information about her income and her partner's income, and therefore could not understand why she had been told that an overpayment had been made. Again, the cause was error on the part of the tax credit office.The remarkable thing about the case is that, before Miss Simms received the notice, she realised that she was being overpaid and contacted the tax credit office to inform it of that. Nothing was done; it took 42 days to reduce the payments, so an overpayment was accrued.

I wrote to the Paymaster General on 19 January and received a reply last week, which is, I think, unacceptable. Her letter really just supported the system, stating, in effect—this is the traditional response from the tax credit office—"Yes, we did make a mistake, but you should have noticed it, so it is not now our fault." Well, my constituent recognised the mistake and told the tax credit office, which did nothing about it. She thus accrued an overpayment, whereas if the office had acted when she contacted it she would not have done. I do not think that she should have to pay the overpayment, just because of the inefficiency of that office. I have written to my hon. Friend the Economic Secretary and look forward to a reply—which I doubt will arrive this side of the election, but may possibly come later in the year.

The next case I want to mention concerns Mr. and Mrs. Armstrong, of the Gardens, Chester-le-Street, and it is another extraordinary one. The couple have been honest with the Inland Revenue; they received their regular payments, and realised that in one month they received two payments. They contacted the tax office and said that they thought that they had been paid twice. Mrs. Armstrong was told that the two payments were correct, because of an underpayment earlier in the year owing to the birth of their fourth child.

Mrs. Armstrong accepted that explanation and used the money in good faith as part of the family budget, as, I think, anyone else would in the circumstances. Subsequently, the tax credit office contacted the couple to say that there had been an error and, therefore, an overpayment. It sent an overpayment notice, telling them to pay the money back. The hon. Member for Torridge and West Devon (Mr. Burnett) raised the issue of professional advice; Mr. and Mrs. Armstrong obtained such advice from Hazel Tindale of Book Keeping Services Ltd., who acted on their behalf. She wrote on 20 August 2004 and, lo and behold, is still waiting for a reply to her letter. So the Inland Revenue still ignores individuals, even when they contact professional services.

The Armstrongs appealed, but their appeal was rejected because, as the tax credit office said in its letter,

"We have decided that the overpayment was not due to a mistake on our part".

That is unacceptable, particularly as the tax credit office admitted to the Armstrongs in the same letter that they were paid twice. Clearly this was the tax credit office's mistake. Mrs. Armstrong told the tax credit office that she believed that she was not entitled to the money, so I do not know how it can reject her appeal.

I wrote to the Inland Revenue in October 2004 and again received a letter in December—two months later—from Barrie Rushton, the assistant director of customer relations at the tax credit office, who promised to have the case reviewed. However, the overpayments team refused to review the case when he referred it to them, reiterating the point that was made earlier.

Despite several phone calls from my office to the MPs' hotline to try to secure a review of the case, the tax credit office continues to say that the overpayment is the Armstrongs' responsibility, and continues to reduce their monthly payments to recoup the money. As I said, the Armstrongs did everything in their power to tell the Inland Revenue that they thought that they had been overpaid, so I repeat that the money should simply be written off in such cases.

I said at the beginning that I am proud of the tax credit. I am because it has genuinely helped many poor and hard-working families in my constituency. These cases discredit the system, even if they are in the minority, although I have lost count of the number of cases that I have in my office. I strongly suggest to my hon. Friend the Minister that we write off the money in cases where people have been totally honest and up front and have given all the information to the Inland Revenue that it requires. Overpayments have been made through no fault of their own. If we do not write this money off for these people, they will have the hardship of having their monthly incomes substantially reduced to recoup the overpayments.

As I said, these people have already suffered a great deal of heartache and frustration. They have had to ring the Inland Revenue constantly and have sometimes had to employ people to do that on their behalf, but they

[Mr. Jones]

have got nowhere and have simply been sent around the system. It always makes me angry when one gets sent round the system time and time again.

I urge the Minister to resolve these issues, otherwise a flagship policy will be dented and people will continue to suffer hardships through no fault of their own.

Mr. Deputy Speaker: Order. I remind hon. Members that the winding-up speeches should start at 10.30 am.

10.13 am

Mr. Peter Luff (Mid-Worcestershire) (Con): I have consulted my right hon. Friend the Member for North-West Hampshire (Sir George Young), and I believe that only two Back-Bencher speeches remain to be made. We have agreed how much time he needs, so I hope that I comply with his requests and needs.

I genuinely wish to congratulate the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) on securing this important debate and on the manner in which he introduced it. I express my appreciation for the remarks of the hon. Member for North Durham (Mr. Jones). This is a matter of pressing importance to far too many hard-working, decent and honest families.

My wife is my constituency secretary, and hardly a day seems to go by without a telephone call from another family in desperate circumstances. It is interesting to note that so many of these cases are dealt with on the telephone because their sheer complexity is overwhelming. They would overwhelm me; I cannot cope with my tax return, and I certainly could not cope with the working families tax credit if it got into the sorts of difficulties that my constituents have so often experienced. It also takes a considerable amount of time to sort out these difficulties.

I do not know what the problem is, but I am more sceptical about the whole tax credit system than the hon. Member for North Durham. I am not sure whether the problem lies in inadequate systems, particularly in information technology, or in the poor training of staff. It has been suggested that it might simply be because the Inland Revenue is better at taking money from people than giving it away, and that it is "a culture thing". That is quite a plausible explanation. Could it be that personal lifestyles are too complex to enable such a system to function at all? We have had problems like this in the past: there was a disability issue in my first Parliament—1992 to 1997—when I was overwhelmed by complaints about the way in which that system worked, but that could be sorted out because disability can be measured relatively objectively. We also wrestled to get the Child Support Agency right. The problem is that the sheer complexity of people's lifestyles cannot comply with carefully written statutory instruments, Government guidelines and codes of conduct.

Mr. Kevan Jones: I accept that that may be true in some cases, but in some of the cases to which I referred, people's circumstances did not change at all; I agree that there may be complex changes in some cases that make things difficult for the tax office, but these are just administrative mistakes.

Mr. Luff: As it happens, most of the cases that I wish to raise—coincidentally, like the past two speakers I also have four cases to discuss, if there is time—arise from simple maladministration by the Inland Revenue. I was disappointed that the document, "Tax credits: reforming financial support for families", which was published at the time of the Budget, appears to make no mention of the problems associated with the implementation of tax credits. It is a Panglossian document. Tax credits may have benefited many families, but they have brought nothing but heartache in these four cases.

In the first case, that of Julie Brown, there has been a phantom overpayment. She has not received an overpayment but the computer thinks that she has. The result is that she received no money at Christmas or Easter. It is an absolute scandal for the poor woman. We have spent so much time trying to sort out her case, but she is at her wits' end. We are told that another emergency payment has been sent to her, but she had not received it this morning. There is also the problem that emergency payments have to be repaid, which will further confuse the system. I desperately fear for the future of Julie Brown's case. We shall chase it up in three week's time. We have been advised to do so then because no giros can be issued for the next two weeks: apparently the computer is busy issuing new schedules of payment for the next tax year, so there is no prospect of any money for Julie Brown.

Although many members of the hotline staff are excellent, and tribute has been paid to them, we sometimes find it difficult to persuade some of them that they are dealing with real human beings who are in desperate financial circumstances. I am not surprised, as they must be a bit battle weary by now with all the cases that they have to handle—we all get case hardened—but one of them suggested that Mrs. Brown should go to the Worcester tax office to sort things out. She does not have the money to go to the Worcester tax office. She survived Easter with a £10 note kept for emergencies, just in case. She could buy nothing else: no petrol, no bus fares and no train fares. It shows how out of touch some of those people are that someone should suggest that she should travel from her town to Worcester to try to get her justice, which she deserves. She has received no overpayment, but the computer still thinks that she has.

The next case that I want to raise is that of Mrs. Georgina Gadd, who received an overpayment because of an unrecorded change of circumstances, which the Gadds desperately tried to tell the Inland Revenue about. In view of the time, I shall not weary the Chamber with the details of her case, but she has kept meticulous records since February 2003, when she first applied for tax credits. She quickly became aware that there was a mistake and on 25 June 2003 she called the Inland Revenue and expressed her greatest concern that she was receiving payments to which she was not entitled. Her notes state:

"I was then reassured that the payments I was receiving were correct and that I was fully entitled to the working tax credit. I was even told that quite a few people had contacted them thinking that the payments were too much but that it was a very good tax award for families with young children. I was told to expect a further tax form in the next few days."

So a PR spin was put on what Mrs. Gadd knew was an overpayment. I have the details here: there was a succession of telephone calls, letters and formal complaints running through to 15 January 2005.

Mrs. Gadd's notes state that around that date she received a telephone call from the Inland Revenue apologising that she had not yet received a reply to a letter from September and that it was trying to sort out the complaint. The issue is to do with the nature of her husband's employment and earnings. The Inland Revenue also told her, "Why don't you get in touch with your MP? If you get your MP involved, you might actually get it sorted out." That is why she wrote to me. In a letter to me she said—and I think that she is right:

"It would appear to me that the Inland Revenue are delaying replying to my letters and even ignoring some of my letters which enclosed bank statements"—

proving that she has spent the overpayment—

"until they have recouped the £1000 overpayment despite the fact that according to their own code of practice, which they have admittedly failed to meet, and which I have proved to have made substantial effort to ensure that they held the correct information, they should look into waiving some if not all of this overpayment".

That is the point that I want to make to the Minister. These people, who have striven to be honest with the Inland Revenue, deserve an amnesty. Mrs. Gadd points out that she has had no tax credit since June 2003. That is devastating for a family with one wage earner, a small baby and a two-year-old child.

A letter from another constituent arrived this morning. It is on a topical subject, but I do not have permission to name its author, so I will not do so. She is a single mother earning £14,500 a year and she has two children, one at university and the other at sixth-form college. She is struggling to keep them in education, but she hopes to send her second child to university shortly. She has pointed out time and again that the Revenue is paying too much, and she wants to know how much she is overpaying so she can accurately budget for that, but the Inland Revenue will not tell her. Her letter states:

"I did receive a reply saying I would hear in 6 to 8 weeks, then a further letter telling me that the amount I was receiving was right, but I know fine well it's not because they still had all my details wrong and had me working for the NHS on £10,384 which I was three years ago. I despair."

However, I have been onto them again after 4 hours of trying today, to be advised that their computer is not working correctly and that, although on every occasion I have advised them of my change in circumstances, my old details are stuck in their system and that the computer is not accepting my new details, so until the computer is fixed I will still be getting a payment of £257 per month which I know is too much for one child. I am very worried about all this".

Her letter concludes:

"I do hope you can help me. I am very worried about all this and could cry with frustration".

I bet she could. She has tried in every way to get information from the Inland Revenue, but none has succeeded.

We have talked about cases of overpayment—a phantom overpayment, and two actual overpayments—where people have behaved with absolute honesty and integrity, and been determined to sort things out, but where they have not received the level of service from the Inland Revenue that they are entitled to expect. However, it is also important to remember that some people are not getting the money to which they are entitled. A constituency case of mine involving Sheila Christian Brookes highlights that we have worked hard on that, too. Many interventions and telephone calls have been made, and it was shown that she was owed substantial arrears:

"We were told on 10 March that a giro was sent that day for £1,577.31, and another for £131.04",

but the cheques never arrived. Apparently, they were returned to the tax office for unknown reasons, and

"they can't try to re-issue the cheque as the computer is working on the new schedule of payments for the next two weeks and then there will be a backlog of cheques waiting to go out . . . and the Hotline assistant asks if we can remember to chase her again after two weeks!"

What kind of level of service is that?

Although I am more sceptical about the whole tax credit system than the hon. Member for North Durham, I entirely agree that for many families it is working well and brings great benefits. However, I am desperately worried; these are four random cases, one of which happens to be in today's post. Along with civil service pensions, it is undoubtedly the biggest issue in my telephone call log—although not in my postbag as, typically, these cases are not made in writing. We must have a better system.

The Minister must not just boast about the families that are benefiting—although I am happy for him to do that, as an election is coming up, after all. He must also explain how the Inland Revenue will improve its systems, so that the decent, hard-working families that have been referred to today get the justice and the money to which we all believe they are entitled.

10.23 am

Sir George Young (North-West Hampshire) (Con): It is a pleasure to follow my hon. Friend the Member for Mid-Worcestershire (Mr. Luff), who has spoken so movingly on behalf of his constituents. I also commend the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) for his choice of subject and the reasonable and analytical way in which he spoke to it. I want to add a brief footnote to the excellent speeches that have been made.

At the beginning of this Parliament, the single biggest generator of constituency casework was the Child Support Agency. That wooden spoon has now been transferred to the Inland Revenue, for all the reasons that have been mentioned in this debate. There is no disagreement about the principle here; nobody wants to go back to the old days, when people on supplementary benefit or income support received a range of payments, but when they moved into work that life-support system immediately fell away, which created the "Why work?" syndrome. The working families tax credit was introduced before 1997 in order to address that syndrome. However, we now have a fiendishly complicated system, and many of the cases that we have been talking about involve not only the Inland Revenue as it is often firefighting with other agencies—having a dialogue about housing benefits, for example. Therefore, the Inland Revenue tax credit issue is frequently but one of a range of problems that people living in difficult circumstances are trying to confront.

[Sir George Young]

The debate has focused on what happens when things go wrong. I want to refer only to one case. Mrs. P, who lives in Andover, had her payments stopped. She came to see me, I took her case up with the Revenue, and I received a letter saying:

"I . . . understand that Mrs P is concerned that her tax credits for 2004–2005 have stopped."

Of course she was concerned, because in the previous year her annual payments were £11,316. When that income stream falls away, one is concerned. The letter went on to state:

"When claimants have been overpaid, we normally expect them to pay it back."

We then went around the course of whose fault it was, and a letter arrived on 16 March stating:

"We have decided that although the overpayment was due to a mistake on our part it was not reasonable for you to think that your award was correct . . . The award notice asks you to check all the information and contact us if any of the details are wrong. The overpayment will be recovered from you."

Not only has the income stream stopped, but she now apparently owes the Inland Revenue £10,763.17 because of an overpayment due to a mistake on the part of the Inland Revenue. I see that those letters are all printed with "Investor in People" at the bottom. I wonder whether that award will be revisited.

I think that I am right in saying—perhaps my hon. Friend the Member for West Suffolk (Mr. Spring) can confirm this—that my hon. Friend the Member for Havant (Mr. Willetts) said in a speech a few weeks ago that were our great party to be returned in the general election, we would write off overpayments that had been made by the Inland Revenue, save for those cases where there was evidence of fraud. I hope that my hon. Friend is able to confirm that, and that the Minister will then respond to the challenge of matching that commitment as we approach the general election. Clearly, many people have an interest.

In the next Parliament, we need to stand back and look at the financial interface between citizens and state to see whether there is a better way to achieve the principle to which we all subscribe. Can the interface be reduced by raising the tax threshold? Can we do more on the universal benefit front? Can the system be simplified in some way? Is there a better way of addressing the issues when things go wrong that does not involve all the palaver that we have heard about this morning? Clearly, we are not going to address these matters in the remaining stages of this Parliament. However, at the beginning of the next Parliament we all ought to stand back and look at the top-heavy, complex system and ask the basic question: is there a better way to achieve the goals that we all want to achieve?

10.28 am

Mr. John Burnett (Torridge and West Devon) (LD): I congratulate my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) on securing the debate. It is a measure of its importance that so many Members have turned up and spoken, notwithstanding the imminence of a general election.

As my hon. Friend said in his excellent speech, we support the tax credits policy, but the administration of the policy is often incompetent and occasionally cruel. Many hon. Members have spoken of particularly heartbreaking constituency problems, and I shall refer to just three from my constituency. Before I do so, I should like to pay tribute to the citizens advice bureaux—*[Interruption.]* I am glad that many hon. Members concur with what I have just said. The bureaux in my constituency—the Bideford, Holsworthy Tavistock and Okehampton offices—are doing excellent work.

One case that has been drawn to my attention by the citizens advice bureaux involves an utterly honest individual, who I will call Mr. F. I have known him for some time. The CAB tell me that by the time that the credits were awarded, Mrs. F had decided to stop work in order to care for her husband. However, in the tax credit award it was stated that both Mr. and Mrs. F were working 40 hours a week. Mr. F immediately wrote back to say that neither he nor his wife were working. The letter was not acknowledged, but working tax credits were nevertheless paid to Mr. F's account. Mr. F automatically assumed that the contents of his letter had been taken into account and that the payments were his due entitlement. He received another letter from the Inland Revenue and he again wrote back saying that he was not working.

Mr. F has also made it clear that he is suffering from depression. The Inland Revenue has said that he telephoned, but the CAB, which took up the case, has said that that is erroneous. It has said that Mr. F is unable to make telephone calls to official bodies because of his depression; that is why he consulted the CAB in the first place. Referring to the most recent telephone call that Mr. F is alleged to have made, the Inland Revenue claims that he had no intention of repaying any overpayments. Although it is instituting an inquiry into the matter, that false allegation has put Mr. F under renewed stress and may hamper his prospects of returning to work.

As I said, I have countless letters. Mrs. L wrote to me recently, saying:

"Please can you help me as the inland revenue office had made it impossible for me to survive?"

She finishes:

"I appealed against this and the response was that even though they admit they made a mistake it was not reasonable of me to think that what they said I was entitled to was correct . . . They say the overpayment was from 2003. They have never said how much I owe. I am now living on £24 per week less than the government say I can live on."

Finally, there is a letter from Mrs. G, who says:

"I don't know if you can help me but I don't know who else to turn to."

We must take up the gauntlet for our hard-pressed constituents. As my hon. Friend the Member for Caithness, Sutherland and Easter Ross made clear, it is usually people who are already suffering hardship who are the beneficiaries of this policy.

The Economic Secretary and I have debated many financial, economic and Inland Revenue matters, and he knows only too well that I have often praised Inland Revenue staff for their expertise, integrity and conscientiousness. The MPs' hotline is working well, and I am grateful to those who staff it. Nevertheless, there are inherent problems with these tax credits, and they must be resolved.

I do not want to go over matters that have been discussed, and I have already alluded to cases of innocent overpayment, in which honest taxpayers make their circumstances quite clear, but are paid too much through no fault of their own, and the demand for repayment causes considerably greater hardship. However, I do want to say a few words about repayments.

I believe that paragraph 26 of the Inland Revenue code of practice on overpayments asks

"What happens if we have paid you too much tax credit?"

and that it continues:

"We may decide that you should not be asked to pay back all or part of an overpayment if you were paid too much because of a mistake by us and it was reasonable to think your award was right".

I believe that that is a direct quote from the Inland Revenue because I am quoting from a letter dated 20 January 2005, which was sent to me by Christine Nurse, the customer relations group manager at the Preston tax credit office. One of the points on which we look to the Economic Secretary for a response is what the Revenue considers to be its mistake.

Mr. Kevan Jones: Not one of the cases that I mentioned involved a mistake on the part of the individuals, who were honest and up front. Does the hon. Gentleman agree that it is about time the Inland Revenue applied the policy to which he has just referred?

Mr. Burnett: I agree very much with the hon. Gentleman, and I want to know from the Minister the exact criteria for a repayment and his policy on what constitutes a mistake.

John Thurso: I am grateful to my hon. Friend for his support. Is not the critical point the definition of reasonableness? Any reasonable human being, such as all of us here, would say, "The Revenue has made a mistake; it should waive the payment." However, the definition of reasonableness at the Revenue somehow involves it saying, "They ought to have spotted it on our form."

Mr. Burnett: I could not agree more with my hon. Friend; I concur entirely with what he has said. We look forward to hearing from the Economic Secretary in a minute or two.

I want a response to that particular point—a practical point on which so many thousands of our constituents want a response from the Minister. I should also like to know what preparation there was leading up to the introduction of tax credits, including what trials were made of the IT systems and especially whether the software was validated before introduction.

My third question is about what training was given to hard-pressed Inland Revenue staff before introduction. My fourth is about when the consumers' hotline will be improved. Finally, when will this system of tax credits function reliably?

10.37 am

Mr. Richard Spring (West Suffolk) (Con): I also warmly congratulate the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), who presented his speech dispassionately, comprehensively and effectively. The hon. Member for North Durham (Mr. Jones) gave powerful illustrations of situations in his constituency and my hon. Friend the Member for Mid-Worcestershire (Mr. Luff) made a powerful speech. My right hon. Friend the Member for North-West Hampshire (Sir George Young) made a good supporting speech and underlined the importance of the situation and how it needs to be resolved. I also pay tribute to the hon. Member for Torridge and West Devon (Mr. Burnett). Sadly, I understand that he is leaving this place. He has made important and sensible contributions to the life of Parliament on many occasions, and I wish him well for the future.

So much legislation results in unintended consequences. However, it is fair to say that one of the legacies on which the Government will be judged is the sheer complexity and micro-management that are their hallmark: a benefits system that relies on more and more means-testing and complicated tax credits. Since October 1999, the Government have introduced five new tax credits for families, scrapped four of them and introduced two new ones. That averages out at a new tax credit for families every six months.

One result of that complexity has been the fiasco of overpayment that we have heard graphically discussed this morning. The saga began in April and May 2003, when computer system failures were responsible for overpayments to 455,000 households, and totalled £94 million. The damage has been twofold. Not for the first time, taxpayers' money has been wasted: only £57 million of the £94 million that was overpaid was recovered—the rest was written off. Administratively, the cost of dealing with the error was estimated at £10 million. As we have heard movingly and importantly, recipients of tax credits faced financial and emotional suffering as the overpayments were clawed back.

A number of organisations have criticised the Inland Revenue for both its timing and the severity of the rate at which the money is being paid back. The National Association of Citizens Advice Bureaux has protested and demanded action to protect poor families. Barnardo's has said:

"We are concerned that it's causing hardship for the poorest families when credits should help the Government in its fight against poverty. Coming in the run-up to Christmas, it is a difficult time for families."

That point was echoed by the Child Poverty Action Group, which stated:

"These problems have resulted in many low-income families suffering hardship. Many claimants have seen awards adjusted automatically to recover overpayment... without any explanation of how the overpayment arose, leaving some with weekly incomes substantially below income support levels".

That has been talked about graphically in this debate.

The problem has certainly not gone away. In February, *The Guardian* reported:

"The Inland Revenue is expected to crank up demands over the coming weeks for hard-pressed families to pay back thousands of pounds worth of tax credits due to overpayments in the last tax year."

Apparently,

"The Revenue is under pressure from Treasury ministers to prevent a repeat of the overpayments fiasco in the four years before 2003 when officials allowed claimants to keep up to £2bn of overpaid tax credits. Under the new system, based on working

[Mr. Richard Spring]

tax credit and child tax credit, Revenue officials have been given orders to get tough with those paid more than they are due, even when it is a result of errors by officials or a computer glitch."

Such reports are alarming and I hope that the Minister will confirm that they are simply not true. It is regrettable that I need to ask for that confirmation, but the Government's recent record does not fill me with confidence.

That record is demonstrated in the statistics, and the experiences of those working with victims of the overpayments fiasco on the ground. First, there are the statistics. By the end of December 2004, the Inland Revenue had received 78,000 complaints about the recovery of overpayments. Most said that the Revenue should reconsider on the grounds of official error, but in the 41,000 cases so far decided, only about 1,600 families have had their overpayments written off.

Secondly, there are the experiences of those on the ground. The hon. Member for Torridge and West Devon alluded to Citizens Advice, which has been hard pressed on the issue. It has said that attempts to claw back the cash are continuing to push low income families into debt. Advice, the independent advice network based in Northern Ireland, claims that it has uncovered

"shocking evidence of widespread errors"

in the payment of tax credits. That underlines the points that have been made in this debate.

It is all very well noting that the Government have made a mess of the overpayments. After all, they are ultimately responsible. The overpayments should not have been made in the first place, and they should not have been clawed back in such a draconian manner. Given that my and the Minister's positions may be reversed on 6 May, what would we do differently? I should like to suggest some constructive ways to deal with the problem.

First, and most importantly, we would offer an amnesty to all families in respect of their child tax credit repayments for 2003–04. Unless the overpayment was caused by fraud on the part of the claimant, efforts by the Inland Revenue to reclaim overpayments will cease. That will lift an enormous anxiety hanging over hundreds of thousands of families, and follows the recommendation of the Work and Pensions Committee that

"Overpayments should not be recovered where to do so would cause hardship or damage work incentives."

The aim now should be to get accurate entitlements this next financial year, rather than absorbing all the Inland Revenue's energies in trying to correct payments made in the first two years.

We would then implement a co-ordinated strategy to make the tax credit system simpler and fairer. I have three points on that. First, we would ensure that award letters explain more clearly how tax credits have been calculated. That would make it easier for people to judge whether the calculations were correct and to spot errors. I agree with the point about the sheer complexity and bureaucracy involved in trying to understand and find a path to resolve this problem.

Secondly, we would make the Inland Revenue's code of practice fairer in respect of the recovery of tax credits overpaid owing to an official error. Claimants would still have to repay erroneous tax credits if the Inland Revenue felt that it should have spotted the error in the first place. That implies that all claimants have a firm grasp on how to calculate their tax credits, which is an unreasonable proposition.

Thirdly, echoing the point made by my right hon. Friend the Member for North-West Hampshire, a tolerance limit would be introduced so people do not suffer severe financial hardship as a result of previous overpayment. Will the Minister commit himself to a strategy similar to the one that I have outlined?

Whatever happens, this debate has been most useful in airing something that has gone terribly wrong and had heartbreaking impacts on thousands of our fellow citizens. Whoever happens to be in power after the general election has to reorganise this system, because it cannot continue in its present form.

10.46 am

The Economic Secretary to the Treasury (John Healey): I genuinely congratulate the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) on securing this debate and on the way in which he has consistently pursued questions on the tax credit system and problems, including overpayment, faced by his constituents. He introduced the debate in a measured way and set out genuine concerns about the administration of the system. I appreciate the tribute that he paid to those in the Inland Revenue who work on the MPs' hotline. I will pass his comments to them and know that they will be welcome, because those people try their best to help all hon. Members sort out the problems that arise with our constituents.

I appreciate also the comments made by the hon. Member for Torridge and West Devon (Mr. Burnett) on the same subject. I pay tribute to his contribution to the proceedings of the House over the past eight years. I am sorry to see him go and will miss the debates that we have. I will also miss the combination of fair-mindedness and well-informed criticism that he always brings to bear on the scrutiny of the work of the Government and the Treasury.

As my right hon. Friend the Paymaster General has said consistently to all hon. Members who have contributed to this debate, I invite all of them, if they have not already done so, to let me have the specific details of the cases that they have raised this morning. I do not want to pick up on individual cases, but will respond to some of the points that have been made this morning.

On the point made by the hon. Member for Caithness, Sutherland and Easter Ross, cheques will be accepted by the Inland Revenue in cases of overpayment. In the very early months there were a few cases where that was not taking place, but that is not so now.

I say to my hon. Member for North Durham (Mr. Jones) that, in general terms, where a claimant is concerned that their payments are wrong and they are reassured by the tax credit office that they are correct, any subsequent overpayment should be remitted. We will go back and check such cases—we are doing so—including checking the tapes from telephone conversations that such claimants had with the Inland Revenue. Where claimants have been wrongly advised that their award is correct, I would expect any overpayment to be waived.

In respect of the point made by the hon. Member for Mid-Worcestershire (Mr. Luff), the Inland Revenue computer is being updated at the moment, as it normally is at the end of the financial year. However, payments can still be made.

It may help the right hon. Member for North-West Hampshire (Sir George Young) if I say that the Inland Revenue is simplifying the ways in which it handles claims regarding disputes on overpayments. I will say a little bit more about the new measures that are being put in place. In general, however, I say to all hon. Members, including the hon. Member for Mid-Worcestershire, that if they will give me specific case details that have not already been submitted to my right hon. Friend the Paymaster General, I shall ensure that they are carefully examined,, and undertake to check the progress that is being made.

Mr. Luff: I am grateful to the Minister for the way in which he has responded. It is very important if people who have been told that they cannot, at present, receive cheques can receive them. Obviously, from what the Minister has said, they are being misadvised by the Inland Revenue, and the MPs' hotline is misadvising Members' offices, too. How can those cheques be issued? What can we do, practically, to ensure that the money is available to our constituents?

John Healey: The point that was raised by the hon. Member for Caithness, Sutherland and Easter Ross was that one of his constituents tried to repay an overpayment to the Revenue by cheque, but was told that that was not acceptable to the Revenue. I am making clear that it is acceptable.

Mr. Kevan Jones: I am grateful for my hon. Friend's commitment to examine the cases in question, but I have raised them with the Inland Revenue and my right hon. Friend the Paymaster General, and the letter that I received back from the latter—which took six months—was just the usual civil service flannel, upholding the decision about repayments. Something needs to be done urgently about those cases. I shall certainly send my hon. Friend details not only of the four cases that I mentioned, but all the rest of them that I have in the office.

John Healey: If my hon. Friend checks the record of the debate, he will see that I said earlier that I shall check the progress of any of the individual cases that he and other hon. Members raised, or any whose further details they want to submit, and reply to the hon. Members.

The hon. Member for Caithness, Sutherland and Easter Ross, to whose continuing work on the matter I pay tribute, has raised half a dozen cases relating to overpayment with Ministers and the chairman of the Inland Revenue. He suggested that I might be keen to tell him how many families in his constituency benefit from tax credits generally. The figure is 3,800. The hon. Gentleman has tabled two parliamentary questions about the numbers affected throughout Scotland, and I can tell him that 375,000 families benefit from the child tax credit there. I appreciate the welcome that he gave to what he described as real help to many families in his constituency.

The debate arises from genuine concerns about the administration of specific overpayment cases. The hon. Member for Caithness, Sutherland and Easter Ross was at pains, in initiating the debate, not to make it party political, although the hon. Member for West Suffolk (Mr. Spring) ranged more widely and did not take such pains, so that I want to respond briefly to a couple of his points before engaging with the detail.

Nearly 6 million families with 10 million children now benefit from a tax credit system introduced since 1997, which was not in place before then. Tax credits are central to Labour's social commitment to support the efforts of hardworking families, to our moral commitment to reduce and eradicate child poverty, and to our economic commitment to make work pay. My hon. Friend the Member for North Durham said that he is proud of the tax credit system, and all Labour Members are proud of it. I am proud, too. As a result of the Government's reforms to the tax and benefits system since 1997, families with children will be on average £1,400 better off in October. The poorest fifth of families will be, on average, £3,200 better off.

As a result of Labour's anti-poverty programmes since 1997, almost 2 million children have been lifted out of absolute poverty. As a result of the Chancellor's successful management of the economy and labour market policies, including tax credits, 2 million more jobs have been created. The employment rate among lone parents has risen from 46 per cent. to 56 per cent. and the number of children living in households without work has been reduced by nearly 300,000.

Although the debate is about problems that sometimes happen, and the personal distress that is caused by overpayments, the wider context for the debate is a tax credit system that has brought substantial increases in income to families that are on low incomes; that has contributed to a large reduction in the number of children living in poverty; and that has helped to create the highest ever employment level in the British economy.

I do not underestimate the problems caused by overpayments. I have dealt with cases of overpayment myself as a constituency MP. However, it is important to examine them with a full appreciation of the way in which the tax credits system is designed to work. Some of the problems are the legacy of the well documented trouble experienced when the system was introduced in 2003. For instance, because of the early difficulties, the Inland Revenue made a large number of emergency manual payments to claimants. As it took a long time to get the manual payments on to the system, some cases resulted in overpayments at the end of the year, which now have to be recovered. There were also the much publicised early IT problems. However, most overpayments arise because a claimant's income has risen.

The new tax credits, unlike earlier systems of support, are designed to respond to changes in families as they happen. They can be adjusted to reflect changes in the number of children in the family, in working hours, in child care costs or in family income. That flexibility has clear benefits for families and for claimants. For example, the Inland Revenue can increase a child tax credit award in year when told that a new baby has

[John Healey]

arrived. That is why 230,000 families each year have their tax credit award revised in year following the birth of a child.

The system is based on annual income, just like income tax. Therefore, when—for whatever reason—changes in income during a year have not been reflected in changes in the tax credit award, an adjustment may need to be made after the end of the year, just as it is in the income tax system. That might be to correct an overpayment or an underpayment, just as in the income tax system. If the Inland Revenue discovers an underpayment after the end of the tax year, it will pay it immediately in a lump sum. If there has been an overpayment, the Revenue will collect it from a continuing award, subject to automatic limits that are applied after a claimant's award for the coming year has been calculated. That is set out in the Inland Revenue's code of practice on tax credit overpayments under the heading "What happens if we have paid you too much tax credit?"

Some of the problems associated with the recovery of overpayments have arisen because of unfamiliarity with the system. The Revenue has a responsibility for that, and is trying to fulfil it, to ensure that people have adequate information and there is strong publicity about the way in which it works. However, it is inevitable and right that adjustments in either direction will need to be made in a system based on annual income. It would not be fair to those who have received the right amount of tax credit if we did not try to recover money from those who have received too much.

I have to say to the hon. Member for West Suffolk that a call for a sweeping amnesty has more to do with scoring points before the election than a serious proposal for Government. An amnesty across the board is not an appropriate way of dealing with overpayments. To say that the Inland Revenue should not be making overpayments in the first place is to show a comprehensive failure to appreciate the nature of the system and to undermine the principle of individual claimant responsibility.

Mr. Kevan Jones: Will my hon. Friend give way?

John Healey: No. Forgive me. At the heart of the many points that have been raised this morning is the question of reasonableness. The test of reasonableness is important. People need to take responsibility for checking their tax credit awards, just as they should check their PAYE code, and they should let the Inland Revenue know if anything is wrong. However, I accept that there have been particular problems in the past year while people have come to terms with the new system.

When it became clear that the Inland Revenue was, as hon. Members have said, having difficulty in dealing with requests for official error relief within an acceptable time, my right hon. Friend the Paymaster General asked it to consider the scope for streamlining the process that is used to decide whether official error relief is due. It has reviewed the procedures, in the light of a few months' experience, and I can confirm that it will change the targeting of the checks that are made to applications. That will reflect a better assessment of the types of award given in cases in which it was unreasonable to expect people to understand and to check the detail.

We estimate that that will allow the Inland Revenue to clear more than 50 per cent. of the cases quickly, and the backlog is expected to be cleared by the summer. I am sure that hon. Members will welcome that. I repeat my invitation to hon. Members to let me have details of the cases that they have raised. I trust that they will watch closely for the impact of the new arrangements over the next few months and I have no doubt that we will return to the debate if matters do not improve.

Staffordshire Ambulance Service

11 am

Mr. William Cash (Stone) (Con): I am raising questions relating to the dreadful and tragic death of Benjamin Moston. It is a serious case, which requires serious answers from the Minister as well as from Staffordshire ambulance service, not just an apology or an internal inquiry. I should state at the outset that I have genuine respect for those who work for Staffordshire ambulance service, which generally performs a role in difficult circumstances which deserves our thanks and gratitude. However, this deeply tragic case requires much more than an internal inquiry.

On Sunday 13 February 2005, 10-year-old Benjamin Moston, the son of Mrs. Jayne Moston and Mr. David Layton of Barn Common, Woodseaves in my constituency, was showing signs of wheezing due to his asthma. He was given Ventolin by his parents, but that was having no prolonged effect. Benjamin required a repeat dose some 45 minutes later. At 6.08 pm Jayne Moston called the out-of-hours service, which is manned by Staffordshire ambulance paramedics. Her call took approximately 14 minutes to get through followed by a further 14 minutes relaying patient information together with symptoms present.

The paramedic answering the call told Mrs. Moston that someone would be with her shortly. It was explained to the paramedic that Ben was a severe asthmatic, he was wheezing and his Ventolin was having little effect. The parents believe that the paramedic wrongly categorised this call: instead of an immediate response it was categorised as a case to be seen within the hour. I understand that it was the paramedic's first shift as a call taker and required supervision. There was no supervision. At the paramedic's disposal is the triage software, which I understand was not used. However, the family have since been told that had it been used, it would also have failed them in triggering an immediate response for Benjamin's condition. I will return to the triage software later.

Also, situated four and six minutes away are a community first responder and Mr. Roger Thayne, the chief executive of Staffordshire ambulance service, who was on call. Those individuals should have been paged to respond, and it appears that due to human error this was not done. At approximately 7.01 pm, Benjamin's condition worsened, resulting in a second call which was a 999 emergency call made by Jayne Moston. The same information was relayed again about Benjamin's condition and it was made clear that a previous call had been made. Again, the first responders previously mentioned were not paged to respond. This call was taken by the call centre supervisor.

At approximately 7.15 pm, Benjamin's condition deteriorated rapidly. He became cyanosed, agitated and confused, and a further 999 call was made by Mr. Layton, Benjamin's father, informing the call-taker of Ben's deteriorating condition and asking where the ambulance was. They replied that the ambulance was in the area but could not locate the home address. This was due to its not being in the satellite navigation system, despite the road and houses having stood and been clearly mapped for many years.

At 7.18 pm, David Layton tried to attract the attention of the paramedic who was further up the street by waving his arms. The paramedic drove past and Mr. Layton had to give chase while shouting at the driver to stop. Tragically, by this stage, Benjamin had collapsed and apparently died in his mother's arms in front of his four-year-old sister and 21-month-old brother. David Layton informed the paramedic that Ben had collapsed and he was unsure whether he was even breathing. On arriving at the house at 7.34 pm, the paramedics immediately began cardio-pulmonary resuscitation—CPR. At 7.35 pm, the trust doctor arrived on the scene, but he could not intubate and asked the paramedic to do so, which he did.

It was some 15 minutes before Benjamin was attached to a monitor to ascertain heart activity and saturation levels, and some 25 minutes before any adrenalin was administered. The doctor observed by monitor that there was no electrical activity in the heart by then. It appears that the community first responder arrived at 7.35 pm after he had been paged at 7.23 pm. He is only six minutes away from Benjamin's home address. Another two paramedics and a doctor arrived at almost the same time; CPR continued and adrenalin was administered at approximately 7.45 pm.

The doctor decided that Benjamin should be taken by ambulance to Stafford district general hospital. The ambulance left at 7.55 pm and arrived at 8.08 pm. The doctor continued to give CPR in the back of the ambulance, despite an apparent protocol that at least two or more persons are required during emergency life support for children.

Benjamin was pronounced dead at the Stafford district general hospital at 8.30 pm. Mrs. Moston and Mr. Layton believe that Benjamin did not stand a fighting chance due to those errors. His asthma attack was no worse than any other he had experienced. It was simply that the early medical treatment that was required was not forthcoming.

The lives of Benjamin's parents have been torn apart as a result of the tragic circumstances surrounding his death. They constantly relive his final hour and see his frightened face asking them to help him. No parent should lose a child, and most definitely not as a result of the failure to act quickly and with expertise, as we rightly expect from our emergency services.

I said that I wanted to make some important points about the triage policy, which can be described as an emergency transport request generally made through a 999 call but which might also include calls from GPs. The prioritisation of emergency calls to ensure that immediately life-threatening cases obtain the quickest response was introduced as a pilot in 1995–96. There are three categories. Category A covers emergency calls that are classified as life threatening, and ambulance services are expected to reach 75 per cent. of category A calls within eight minutes.

Category B is for non-life-threatening emergency calls, 95 per cent. of which should receive a response within the national 14 minutes in urban areas or 19 minutes in rural areas. Category C calls are regarded as non-life threatening and non-urgent, and are a large proportion of the work of the ambulance service. In some cases, telephone advice or referral to another agency may be adequate to meet the callers' needs and may be a more appropriate clinical response.

[Mr. William Cash]

Why was not Benjamin's case immediately classified as Category A and an ambulance despatched with paramedics? This is one of the most critical questions. The answer that I will receive from the Minister goes to the heart of this tragic case. Above all, I insist on a full public inquiry and not merely the internal inquiries that have been suggested so far.

In addition, I have been told of serious allegations about other deaths, including references to impending cases at Birmingham employment tribunal, which are connected to what are described to me as

"deliberate reductions in emergency care resources",

and a failure to anticipate rises in demand in 2003.

I have also been told of allegations of threats and bullying to dissuade people from speaking out. I cannot verify those allegations now, but they appear to be part of the case before the employment tribunal, and in so far as they have a bearing on the question of resources, they are directly relevant to the tragic death of Benjamin Moston. In any event, I will not be satisfied with an internal review or one conducted merely by the strategic health authority. I want and demand a public inquiry in which all these matters and their interconnection, including the issue of resources, are fully investigated, and not merely an apology or internal inquiry. A child has died by error and by fault, and the parents deserve no less.

11.10 am

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I congratulate the hon. Member for Stone (Mr. Cash) on taking up this issue on behalf of his constituent, and express my great sadness on hearing the details of the case. I hope that he will pass on my sincere condolences to Benjamin Moston's family. This must be a very sad time for them and I am sure that they are devastated by what has happened, as the hon. Gentleman has said.

The incident has had a profound effect on the Staffordshire Ambulance Service NHS trust, which provides the out-of-hours service in the area. The chief executive of the trust has been to see Benjamin's parents; he has formally apologised on behalf of the local NHS and offered his personal condolences. The trust has been the highest performing ambulance trust in the country for many years, but we—and it—must recognise the importance of learning from such events.

The staff of the trust are hardworking and diligent, but they would be the first to say that they owe it to Benjamin and his family to use this experience to do even better in future and, if it emerges that their performance was less than optimal on this occasion, to do everything in their power never to let the same thing happen again. But I stress the "if"; the only way to find out whether their performance was less than optimal is to carry out an inquiry and face the issues honestly, and such an inquiry has not yet been carried out. Until it is, we should not speculate about where fault may lie but should stick to discussing the facts as we know them. It would be inappropriate for me to discuss the details of Benjamin's illness at this time, but I can tell hon. Members what I know of the events following his parents' call to the out-of-hours service. What I am about to say is based on what I have been told by Shropshire and Staffordshire strategic health authority and, of course, it is subject to review in the inquiry that I will talk about later.

I am told that the call from Benjamin's parents to the out-of-hours service, at 6.08 pm on Sunday 13 February, was handled by a paramedic call handler who made a clinical decision, based on the information available, that Benjamin should have a home visit within an hour of the end of the call, which was at 6.21 pm. That is covered in the ambulance service trust's internal investigation report, and it would not be appropriate for me to comment on that decision at this time. At 7.01 pm, Benjamin's parents, worried that Benjamin's condition had deteriorated, made an emergency 999 call, and a community paramedic officer was dispatched to the Mostons' home at 7.02 pm. The parents made a further emergency call at 7.18 pm to ask where the ambulance was. The paramedic arrived at about the same time as that second emergency call.

On arriving at the scene, the paramedic found that Benjamin was in cardio-respiratory arrest and requested that an ambulance be sent as quickly as possible. The ambulance was mobilised at 7.27 pm and arrived at 7.34 pm. The ambulance trust's doctor arrived at 7.35 pm. At 7.45 pm, Benjamin was taken to Staffordshire general hospital; he arrived at 8.08 pm. Sadly, as we know, he did not survive.

I should point out that a coroner's inquest into Benjamin's death has been launched and is currently adjourned. It would not be appropriate for me to comment on what its findings might be. However, I can reassure the hon. Gentleman and Benjamin's family that the local health community has taken this incident very seriously and absolutely understands the need to look into the matter with a view to avoiding similar incidents.

The hon. Gentleman will be aware that the ambulance trust immediately launched an internal inquiry into the circumstances surrounding the incident. The initial findings of the inquiry and the detailed action plan drawn up as a result have already been shared with the family. The investigation report will be tabled at the ambulance trust's risk and clinical governance committee, which reports to the trust board. The detailed action plan is already being implemented by the trust. The plan addresses areas such as staff training and the introduction of dual paging/SMS texting and clinical policies.

I can advise the hon. Gentleman that on 1 April the trust moved to a single computer-aided dispatch system, which allows better control of the interface between the out-of-hours service and the emergency ambulance system. The strategic health authority, which is responsible for monitoring and improving the quality of health care in the area, has also commissioned an independent inquiry into the incident to determine any contributing factors and to recommend any actions that should be taken to prevent a similar occurrence.

The inquiry is being undertaken by Dr. Matthew Cooke, accident and emergency consultant at the Heart of England NHS foundation trust—formerly the Birmingham Heartlands and Solihull Hospitals NHS trust—and national A and E medical advisor, and Dr. Richard Fairhurst, medical director of Lancashire Ambulance Service NHS trust.

The inquiry is in two parts. The first will look at the out-of-hours service, which, although it is provided by Staffordshire Ambulance Service NHS trust, is in fact the responsibility of South Western Staffordshire primary care trust. The second will look at the response of the emergency ambulance service. It would not be appropriate for me to pre-empt the findings of the review, and the results will be presented to the boards of the PCT and ambulance trust in due course.

Both the ambulance trust and the PCT will respond to any further recommendations that come out of the inquiry. I am also requesting a copy of the report so that any wider issues to do with either out-of-hours or emergency services can be considered, and any lessons that can be applied nationally can be disseminated.

Mr. Cash: The Minister will know that I have called for a full public inquiry. I accept that there has to be a first-stage inquiry, but he has just said that he will call for a copy of the report—I am glad to hear that. On the basis that that report will be made available to me and to others who have responsibilities in such matters, will he commit to the idea of a full public inquiry if, on reflection and in light of the report, it is clear that those matters need to be pursued in public?

Dr. Ladyman: Yes, I am happy to commit to that. If on receiving the report there are still outstanding questions, and those directly involved and in positions of authority—including the Minister who holds the appropriate portfolio after the election—believe that questions may still be unanswered, clearly we will have to commit to further inquiries. It may well be that the hon. Gentleman, if he is returned after 5 May, will want to seek another Adjournment debate to discuss the matter in the Chamber. If I am still Minister after 5 May, I will certainly be happy to meet him to discuss the findings of the report and how matters should best be moved forward, after we have the results of the inquiry.

I hope that the hon. Gentleman would agree that there is no cover-up and no lack of willingness on behalf of the trust, the local health authorities and the NHS to learn from events. In due course everyone will know exactly what happened and how such tragedies can best be avoided in future.

The hon. Gentleman mentioned the policy on ambulance service and response. He and his constituents should be aware that there is substantial progress and high performance in their area. He mentioned the various categories of response; the NHS plan has an objective to improve ambulance response times so that 75 per cent. of 999 calls to life-threatening emergencies—the category A responses that he referred to—are responded to within eight minutes. The latest information for 2003–04 shows that 75.7 per cent. of category A calls in England resulted in an emergency response arriving at the scene of the incident within eight minutes, which was slightly up from the previous year's figure of 74.6 per cent. In Staffordshire, 86.6 per cent. of category A calls received a response within eight minutes in 2003–04.

Other emergency calls, category B and C calls, should receive a response within 19 minutes 95 per cent. of the time in rural areas such as Staffordshire.

Mr. Cash: The Minister will notice that I asked why this case had not been immediately classed as category A. Had the circumstances and procedures been followed in accordance with the category A system, eight minutes—if that is the right figure—would have applied, and we almost certainly would not be faced with such a situation.

Dr. Ladyman: Clearly, that must be a key matter for the inquiry to determine. It must decide whether the triage process, as the hon. Gentleman describes it, was accurately followed, whether it is defective in some way for this particular type of condition, and whether the call should have been assigned to category A.

For the sake of the hon. Gentleman's constituents and their peace of mind, let me continue with the comments that I was about to make. In Staffordshire, 99.7 per cent. of category B and C calls are responded to within 19 minutes. That is far higher than the target, so I hope that the hon. Gentleman accepts that his local ambulance trust provides a high-quality service to his constituents. If errors were made on this occasion, they will be identified, made public and learned from, and we will move forward on that basis.

Mr. Cash: Will the Minister take note of the allegations that I mentioned, which, as I stated, I cannot verify? In the light of the fact that they appear to be related to what is going on before the Birmingham employment tribunal, which is a responsible tribunal, I hope that he will take note of the situation and consider also the allegation about deliberate reductions in emergency care resources. I am not in a position to verify that allegation either, but if there is a connection between the incident and the allegations, I am sure that the Minister will want to look into it.

Dr. Ladyman: I certainly do want to look into that. I was not aware of the allegations that the hon. Gentleman raised today, so I am not in a position to verify or deny them, but I will say that threats to stop people from speaking out are absolutely unacceptable. There are procedures to protect people who want to speak out about their concerns.

I shall write to the strategic health authority and the ambulance trust to bring to their attention the official record of today's debate, and I shall ask them to ensure that their inquiries consider the wider ramifications and the possibility that there are connections between this matter and the issues that the hon. Gentleman has raised. Hopefully, we will be able to resolve these matters collectively.

I hope that the hon. Gentleman will accept my good will. I hope that he accepts also that I am determined to ensure that everybody gets to the bottom of this. That good will is shared by the ambulance trust and the strategic health authority, which are equally determined to get to the bottom of this and to ensure that Benjamin's parents receive all the answers to the questions that they are bound to be asking, for what little comfort it will give them. It may provide some closure for this event. Once again, I pass my deepest regrets to them for this experience. I hope that they are able to move forward.

Mr. Cash: Just to wind up, as it were, I am extremely glad to hear the Minister say that in the light of the

[Mr. Cash]

information made available to him and, indirectly, to me and other people in appropriate positions of responsibility, he will have a public inquiry should the circumstances warrant it. That is an important first step. We look forward to receiving the information that comes from the inquiries that have been set up.

Dr. Ladyman: I very much hope that it will not be necessary to have any further inquiries because we get all the answers that we need from the inquiries that have been set up. I look forward to being in a position to discuss these issues with the hon. Gentleman after the events of the next four weeks.

11.24 pm

Sitting suspended until Two o'clock.

National Offender Management Service

2 pm

Mrs. Claire Curtis-Thomas (Crosby) (Lab): As a member of the Select Committee on Home Affairs, I regularly meet people who work in the criminal justice system, and I am pleased to have secured this debate because everyone I have spoken to in the probation service and the Prison Service has told me of their deep concerns about the structure and implementation of the National Offender Management Service.

The concerns that I shall raise are similar to those discussed by my hon. Friend the Member for North-West Leicestershire (David Taylor) and others in an Adjournment debate on 16 March, but they were not adequately addressed because of time constraints, and I hope to receive more satisfying answers today.

The aims of NOMS are laudable. How can anybody argue with the NOMS vision? We are told that it will:

"Implement the orders of the courts and supervise offenders and those remanded in custody in such a way as to protect the public . . . Provide a range of effective interventions and services that are designed to reduce reoffending . . . Give offenders the opportunity to lead law abiding, productive and healthy lives . . . Work in a way that treats offenders fairly and with decency."

Protection of the public, a reduction in reoffending and the rehabilitation of offenders—I cannot argue with any of that.

Similarly, discontent and decreasing morale among staff seem strange when one realises that there is fairly widespread acceptance of the objective of taking some responsibility for what happens to offenders once the court sentences them to different kinds of punishment.

Everybody applauds the sentiments of NOMS, but people are concerned about the organisational structure that is proposed to implement it. The current division of responsibilities between the Prison Service, the probation service and others leads to inefficient and disruptive services, as I have seen for myself during my visits to prisons and probation boards.

Nor are the existing arrangements conducive to providing services that promote offenders' rehabilitation and reduce their reoffending. No single organisation is ultimately responsible for the offender, which means that there is no clear ownership of the front line for reducing reoffending. Clear ownership is the goal that we all want to achieve, and the promotion of a single, integrated, seamless service that provides end-to-end management for offenders, whether they are sentenced to custodial or community punishment, therefore enjoys widespread acceptance and my support. The challenge, however, lies in how to achieve such integration to maximise the gains and minimise the risks involved—and the current risks are exceptional.

To explain the increasing concern felt by myself and others, it is important to put the introduction of NOMS in context. The decision to merge correctional services resulted from the review of those services led by Patrick Carter. The Carter report "Managing Offenders, Reducing Crime" found that although the Prison Service and the national probation service had achieved improvements,

"access to services such as drug treatment and education depends more on whether an offender is sent to prison or probation, rather than their individual needs".

So remedial support and action are based more or less on postcode prescription.

NOMS has been identified as a way of remedying that. It came into existence five months after the Carter report had recommended its establishment and the Government had agreed to it in "Reducing Crime—Changing Lives". That was far too quick and meant that the Government's consultation strategy was patchy and ineffective and did not reassure people in the probation service that they had a voice or that their concerns would be heard.

The Probation Boards Association vented its frustration in February 2004, when it explained that one of its initial reactions to the Government's agreement to introduce NOMS was

"dismay that the Home Office appears to have taken far-reaching decisions without public or parliamentary scrutiny and consternation that those matters which have yet to be decided are offered only for 'comment or suggestion'".

Discussion with members of the probation service has provided me with a full picture of the Government's consultation strategy, and it makes that frustration perfectly understandable. In some cases, there was no consultation, and where it did exist, it involved sending just a few scant letters; there did not seem to be much of a coherent rationale behind them.

On 7 May 2004, under cover of a letter from Martin Narey, the Home Office issued information containing organisational and design proposals for consultation with probation boards and other interested parties. The overwhelming response to that consultation was critical of the brevity of the information that accompanied the proposals and the lack of any reference to local arrangements.

On 20 July 2004 the Minister withdrew the proposals and made various comments about how he saw the future of the National Offender Management Service. After that, it became increasingly difficult for the probation service and others, including me, to obtain meaningful information from anyone with any authority in the Home Office about the way forward for NOMS during the latter part of 2004.

It would appear that no clear proposals were forthcoming and no responses were available to the myriad questions that were being asked. The Probation Boards Association, representing probation boards throughout England and Wales, became so frustrated that I understand it wrote to the Minister in January 2005 expressing its view on the lack of progress and the paucity of information.

Whether those and other concerns were the trigger to action is not known, but a brief flurry of information followed, issued by the Home Office and containing various descriptions of a NOMS end-state diagram, NOMS design work and suggestions for service level agreements to be drawn up to guide the relations, including operational and budgetary matters, between probation boards and regional offender managers who had been appointed in the latter part of 2004.

I know that the probation service is concerned that, despite a number of negative responses to the consultation, the end state of NOMS is no different in essence from the proposed system that was withdrawn by the Home Office in July 2004, following consultation. That lack of transparency on the part of the Government has been self-defeating. As is mentioned in the summary of responses from the consultation exercise, there is support for NOMS in general. Much of the resulting unease and discord stems from people's disappointment that they were not fully consulted and their concerns not acted on, as well as general confusion about the lack of forthcoming answers—confusion which, as I said earlier, I fully understand.

I think that the Government would like to argue that the lack of a detailed blueprint gives key stakeholders the chance to influence the shape of NOMS at a crucial stage of its development. However, from what I have just related it is plain that that is not happening. Views are sought, but, it appears, not translated into any operational procedure or design. As a result, the view of the National Association of Probation Officers is that support for the concept of NOMS is now virtually non-existent, with key stakeholders, including the trade unions, among those who do not support it.

There is a feeling that NOMS, as currently constructed, will not work. The Home Affairs Committee, of which, as I have said, I am a member, criticised the lack of consultation in our report on the rehabilitation of prisoners. The report states:

"We welcome in principle the introduction of the National Offender Management Service, although we regret the lack of prior consultation and the failure to publish a comprehensive business case. These failures have undoubtedly created unnecessary difficulties in developing NOMS. We welcome recent signs that the Government has recognised these problems. A more collaborative approach with those working in the Prison and Probation Services will produce effective change more swiftly."

I should like to be thoroughly convinced that there will now be more thorough consultation.

I noticed that the Under-Secretary of State for the Home Department, my hon. Friend the Member for Wythenshawe and Sale, East (Paul Goggins), referred to the possibility of a new stakeholder forum during the previous Adjournment debate. I should like more information on that, as well as details of the outcome of the meetings so far of the NOMS joint consultative council. I am glad that my hon. Friend seems to have taken on board the fact that the initial lack of consultation and the speed of introduction have led to low morale among staff affected by NOMS. The object of inspiring commitment in staff has obviously not been achieved. I truly believe that unless stakeholders are consulted and their views taken on board, NOMS will not achieve its aims. Therefore, it is immensely important that the stakeholder forum should come into being and that the council should be used to maximum effect.

On 6 January 2004 the then Home Secretary, my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett), explained how the Government envisaged the service being provided at regional level. He said:

"We believe that the task of integrating the management of offenders is best achieved at regional and local level"—

I emphasise the word "local"—

"where effective links can be forged and joined-up strategies developed. Those will include working with complementary services, including health, education, housing and employment."—[*Official Report, House of Commons*, 6 January 2004; Vol. 416, c. 172.]

[Mrs. Claire Curtis-Thomas]

However, local arrangements were omitted from the development of the organisational structures, and, subsequently, more than 90 per cent. of the boards either suggested alternative sub-regional structures or felt that the current 42 areas, or something similar, should be retained. None of the union responses was in favour of the regional structure. Most felt that the 42 areas, or something like that, should be retained.

One of my worries is the sheer size of each regional offender region. Liz Hill, the regional offender manager for my area is responsible for the north-west, while Carol Bernard is the ROM for the whole of Wales. ROMs will have major responsibility. By 2006–07, they will be responsible for holding the budget for probation and prisons in their regions, commissioning services for prisons and local probation boards, holding both prison and probation areas to account for their performance, improving performance by developing contestability and allowing alternative service providers to compete for work so that regions obtain the best value for money in managing offenders.

I do not understand how such a task can be managed at regional level. My area will include not only Merseyside, but Cheshire, Lancashire, Manchester and Cumbria, each with wide-ranging and varied offending problems. I fear that the regional structure will lead simply to increased bureaucracy, not better local results. What works in Bootle does not necessarily work in Crosby, and we must not lose sight of that in the re-organisation. I wish to receive reassurance that ROMs will work to make a strong, local focus possible within a regional structure, or else the structure will fail. As much commissioning as possible should be carried out locally rather than regionally to make delivery of contracts as relevant as possible to local people, their local problems and local issues.

Following consultation, the Government decided to retain the current structure of the probation service only for the time being. The fact that regional offender managers are working with the 42 existing local boards seems to be an example of the Government's improved stance towards consultation, and I firmly welcome it. I was initially pleased by my hon. Friend the Minister's response in July 2004 to concerns about the move to a regional structure. He seems to have acted on consultation responses that included reservations about regionalisation, especially the replacement of probation boards populated by members of the local community with regional boards, which, it was thought, would disrupt links and reduce local accountability. The focus was to be end-to-end management of offenders and contestability, which also gave cause for concern.

As well as the retention of probation boards, my hon. Friend explained that individual offender management would work at local level because it understands the importance of links at local level. I am keen to see how that will transpire in organisational reality. I am also aware that he emphasised that it was not a good idea to move to new regional boards for several reasons. However, regardless of his comments, it seems that NOMS is moving towards a more regional structure so, despite concerns expressed about such a move, plans have been postponed, not changed. Given that my hon. Friend the Minister still intends to move towards a regional structure and to replace the probation boards, those real worries have not been addressed.

Such a change will be driven centrally and result in a lack of local accountability, and I want local accountability. I do not want to undermine the good multi-agency work that is happening in my constituency and throughout Merseyside. Will my hon. Friend clarify whether NOMS will move towards a more regional structure and, if so, what will it look like? If regionalism is the goal, the Government need to assure parliamentarians and key stakeholders that that will make improvements in what already exists.

I should also like more information about the role and the powers of local offender managers. I am concerned that the Prison Service seems to have opted out of NOMS and, thus, that offender managers will not be able to affect the programmes in prison as they will have no authority over prison governors. Will my hon. Friend expand on the role and responsibilities of offender managers and explain how much influence they will have over the management of offenders in prison? I should be grateful if he told me whether he intends to remove local probation boards because it is important that they have power and resources to make links at local level. I, for one, am much in favour of local probation boards.

Community involvement was seen to be an important feature of NOMS, as are restorative justice measures. On that, one charity said:

"we support measures to treat civil renewal as a matter of building confidence, resilience and social capital so that crime can be reduced and lower level nuisances can be dealt with by civil and social measures, including restorative measures, without recourse to the criminal justice process."

I say amen to that. I fear that the move to regionalisation could damage those links with the local community, and we must retain them.

I am not necessarily opposed to the inclusion of a regional tier; there is definitely a place for a regional section within the proposals, for strategic purposes alone. However, the form of regionalism that NOMS seems to be moving towards would undermine the strengths of the current system, particularly the criminal justice partnerships that have been established in all our communities and are beginning to work well.

The criminal justice system has been moving towards a partnership approach to tackling crime and disorder since the introduction of the Crime and Disorder Act 1998, in recognition of the fact that organisations and individuals can achieve more if they work together than if they work in isolation. The 1998 Act places a joint responsibility on local authorities and police to formulate and implement strategies to reduce crime and disorder in their area. They must do that in co-operation with a large number of organisations from the statutory, private and voluntary sectors. They must also consult the local community about their proposals.

Partnership groups make decisions on the setting of local priorities, targets, strategies and resources, and most have established a series of working groups to assess that process. Those working groups bring particular expertise to bear on a specific issue and make recommendations. Membership of the working groups will vary according to the issues that they address. They

may contain a wider range of agencies than those represented in partnership groups, including agencies such as Victim Support and neighbourhood watch schemes. Vitally, they also involve members of the local community. Members of our local community are currently involved in criminal justice partnerships, which address problems caused by criminals operating locally. They are keen to ensure that such offenders are involved in restorative justice programmes that they have access to and have a voice in, and we cannot afford to lose that.

The probation boards operating in each of the 42 probation areas have boundaries that are contiguous with constabulary and court boundaries. That has encouraged the growth of local partnerships between a range of agencies and service providers covering the same area, from crime reduction and disorder partnerships and the local criminal justice boards to primary care trusts and local authorities. We are currently in a utopia of coterminous authorities, and we wreck that at our peril. The Carter report vision is for the continuation of such partnerships, and it highlights the need for improving shared information. I agree with that direction, as do the people I have spoken to and the responses I have seen in the summary of responses to the consultation.

My local probation service is outstanding; through my experiences with it, I am aware of the good practice that emerges through collaboration—it has taken great pains to demonstrate that to me on more than one occasion. There is a lot of support for increasing the use of partnerships, although concerns have been raised about how that might happen in practice. In general, organisations appeared to be keen to work with each other, and to develop the work that has been done in recent years. The Probation Boards Association said that it would

"welcome the increased use of the voluntary/not-for-profit sector in dealing with the needs of offenders and communities. These partnerships not only add to the capacity of probation boards to deliver services but play an important part in community engagement and awareness-raising."

The second part of "National Offender Management Service—Next Steps" summarises the response to the second consultation, which focused on the preferred organisational design of the new service. Despite the support that there is for increased partnership working, many respondents made it clear that they felt that there was no need for radical structural changes, and that the required changes in delivery could be brought about without so much upheaval to staff—staff who have been involved in the process of change for many years. That process is not conducive to good, efficient working, or the improvement of morale.

David Taylor (North-West Leicestershire) (Lab/Co-op): I apologise for not being in the Chamber for the early part of my hon. Friend's speech.

I secured a debate in Westminster Hall on this topic three weeks ago and have had a great deal of feedback from probation officers in the service. Does my hon. Friend agree, from knowledge of her research and contacts, that the probation service feels uneasy about the relationship of the regional structure and the fact that it will just have contractual, not supervisory, relationships with suppliers? Does she regret—as the probation service does—that the service in its current form, which was set up almost 100 years ago by the Probation of Offenders Act 1907, seems unlikely to survive in the way that was envisaged just some years ago? Will not the centenary be a redundant date?

Mrs. Curtis-Thomas: I am delighted to see my hon. Friend in the Chamber and I take this opportunity to congratulate him on securing the first debate on the subject. I read the response to that debate with a great deal of sadness and noted that many of his concerns were not adequately addressed. I concur with his views.

The local probation boards and the probation facilities feel disfranchised from the process of restructuring the probation services and are yet to be convinced that the models on offer will do anything to enhance the effectiveness of their role in relation to prisoners.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I am listening to the hon. Lady's speech carefully and agree with a lot of what she says. There is an element of déjà vu about this whole debate. I, too, was dissatisfied with the Minister's responses to the last debate, and I asked him to reply to all Members present in writing, but I had not yet had a letter from him until he handed me today a copy of a letter dated 24 March. To the best of my knowledge, it has not yet arrived in my office, and even it does not fully answer all the questions raised in the debate. There have been answers subsequent to the debate and publication of the *Hansard* report of it, but the hon. Lady may, like me, not have had the advantage of seeing even that inadequate letter.

Mrs. Curtis-Thomas: NOMS, the probation service and prisons are not on many parliamentarians' list of hot topics, but they are certainly on mine. A discrete number of colleagues in the House is interested in this matter, and we will not let it rest. We know that there are significant consequences to changing the probation and prison services. I want to ensure that any changes deliver a better service, and I will not stop until I have seen evidence of that and probation boards tell me that what is going to happen is better. Those people have the experience, and I am not going to argue with them because that experience has been gained over a long period, as my hon. Friend the Member for North-West Leicestershire (David Taylor) just said.

Many respondents to the consultation pointed out that existing local relationships, both formal and informal, were important in ensuring successful management. As I said earlier, and as I intend to repeat, I want local people working with the crime and disorder partnerships, the probation boards, the youth offender teams and the youth justice boards to ensure that there is local accountability. That matters immensely to me.

One of the strongest messages coming from the consultation was concern about regional rather than local delivery structures. Numerous respondents pointed out how integral local structures and partnerships were to criminal justice services, and it was felt that the NOMS design would reduce that. The NOMS design does nothing to enhance those organisations that were set up as a result of the Crime and Disorder Act 1998 and runs counter to many of the measures introduced under that Act that focused on local involvement and local agency working.

[Mrs. Curtis-Thomas]

Local arrangements supported by local people are necessary to ensure that work with offenders can be carried out effectively and in partnership with the range of other agencies which provide services to offenders. Furthermore, co-operation between locally managed probation services, the police and courts has been vital to crime reduction and the running of youth justice teams, which have been enabled by coterminous boundaries.

I am extremely impressed with the work on Merseyside through multi-agency public protection arrangements, and there are currently interagency arrangements to tackle serious crime. Those arrangements bring together all the relevant agencies and organisations to share information on the minority of offenders who cause the most concern—that is, sexual or violent offenders.

Until the mid to late 1990s, joined-up work was patchy. Agencies tended to work in isolation and guard their information on offenders, often managed in isolated pockets of time. That would mean one agency closing a file, with another opening a new one. Now, there is file sharing, and things are much better. A different approach prevails, and we have seen good examples of it in Liverpool. One of the basic principles of sharing such information is illustrated by the Liverpool intensive supervision monitoring scheme, whereby the police and probation officers have access to each others' computer files. Three levels of seriousness have been introduced to assist the process. Level 3 is the most serious and is reserved for the critical few who pose a risk to the community that requires input from a range of agencies. Senior managers come together locally to allocate significant resources to manage such individuals.

The scheme has been successful, as the 2003–04 statistics indicate. Some 67 individuals were subject to a level 3 multi-agency protection panel, and only two were subsequently charged with a new serious offence. In areas such as Bootle, that meant a massive reduction in some drug-related crime; and by massive I mean 80 per cent. The agents involved in the exercise—they are involved to this day—say that that is the result of multi-agency working and local solutions to local problems.

It is worth giving a real example. AA, who is just 20, has been in trouble with the law all his life and is serving a long prison sentence for violent muggings on trains. He has a history of psychological problems, made worse by drink and drug abuse. He has completed his intensive offending behaviour programme, acquired some educational qualifications during his prison sentence and faced up to the effects of his behaviour on his victims. He will soon be released on licence to complete his prison sentence under supervision in the community, which I applaud.

A MAPPA meeting will therefore be called to ensure that all the supervision arrangements are in place, to monitor his progress. At such meetings, all agencies share information, assess the risk and agree actions to be taken by the various agency representatives. In AA's case, the agencies involved will work together, as they understand that although good use is being made of custody time, he must be supported in the community.

Merseyside has formed a strategic management board made up of the relevant senior agency representatives, as well as the prison and probation services and the police. The board includes representatives of Support After Murder and Manslaughter—SAMM—the director of social services, the area manager of the St. Helens youth offending team and the deputy director of nursing for Mersey Care NHS Trust, to name but a few. Those people will be lost in the regional structure, but we cannot afford to lose them. They must stay in place.

The head of St. Helens youth offending services has found that the work has informed his involvement with the strategic management board and feels that it has helped his understanding of issues involving victims of crime and the wider community. Where is there a place for such people in the current organisational structures for ROMs? I cannot see it. Does that mean that their role disappears, or does it mean that they are pulled into the centre of NOMS, a long way from Merseyside and the problems that my constituents experience.

Carol Chalmers, who is the chief executive of victim support and witness services in Merseyside, also welcomes her part in the multi-agency partnership. She says that

"research has shown that a collaborative approach in addressing the issues surrounding serious offenders is essential to prevent re-offending re-occurring . . . public protection is dependant upon thorough co-ordination by all the key agencies."

I have laboured the point about localisation of the structure long enough and should turn to contestability. The Minister wants to place contestability at the heart of NOMS to ensure the best services. In an interview with *NOMS Update* magazine in January, Christine Knott explained that ROMs were already forging links with the key people in their regions and would quickly begin working to separate offender management from interventions. That will mean that existing providers will compete with private and voluntary sector providers to supply interventions in the community, thus leading to secrecy rather than information sharing. If agencies have to compete for work, they will develop their own strategies and ways of preparing and pricing programmes. There will not be the sharing of best practice between providers that we have now. I have seen that kind of sharing in action; providers say, "What is working with you? This is working with us." If they all have to contract for work, there will be no sharing of good practice. People will keep good practice to themselves in the hope that they can win further contracts, and I am deeply opposed to that.

David Taylor: My hon. Friend has moved on, at least in part, from effectiveness to cost. Is she concerned, as I am, that the NOMS overhead associated with producing, considering and monitoring myriad contracts with public, private and voluntary sector providers will itself be a very substantial cost? Perhaps we may judge by early experiences in the related area of hostels facilities and management contracts. The experience there, according to people who have e-mailed me, is that the situation

"goes from bad to worse in terms of service but the costs increase."

That is just a scandal. We do not need to look into a crystal ball; we can look back at what happened in that area when there was contestability, outsourcing and privatisation. Is not that the case?

Mrs. Curtis-Thomas: I agree absolutely; that is my experience. We have seen repeated examples of that when we have privatised a service. Privatisation may provide a service at less cost, but that does not mean it is more effective. We cannot overestimate the sophistication of the programmes developed to address the criminal habits of some individuals. The programmes have to be specifically tailored for each individual at great expense to the taxpayers. That is as a result of the criminals' action in the first place. The result is further expense to try to curtail and manage their behaviour in future. Experts currently put these programmes together, and they work.

A regional structure will incur greater costs, and those will have to be shared by each of the probation services, so we will get increasing costs and supervision. I want to know how that translates to the bottom line in terms of improved delivery. Quite frankly, I do not want any more managers in the system; I want more people out on the streets working with offenders.

Many probation staff feel clearly threatened by the proposal to split the purchaser-provider functions, as do the trade unions. Nearly 60 per cent. of union responses were strongly against the proposal. One union said that the split would

"run counter to Patrick Carter's original aim of 'breaking down the silos of the services' and will have a negative impact on staff and on the recruitment of staff, as well as on the principles of the service."

The move towards contestability seems to go against the principle suggested in the Carter report. The proposals appear not to provide any structural integration of the probation and prison services; rather, they keep them separate and signal the intention of splitting the probation service in two.

Mrs. Gillan: The hon. Lady has mentioned the movement towards contestability. It is no longer a movement, because the first cluster of prisons has already been put out for competition; contestability is with us before we have even had any Bills and before NOMS has had sufficient scrutiny in this House, let alone among the unions and other interested parties.

Mrs. Curtis-Thomas: Yes, I am aware of that. A member of my staff is currently with some of the probation boards and services across the UK, and I asked about some of those services. I know that some are shaping up to be put out, but I did not realise some of them had gone out.

As hon. Members know, I am prolific in asking parliamentary questions, having asked nearly 2,000. I give the Minister good notice of the fact that I shall be putting pen to paper, and I will expect to find out exactly what is what in this area. That will be good news for the Minister for after the next election, one hopes.

I want to bring my remarks to a close. I apologise for the length of my speech, but I wanted to put these matters, which I feel so strongly about, on the record. I am accountable to the people I serve in my constituency, and I am proud to be so. This is an essential part of my job. Many of us do not like to think of prisoners coming back into the community and reoffending. I have been trying my damnedest to limit that eventuality in my community. That is why I have such a great interest in the subject, and I do not intend to relinquish that interest.

In a press statement, the National Association of Probation Officers said:

"The purpose of the National Offender Management Service, which is established in today's Bill, is to dismantle the Probation Service and introduce privatisation in order to drive down costs. This will be done through reducing terms and conditions of staff."

That is not necessarily the case. However, the statement went on:

"This is unlikely to reduce re-offending and, indeed, could actually lead to an increase in crime, because quantity not quality will become the main principle."

It is not the cost but the value that matters. There is therefore a belief that NOMS will cause disruption in the service while failing in its aim to reduce reoffending.

As I have mentioned, one of the most effective methods of working in the probation service of late has been the multi-agency approach. I argued that that would be undermined if the boundaries of the probation service were changed. It will be more difficult to maintain links as their focuses will vary. However, multi-agency working, which we have been moving towards, faces a greater threat from the decision to move towards contestability through the separation of purchaser and provider functions. As one commentator noted:

"There is a risk that this approach could be counterproductive if NOMS is to succeed in delivering end-to-end management of offenders that will rely upon co-operation between service providers from all sectors."

There is much evidence to support the view that dislocating the work of offender management and interventions would adversely affect the provision of an integrated, coherent and effective service to offenders.

I have said enough. My primary concern is that the NOMS service will be managed regionally. The dimension of locality seems to be missing. I have looked at the organisational structures—I am something of an expert in those—and cannot find anything that suggests that local providers will be able to determine what best suits local needs. That is what is crucial. Moreover, our probation boards are populated by local people who are accountable to local people and take great pride in the work that they do. We must not prejudice the involvement of local people in the action of the probation boards—that is also crucial.

I am implacably opposed to contestability. At the moment it is about reducing cost and not necessarily improving the effectiveness of services. We cannot do that. We must continue with the good work established with a number of agencies since the Crime and Disorder Act 1998 was introduced, which is commendable. We have worked hard to involve local people in the management of local offenders, and we have to continue to do that. I cannot see NOMS, as constituted, enabling that process of local accountability one jot. I look forward to the reassuring words that I hope to get from my hon. Friend the Minister at the end of the debate, which will address not only my concerns but those of my

[Mrs. Curtis-Thomas]

hon. Friend the Member for North-West Leicestershire and of the hon. Member for Chesham and Amersham (Mrs. Gillan), as expressed in recent debates. We must have overt and coherent answers to our concerns. If we do not, I have a long and interesting record of writing parliamentary questions about the matter.

2.39 pm

Mr. Mark Oaten (Winchester) (LD): I warmly congratulate the hon. Member for Crosby (Mrs. Curtis-Thomas), who has spoken with enormous passion. Her anger and commitment have been made clear in her remarks. She need not apologise for speaking at length, because I have to say that I agreed with every single word. I have learnt a great deal. She is right to say that, cross-party, we all wanted to take a sensible way forward from the Carter review. We need one organisation to look at the whole criminal sentence process; many of us were concerned about the different parts of the organisation. When the National Offender Management Service was being talked about as a result of Carter, there was a sense that quite a bit of consensus could be achieved. As we know, a lot of the good will was lost over the birth of NOMS. There is no point in going over the history, but NOMS certainly did not start out well because of how it was managed.

However, I sign up to the underlying objectives and aims that people are trying to achieve. The hon. Member for Crosby was right to talk about the problems experienced after the launch, and about the lack of consultation. I was interested to hear her comments about the current stakeholder forum, and I hope that that represents a more constructive approach. It is a pity that it has come so late; we could have achieved much more in a different way if it had been there before. Never mind; it is there now, and let us hope that it is a building block for a better way forward.

The hon. Member for Crosby was right to look harshly at some of the issues of structure. Structure is critical; it is important that we get the right level. I was taken by her illustrations of the fact that what works in Bootle may not work in Crosby. We all know about that principle from our experiences in different parts of the country. We have to have a strong local focus, and one way to achieve that is for a set of individuals to work in their communities at making people aware, particularly of work on probation.

That is why the probation boards have been so helpful in building those links. I see the structure issue—whether there should be organisations in different regions—and the probation board issue as one. My experience of meeting probation boards, such as the one serving my area in Hampshire and Winchester, is that good chief executives and individuals on them will go out and be advocates. They will, if you like, sell the service of probation—and by golly it needs selling. It needs explaining, and it needs businesses and communities to be signed up to the work that is taking place. The person running the probation service in my area, and the chairman of the board, have done excellent work in talking to local newspapers, writing articles, holding receptions in their offices, bringing businesses in and persuading the community that they should be taking individuals who are part of community service. They have been the advocates. However, I have to say that we would not have gone to their receptions or events unless they had been locally focused and we had been on first-name terms with some of those individuals who, we felt, were embedded and knew about the community. The hon. Lady was absolutely right to raise that issue.

She was also right to raise concerns about contestability—horrible word. I am not ideologically opposed to the private sector being involved in running public services. I have never bought into the argument of public good, private bad. I have always been very open minded about how things should work. However, in some areas the private sector is not necessarily appropriate; sometimes, deciding whether to bring in the private sector is very complex. I have concerns about that, particularly in relation to prisons; the hon. Member for Chesham and Amersham (Mrs. Gillan) is right to say that the process starts with prisons.

I am uneasy about the assumption that a failing prison may be ripe for contestability and for a private company to come in. Surely we should examine some of the reasons why prisons are struggling in the first place and the assumption that their problems can be solved by a different organisational structure. Such problems cannot always be solved in that way. Many prisons are failing because of issues of funding, location, the age of the buildings and pressures of overcrowding—reasons that have very little to do with management and the individuals running through.

I am also concerned about how things are being done, given the need for a level playing field. I have one specific question for the Minister. There appear to be different offender management targets in different prisons. I am told that public-sector prisons have the target of keeping overcrowding to under 24 per cent. However, the target for overcrowding in contracted prisons is 34 per cent. That seems bizarre; there are unlevel playing fields for contracted and publicly-run prisons when it comes to targeting. Will the Minister respond, or write to me, on that? That would be helpful. If we have unlevel playing fields on contestability, there will obviously be some concerns.

I conclude with some thoughts about why it is so important to get matters right, and on the challenge for those working in probation and in the prisons. The hon. Member for Crosby said it may be that not all politicians want to talk about that. My party will talk about it in the next four weeks, during the general election campaign, although there is a risk in doing so. The other parties are already distributing leaflets misquoting things that I have said about whether prison works but I shall keep on talking about prison, and about the importance of getting this right, because if we are serious about tackling crime, one obvious way of reducing the number of criminal offences is to reduce the number of people who leave prison and reoffend.

I need not bore those in this Chamber, who are all familiar with them, with the statistics: more than 50 per cent. of prisoners—and more than 70 per cent. of 18 to 21-year-olds—who leave prison reoffend. Prison is expensive, and we should get better value for money than reoffending rates such as that. Probation and prison working together can play a key role in tackling that reoffending rate, and they need to work better to

enable individuals who leave prison to access housing and probation. Multi-agencies need to have a role in that too. The system needs to work better so that prisoners on probation and out in the community doing community service have good access to drug rehabilitation and alcohol programmes; we know that they are effective.

Tackling the problem of education and training is critical to the process. Let me end with an anecdote that has troubled me enormously. I met a prisoner who was due for release and congratulated her on her release, but she said that she did not want to be released. When I asked why, she said, "Because I am in the middle of a hairdressing course and I want to continue it. I am going to be released in three weeks' time and the course in prison will finish in about four months. I have tried everywhere to be able to continue the course outside prison, and I cannot, so I would much rather stay here to continue the course, to get the qualification and to become a hairdresser and get a job."

The situation is nonsensical. It highlights that it is essential to bring together probation, prison and all the agencies if we are to tackle that sort of problem and all the others that go with integration. I congratulate the hon. Member for Crosby on having raised the issue and I hope that the Minister will give us satisfactory responses. It is important, it is critical; it is a really big issue that needs to be tackled. The intentions behind NOMS were good, but it has gone off the rails. There could be good will across all parties to get it back on track.

David Taylor: Does the hon. Gentleman agree that one of the ways of getting back on the rails—the present prisons Minister is the best we have had in the past eight years—would be for NOMS to publish a detailed business plan that can be scrutinised, debated and measured against standards that people will accept as being those of a good public sector organisation?

Mr. Oaten: I agree; the sooner that happens, the better.

I am informed that the NOMS business plan has just been published and put on the Home Office website, although it appears not to have been circulated to probation boards and chief officers. The Minister may be able to confirm that; it was mentioned in a briefing note that I received a couple of days ago. If that is the case, it is a shame that those on the front line have not received it. On the other hand, they can access the website. At least the information is available. If it has not been put across in the right way, that is another example of how this issue is not handled as well as it might be. We have an opportunity to get it right. We are a long way from doing so, but the will is there to make it work in future.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): There is a huge element of déjà vu about our debate, but I am delighted that the hon. Member for Crosby (Mrs. Curtis-Thomas) has given us another opportunity to beard the Minister in this den of Westminster Hall. I hope that he will be left with a lot more time to answer today's debate, as we have a lot more questions and many are hanging over from previous debates.

I congratulate the hon. Member for Crosby on her introduction to the debate. I understand that the Minister is married to a lady from Crosby. I hope that that will soften him up for his replies to the debate—and I hope that the hon. Lady will have more success in getting replies out of the Minister than did other Members in this Chamber on previous occasions.

I identify strongly with the story told by the hon. Member for Winchester (Mr. Oaten). Unfortunately, the Liberal Democrats do not have much continuity in dealing with the subject; the hon. Member for Orkney and Shetland (Mr. Carmichael) was speaking on prisons in the previous Westminster Hall debate. It would be nice to see consistency, with the same people following the subject through.

I, too, have spoken to many prisoners and discovered that the way in which they are prepared for release is so inadequate that they would rather stay inside. Recidivism is one thing, but it borders on the ridiculous that people can be so frightened of re-entering society that they would prefer to lose their liberty. That is when probation officers and prison officers come to the fore. They are the very people, the experts, needed to deliver a reduction in reoffending and to help ex-prisoners to take a proper role in society—a role in which they can contribute by working and paying tax rather than being a net drain on society. We all share that view.

To a certain extent, the Carter principles, the rebalancing of sentencing and a greater congruence between the work of the Prison Service and the probation service to help reduce reoffending and to protect the public is something to which we all subscribe. I have no doubt about that. Nevertheless, however pleasant, charming and helpful the Minister is, I am afraid that we seem to be descending into a quagmire. People do not know what is going on, and communications are exceedingly poor.

I understand that a group or cluster of prisons has already been put out to competition under the National Offender Management Service, but the Bill has gone nowhere. I was today handed a letter in reply to the debate that was instigated the other day by the hon. Member for North-West Leicestershire (David Taylor). That letter confirms that the first competition has gone ahead, but the points that I raised on the Bill were not dealt with, other than the Minister stating:

"It is regrettable that the Parliamentary timetable has not allowed for this Bill to be progressed more swiftly; however, I confirm that I have no intention of withdrawing the Bill this Session."

That was allegedly written on 24 March; yet on 6 April, today, the Bill has little likelihood of success. I hope that the Minister is not going to pick a horse on the Grand National on Saturday; I am not sure that I would trust his judgment. It was an open secret: everyone knew that the Bill would go nowhere—everyone except the Minister, who seemed always to stand up for it. I have heard rumours that the Bill will be redrafted—I am sure it will—yet NOMS is rolling on apace without legislative scrutiny, and the Minister has not consulted those involved in the work or Members of the House. Despite that, the change affects every constituency.

The business plan is not an impressive document. It is one of the thinnest business plans that I have seen for a long time. I, too, know about business and

[Mrs. Cheryl Gillan]

management. The business plan runs to five pages. The corporate plan is a little longer, but several of its pages show pictures of the members of the NOMS executive board. I thought that legislation had to be scrutinised by the House before the changes took place, but the plan mentions April 2005. I am not sure when it was prepared, but it must have been obvious that the Bill would not be introduced or debated. We question how it was introduced and how it is being managed by the Home Office. I have no doubt that there is general confusion and chaos, and that communications are poor.

David Taylor: I shall dash back to my office to look at the website and examine the business plan to which the hon. Lady refers. What matters is quality, not length, but I have seen what appear to be more substantial business plans for village halls. We are talking about a major public service that obviously needs billions of pounds of public money, and the trauma of change is envisaged. Condensing that to five sides of A4 paper means that it is unlikely to have been done well.

Mrs. Gillan: It is hard to glean much detail from it, but it has just appeared on the Home Office website and one must ask to whom it has been sent because the chief probation officers have not yet received it. I am not sure what the distribution process is for information, but while we are talking about communications from the Home Office, I note that NOMS officials have acknowledged that communications have been poor. I understand that the NOMS updates that are circulated to all staff have also dried up. Will the Minister confirm that NOMS updates have not been issued to staff recently and that they have been left in the dark on a permanent basis at a time of unprecedented change? Goodness only knows. I used to work for Arthur Young when it merged with Ernst and Whinney, and became Ernst and Young, and we had daily communications. In a major upheaval in a major organisation, the staff must be spoken to, informed and consulted, not kept in the dark. At a time such as this, during a general election, the updates should not be allowed to dry up.

I question the way in which the whole process is being managed. Our prison and probation services are not running along nicely. Indeed, they are in crisis in many areas: we still have gross overcrowding in some areas; the prison system is 24 per cent. overcrowded, as confirmed by Anne Owers; and there are at least two self-inflicted deaths a week. Last year, prison staff had to resuscitate 228 prisoners—that is 228 lives that were saved by the people who are not being consulted about the way in which their jobs are being changed—and there were almost 18,000 incidents of self-harm in our prisons. We are talking about the most vulnerable people in our society, who are at the mercy of the state, and about the people who provide this service to our society.

There are still many questions, and I am disappointed in the response so far as this should not be a contentious matter. Members of the Labour, Conservative and Liberal Democrat parties have pressed the Minister for an answer, but answers came there none. There is silence on so much about the way in which NOMS has been put forward.

Throughout this process, I have been briefed by the unions and their representatives, and I have been pleased to do business with them as they have conducted themselves in a first-class fashion. They have sought not to make political mileage but to get their organisations' voices heard by the Labour Government. I am grateful for the fair way in which they have briefed me.

The National Association of Probation Officers believes that there are still huge gaps and unanswered questions, and that the vision that the Minister has so often articulated about the statement of purpose for the Prison Service and the aims of the probation service is silent on the objective of rehabilitating those who have offended. It is an alarming indictment that it is silent on core values and principles. It is silent on achieving diversity and treating people with humanity, and on supporting the staff. Believe me, the staff do not feel supported. It is silent on the principles of openness and transparency, on the need for problem-solving approaches and on the need for an approach based on partnership and collaboration. That is a fundamental criticism of the process, which is reflected in the way in which the hon. Member for Crosby introduced the debate.

I do not want to speak for too long, as I want to leave the Minister plenty of time to respond, but I am worried. My having covered this brief for the past year and having spoken to so many people, it is natural that documents should be sent to me from time to time, and I need some explanation from the Minister about some of them.

There is no doubt that this is a time of unprecedented change with the major sentencing reforms in the Criminal Justice Act 2003 being introduced this week, on 4 April. The challenges from the changes to the courts and the criminal justice service, particularly the probation service, are great, and our services need stability and support if they are to achieve the aims that the Minister and the Home Office have set out for them. However, at the same time, we have NOMS going on.

The business plan for the national probation service is obviously assessed internally within the Home Office. I have been passed something called annex C which is a summary risk register for 2005–06. I think that I understand the document, but I would like the Minister to answer some questions about it.

The risk register takes a couple of headings from the circular and identifies the likelihood of the risk taking place and what the impact would be of certain happenings. The first heading is:

"Contributing to the building of an excellent National Offender Management Service with the separation of Offender Management from Interventions: During 2005–06 areas will be expected to reorganise themselves to establish a clear operational division between offender management and interventions."

The risks and risk descriptions are then laid out, accompanied by a traffic-light system. One obviously, therefore, looks at the ones marked in red. I find there that there is a medium likelihood, with a high impact, and a risk rating assessment which is right up the register, that a

"lack of programme and programme management for NOMS implementation leads to uncertainty resulting in drop in performance and organisational effectiveness"

of the prison and probation service. That sounds pretty serious. I would like to know what the Minister thinks a medium risk with a high impact is. Also considered to be of medium risk is

"insufficient priority to establishment of new interventions organisation results in non-viable interventions capacity."

Likewise, a medium risk is given to

"inadequate workforce planning to meet challenges of new CJA/ Offender Manager development results in loss of confidence by sentencers."

All those risks fall into the red area.

The next heading is:

"Working purposefully with other criminal justice agencies to protect the public from harm."

I really want some answers from the Minister today on that area. Various risks have been identified, with their likelihood of the risk taking place and the impact. The first is

"industrial action/work to rule leading to disruption of service delivery."

Apparently the Home Office considers that to be a medium risk. However, there is also considered to be a high risk of a

"loss of key skills resulting in inadequate supervision of dangerous offenders",

of which the impact would also be high. That is rated outside the traffic-light system: it goes to black.

Another area considered to be of very high risk and very high impact is described as follows:

"Failure to obtain GSI accreditation results in reduced cross-CJS collaboration leading to failure to deliver benefits of joined up for CJS."

I understand that that is a total failure of communications by e-mail; it does not work. There is considered to be a very high likelihood of it happening, and a very high risk.

We are talking about a system for managing offenders. They are vulnerable people and people who, if they are not properly contained, looked after, managed and seen through the process—as the Minister likes to call it—of offender management, may put other people at risk. If this document says that even the basic communication system is not going to work, I am worried. Will the Minister comment on that?

There is also considered to be a high risk of

"inadequate supervision of cases leading to high profile media attention and unmanageable policy making."

The impact of that would also be very high. Again, that is put in a black box, so it is outside the traffic-light system—it is right at the top of the risk rating.

If all that is the case, everything that has ever been said by the Opposition on this area is coming home to roost; the prison and probation service have been tipped into a position in which risks are being run. The Minister should take the 25 minutes available not only to respond to the points raised by the hon. Member for Crosby, but to talk us through those risk assessments. I am sure that they will be easy for him to dismiss. He said, "Well it might happen; that is how we look at the risks". However, we deserve an answer from the Minister, even this close to a general election, when the ratings against the risk factors that I have identified in the debate are "very high".

Our prison and probation services are very good. I am proud of them, and they deserve first-class treatment for the first-class job that they try to do. As I said, they do not deserve the current chaos and uncertainty, and I look to the Minister to answer today and not to write to me before the election.

3.5 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): I happily promise the hon. Member for Chesham and Amersham (Mrs. Gillan) that I will not write to her again before the general election, if that will satisfy her. I also hope that I will be able to answer the questions that my hon. Friend the Member for Crosby (Mrs. Curtis-Thomas) has asked this afternoon as well as those asked by other hon. Members.

I congratulate my hon. Friend on raising the issue. She rightly described herself as a persistent and prolific offender when it comes to parliamentary questions and debates and raising issues of importance to her and her constituents. As she said at the end of her speech, that is the job of a constituency Member of Parliament. She does that job assiduously, which is greatly to her credit, and I firmly hope that that is recognised in the next few weeks. I am sure that it will be.

My hon. Friend spoke with passion and said that she would be back. I am grateful for that, because we are a year into what we always said was a five-year programme of development of the National Offender Management Service. It was never a service that could be pulled out of a hat or developed in five minutes. It is a complex arrangement that will take time to deliver and to develop properly. In the end, it will succeed only with the collaboration of those people who work at the sharp end of the service. I shall return to that theme later.

David Taylor: Will the Minister talk at some point about the existence or absence of a detailed business plan? We are 20 per cent. of the way into the five-year programme. Is he sure that staff have been properly informed at all stages, so that the fog of uncertainty has been lifted and the doubts and concerns that they naturally have as professionals working in an established service have been allayed? Is he sure that that aspect of the reorganisation of the service has been given proper attention and priority?

Paul Goggins: I am very pleased to see my hon. Friend the Member for North-West Leicestershire (David Taylor) in the Chamber again today. Indeed, he secured the previous debate on this subject. He has always participated in these debates, to which I pay tribute.

I should ensure that hon. Members do not confuse the business plan with the business case, which has frequently been requested and which, as I confirmed in the previous debate, is currently the subject of a Freedom of Information Act application. We will reconsider our refusal to publish the full business case if we accept that application, but in the meantime we have the business plan, which any public service is expected to provide, for the immediate period ahead. That is the document to which we are referring. I will talk about that issue later in more detail.

I have never hidden the fact that there has been a need to improve communication with the work force to ensure that they are engaged and involved in the

[Paul Goggins]

development of the organisation and its work. That is and remains my vision for the development of NOMS. We have taken steps to ensure that communication is improved. I will also talk about that later.

Do I believe that staff now understand everything and feel confident that their positions in the organisation are secure? I fully accept that many members of staff do not feel like that, which is regrettable. It therefore remains an urgent task for Ministers and other senior officials to ensure that that dialogue is intensified and developed, because no one has anything to fear from the development of the service. Professionals and everyone else who is engaged in the system have everything to gain from the more coherent system that will be developed through the service.

Mrs. Curtis-Thomas: The hon. Member for Chesham and Amersham (Mrs. Gillan) stated that the five-page business plan had not been distributed to our chairmen and chief executives. The chairmen, in the inception of NOMS, were excluded from discussions and I know that there has been an attempt to address the omission, but can the Minister confirm that the business plan and the accompanying corporate plan have been distributed to the chief executive of the probation authorities and the chairmen and that they received them before we did?

Paul Goggins: I cannot confirm that a specific copy has been sent personally to each of the people my hon. Friend mentions. There is no secret about the documents. They have been published on the website and they are there for people to see. If my hon. Friend suggests that people in those key positions in the local organisations do not routinely look at the Home Office website and need their attention to be drawn to this, that is worth considering. I will happily go back and check whether direct communications were made. If they have not been I will make sure that they are. My hon. Friend is entirely right.

Mrs. Curtis-Thomas: Will the Minister give way?

Paul Goggins: I will, although several hon. Members complained that I did not respond adequately to questions last time. I always give way in debates because it is important to exchange views. But if hon. Members want their questions to be answered they will have to give me a little time to complete my remarks.

Mrs. Curtis-Thomas: The Minister says that it is incumbent on chairmen and chief executives to check the website. That is a bit like me saying to my constituents, "If you want an answer to a problem, go to my website." That is not acceptable. These people are pivotal in the delivery of services. They ought to be treated as such and receive the correspondence that is pertinent to their job. I must receive assurances that that will be the case. I am exceptionally busy and I do not check my website every day. I do not expect them to have to check a document that is available to the general public to find out information that is directly pertinent to them and the operation of their service.

Paul Goggins: I do not wish to go down a blind alley here. I was simply making the point that I would expect those people to have seen the business plan. My hon. Friend is quite right: we should ensure that they have seen them for certain. I will check that they have.

Mrs. Gillan: May I help the Minister?

Paul Goggins: I will be happy to receive the hon. Lady's assistance, but my hon. Friend has this assurance: I am not a Minister who will take a punt on whether something has happened, even if it probably has, if I do not know for certain. I always check things thoroughly. If it has not happened, it will happen.

Mrs. Gillan: A probation board's briefing was emailed to me yesterday. It says that the business plan and the NOMS corporate plan have just appeared on the Home Office website. To whom has it been sent? It was not sent, apparently, to probation chief officers or boards. I was told that in direct briefing from a probation board. The Minister can take it that it has not been sent to them. It does not surprise me because there is so much in these documents that needs to be answered. The Minister will understand that they will be concerned about all the efficiency savings, for example, that are laid out to be achieved in these documents.

Paul Goggins: Nothing in the business plans will come as a surprise to any of the chief officers engaged in the delivery of the services. I make the point again: I will check and if they have not received the plan already, they will. I will be in touch with my hon. Friend the Member for Crosby to let her know the outcome.

I must press on as time is receding very rapidly. Our correctional services have more investment going in now than ever before. Almost £4 billion is going into our prison and probation services. They are performing better than ever. There is no question about that. But, as has emerged from the debate, we still need to do more, not least in reducing rates of reoffending. It is that determination to reduce rates of reoffending that lies at the heart of the offender management service reforms.

I was delighted to hear my hon. Friend declare openly that she shared the vision for NOMS. She rightly pointed out that she and the Home Affairs Committee had welcomed the introduction of NOMS. There is no disagreement between us there. I hope that I will be able to offer her some reassurance on some of her detailed points about organisational structure and so on. Our determination is threefold. I have made these points before, but I need to make them again. First, we need to rebalance the system. My hon. Friend studies these things carefully and she knows that far too many people are still in the wrong part of the criminal justice system. Too many are in prison on short-term sentences rather than on robust community sentences, and too many have the support and supervision of probation officers when they should have been dealt with through a fine. We are determined to reinvigorate the fine and to ensure that community sentences are properly developed and robust and that there are adequate and proper places in prison for the serious and dangerous offenders who need to be there. The need to rebalance the system is absolutely fundamental.

Secondly, we need to introduce a proper system of offender management. In his report, Patrick Carter always referred to the two silos of prison and probation.

No matter how well those services perform, we can no longer have a system that is divided in that way. We need individual offender managers who are accountable to individual offenders and responsible for their sentence plans. That is particularly important now—if it was not before—following the introduction on Monday of the new sentencing framework. Under that framework, a determinate prisoner, for example, will spend the first part of their sentence in prison and the whole of the second part of their sentence after they have left prison under community supervision. We shall have one sentence, in two parts, properly managed by one offender manager. That gives us real hope that we can do far more to join up the systems.

The story that the hon. Member for Winchester (Mr. Oaten) told was horrific. Somebody was making progress because of a hairdressing course, but they were unable to see that progress sustained beyond the prison gates. Whether we are talking about hairdressing training, education, drug treatment, mental health support, employment or accommodation, provisions must be followed through coherently in one system. That is why I am so passionate about the need to introduce offender management right through the system.

The third element is contestability. We need to drive out more value for the huge amounts of investment that we are making. That is not privatisation or old-fashioned market testing, which seeks to cut the costs of our services. We have made guarantees, not least in relation to the contestability process for the three prisons on the Isle of Sheppey, that we are not looking for cost reductions. We are looking for added value and a bigger impact on reducing rates of reoffending.

I want the private sector, the voluntary sector and the not-for-profit sector to deepen the partnership that they already have with our Prison Service and probation service. I was delighted to meet people from the Pitstop project in Calderdale in a room nearby, and I hope that hon. Members present also had the opportunity to do so. My hon. Friend the Member for Halifax (Mrs. Mahon) drew my attention to that voluntary organisation, which works to prevent young people from getting involved in crime in the first place. I want the correctional services to embrace such organisations, to bring them on side and to see them as part and parcel of the system. That is what contestability is, and that organisation, like any voluntary organisation or private company, should have the chance to bid for the work.

Mrs. Curtis-Thomas: I have looked at what organisational structures and schematics exist for NOMS. The Minister has asserted that there will be continuous management of individuals' rehabilitation programmes inside and outside prison, but nothing in the current structure demonstrates that. On the contrary, there is one line saying that prison services will be paid for and one saying that probation services will be paid for; there is no box that draws the two together. Will the Minister confirm that one person will be responsible for an individual and will dictate their rehabilitative programme, whether they are in prison or community service? At the moment, the organisational structure does not show that; it shows two different people managing the individual in two different worlds.

Mr. Deputy Speaker (Mr. Edward O'Hara): Order. Before the Minister responds to that intervention, let me say that I have been taking advice about the request by the hon. Member for Crosby (Mrs. Curtis-Thomas) to speak a second time in the debate; I can find no precedent for that. She seems to have been following my advice to achieve her purpose through interventions, and I advise her to continue to do so. It is, of course, for the Minister to determine whether he has time to take all her interventions.

Paul Goggins: As I explained, I always try to take interventions, so that we can have a genuine exchange. I can confirm to my hon. Friend that one, named, individual offender manager will be responsible for the whole sentence plan. Whether that plan is in prison, in the community, or partly in each, it will be for the individual offender manager to manage the whole plan, and to have a real input into its various elements.

An issue arises about where a prison governor's responsibility starts and ends. The governor is responsible for good order and discipline in the prison, as we should expect, and will continue to exercise that authority, but the system will not, as it is now, be composed of two distinct and unrelated parts. The offender manager will determine the plan and see it through and will be accountable for it and its impact. I hope that that gives greater clarity.

Mrs. Gillan: Will the Minister give way?

Paul Goggins: I should just like to mention the Isle of Sheppey, and the announcement that we made there a couple of weeks ago, because the hon. Lady asked me about that. She referred to our taking the action in question without a Bill. We are handling the contestability process in relation to the three prisons on the Isle of Sheppey within existing legislation.

The staff on Sheppey, entering upon the process, can do so in the knowledge that they have all the protection of the Transfer of Undertakings (Protection of Employment) Regulations 1981 and all the additional protections that arise from the code designed to tackle the two-tier work force, so that, for example, a bidder cannot win the contract simply by undercutting on wages. There will have to be a level playing field.

The staff can, also, begin in the knowledge that the public sector prison service has a fine and growing reputation. There is nothing to fear for anyone who works in the Prison Service in those three prisons from what is being done; what we stand to gain is added value for the work that they do.

Mrs. Gillan: I hope that the Minister is not implying that after the Bill on NOMS is passed the staff would not have the protection of TUPE. According to the spirit, if not the essence, of these things, I appreciate that the Minister does not need the legislation, but to put things out so precipitately is not correct.

I should like to take the Minister back to what he was saying; he said that an individual will be responsible for the sentence plan and management of an offender and

[Mrs. Gillan]

will be accountable. How can someone be held accountable when a prisoner is moved from London to another part of the country, and then to another and another, as happens now? Does the Minister say that there will be no churning—no movement of prisoners across the country?

Paul Goggins: The hon. Lady knows, because we have debated the subject in the past, that one of my hopes—my firm expectations—from the development of the offender management service, is that we shall increase the number of prisoners who are closer to home, particularly in preparation for release. She and I know—we all know—that good resettlement and rehabilitation are best achieved in close collaboration with the agencies in the community that can support a sentence plan beyond prison. I therefore expect that the numbers she is concerned about will reduce, and it is important that they should. The hon. Lady shakes her head, although I do not know what evidence she has to support her view. My aspiration is clear, and I believe that the increasing local and regional focus, to which I shall come in a second, will help us.

Mr. Oaten: The Minister has talked about contestability with respect to prisons; will he deal with my point about the different overcrowding targets in the public and private sectors?

Paul Goggins: I shall happily do that; I am glad that the hon. Gentleman reminded me. It is in the notes and I hope that I should have reached it anyway. The reason for the differential is that most private sector prisons are more modern and are in a better position to cope with the pressures of overcrowding. However, of course none of us delights in an overcrowded prison system.

We have recently opened up a slight capacity gap, because fewer people are in prison today than a year ago—including far fewer women—which is a good sign that we are achieving a rebalanced system. I am pleased that because of that we have recently been able to take out some places from the more overcrowded prisons, and reduce overcrowding. I take that issue very seriously, but the reason for the differential is that private prisons tend to be more modern and can more easily deal with it.

Let me move on and address some of the urgent questions that my hon. Friend the Member for Crosby asked. We need to improve communication with staff and unions on the development of NOMS, especially in the early months. We have existing negotiating machinery between staff and the employers—the Prison Service and local probation boards. We also now have the national joint council, where trade unions can meet senior NOMS officials. We are seeking to develop a stakeholder forum in which representatives of all the organisations and agencies involved in NOMS can participate, ask questions, and debate issues with senior officials and Ministers so that we can get the benefit of their advice. The initial intention was to do that through the NOMS board. On reflection, I think it would be better to keep operational issues with the senior executive board within NOMS, but also to have a wider group of stakeholders so that we can have the benefit of their advice and wisdom.

I made it clear to the trade unions and staff that immediate dialogue with Ministers is also important. I want to have a kind of direct exchange with staff similar to that which we are having now.

Mrs. Gillan: Will the Minister give way?

Paul Goggins: I will not, as my hon. Friend the Member for Crosby has raised a number of questions and I want to answer as many of them as I can.

I hope that our fourfold approach will sustain better communications in future. In terms of organisational development, the 10 regional offender managers are now in place. My hon. Friend referred to there being a lack of consultation. Of course we could always consult more, but the fact is that we have had two formal consultations on NOMS, one on the original report by Patrick Carter, and another on the proposal for organisational change, which took place about a year ago, and which culminated in my deciding not to press ahead with what was proposed in the consultation document. I say to those who criticise the Home Office for not consulting and listening that we have had two formal consultations, one of which resulted in me changing my mind, so we are consulting and we are listening. Do we need to do more? Yes, and we will do more. That is important.

I have spoken about the development of offender management. I have been clear from the beginning that we have to get offender management on the ground and fully operational and making the impact that we know it can have. We have pilots in the north-west, and the probation service is in practice developing the split between offender management and interventions throughout the country. I am keen to make sure that that feeds through into the organisational design that will follow.

I want to make it clear to my hon. Friend that local connection is important. She rightly emphasised that on many occasions. I am proud that we have developed a coherent system of local partnerships across the criminal justice system; there are local crime and disorder reduction partnerships and local criminal justice boards, and all such partnerships are extremely important. NOMS will have a national structure and a regional profile, but it will also have to have that local connection.

Mrs. Gillan: Will the Minister give way?

Paul Goggins: I am not going to do so.

Mrs. Gillan: On a point of order, Mr. Deputy Speaker. Can you advise me how I can ask the Minister to respond, outside this debate, to the serious points I have made about the risk register? In the light of the fact that this Parliament is about to be dissolved, would it be in order for him to have to write to Members who have taken part in this debate within 24 hours?

Mr. Deputy Speaker: It is quite in order for the Minister to offer to write to Members about such matters, but it is doubtful whether one could insist on his doing so within 24 hours.

Paul Goggins: I will, of course, make sure that any outstanding questions are answered.

I want to finish by addressing the important point on local connection. I recently launched the clean-up campaign, where local communities were able to determine—

Mr. Deputy Speaker: Order. The Minister has been extremely generous, and we have run out of time.

Cycling

3.30 pm

Jane Griffiths (Reading, East) (Lab): Like other hon. Members who are lucky enough to have secured a Back-Bench Adjournment debate, I am pleased to have such an opportunity. I wish to talk about sports cycling, and I want first to draw attention to the fact that I am proud to have been elected several times to the chair of the all-party parliamentary cycling group. My predecessors in that role have moved on to illustrious roles: my right hon. Friend the Member for Norwich, South (Mr. Clarke) is now the Home Secretary and my hon. Friend the Member for Exeter (Mr. Bradshaw) is Under-Secretary of State for Environment, Food and Rural Affairs. I have been acting as adviser on sports cycling to the Minister for Sport and Tourism, my right hon. Friend the Member for Sheffield, Central (Mr. Caborn), at the Department for Culture, Media and Sport. As someone who has never taken a driving test, cycling is one of my main modes of transport.

While we were enjoying our Easter recess—perhaps eating chocolate—the cycling Team GB were in Los Angeles for the world championships. It is worth remembering that, as a result of reorganisation of the cycling calendar, the team has competed in three world championships during the past 20 months, the others being in Stuttgart and Melbourne. That is on top of two world cup campaigns and the 2004 Olympics in Athens where Team GB won four medals. It does not stop there: last week, the under-23 team took part in the tour of Majorca. It is worth bearing it in mind that this year was supposed to be a rest year following the Athens Olympics. Some rest.

We should congratulate the British cycling team because, at the world championship over Easter, it won six medals, including four gold medals—twice as many gold medals as the next best team. I wish to put on the record the gold medal success of Rob Hayles and Mark Cavendish in the Madison; Steve Cummings, Chris Newton, Rob Hayles, Paul Manning and Ed Clancy in the men's 4 km pursuit; Victoria Pendleton for winning the women's sprint, and Jamie Staff, Jason Queally and Chris Hoy in the men's sprint relay. Jason Queally gained a silver in the men's 1 km time trial and Chris Hoy won a bronze in the men's 1 km time trial.

As an hon. Member, it is always good to praise and welcome success that is built on the investment in facilities for the team based at the Manchester velodrome, which I was lucky enough to visit during the Commonwealth games in Manchester. It is possibly the best indoor track in the world. I welcome the recent announcement that there will be a new velodrome in east London, which will go ahead whether or not we are lucky enough to secure the Olympics for London in 2012, which I am sure we all hope will happen.

Mark Cavendish, Ed Clancy, Ross Edgar and Victoria Pendleton, four of the team at Los Angeles, are quite young and offer real hope for the future of cycling. It shows that, when we obtain top-class facilities, strong national organisation, funding for training and coaching, together with support for our athletes, Britons can be the best in the world. My right hon. Friend the Minister for the Arts would have been surprised if I had talked only about the success of sport

[Jane Griffiths]

cycling, much as I am tempted to do so. She will have expected me to say at least something about what more the Government can do, the fact that we can be even more successful in sport cycling and how cycling can achieve wider health and environmental objectives.

This year, the national body for sport cycling, British Cycling, has undergone major restructuring, which places the emphasis on two ambitions: to achieve continued excellence—more medals—and to increase participation in cycling generally, not only competitively. Those two ambitions are inextricably linked, and the funding for the British Cycling Federation from UK Sport and Sport England reflects that. I believe that continued success can be delivered on both fronts, given adequate funding and support.

Cycling continues to prove itself to be one of the most successful Olympic sports. It is probably more accessible to the young and the less advantaged than other successful Olympic sports in Britain, such as rowing, sailing, equestrian sports and so on. That is something that leaders in the sport are always uncomfortable about saying, because of the need to maintain good relations with other sports and the sports councils that fund them, but I feel that I can say it. Nevertheless, the truth is that investment in the sport and activity of cycling will contribute far more to all our key Government health agendas than will most other sports.

We are more likely to achieve real, sustainable increases in participation by getting people to ride to school or work, or to the shops, and that should be funded accordingly more than almost any other comparable sport. It is unlikely that healthy activity will arise from people rowing to school, sailing to work or riding a horse to the shops, commendable as rowing, sailing and riding are. That is not to say that GB does not already do quite well in the funding stakes, but there is an argument that we should do even better.

Cycling is also the only sport that contributes to our transport and environment agendas, so real encouragement for cycling to school and work would repay massively in those areas. Despite that, however, the funding made available by the Department for Transport for Cycling England is insignificant in the extreme. The new document published jointly by the Department of Health and the DCMS, "Choosing Activity: a physical action plan", features cycling to school on the front cover and refers throughout to cycling in various forms as being beneficial to health. But how is the sport expected to make that happen if no funding of any consequence is available?

Cycling as a sport is traditionally seen as a road-based activity, but increases in traffic and the speed of traffic make cycling on the roads ever more difficult. It is also more difficult and expensive than it needs to be, because I am sorry to say that the Home Office continues to drag its feet over the event safety guidance project. Both my hon. Friend the Member for Vauxhall (Kate Hoey) and I have asked questions about that in recent years, but there still appears to be little or no progress.

Although sport cycling has traditionally been seen as a road sport, young people are much more likely to use their bikes off main roads. BMX has a great role to play in getting younger people interested in competitive cycling, some of whom will get involved in that sport. I am pleased that due recognition has been given to BMX, which will be part of the Beijing Olympics. It is pleasing that BMX has become part of the lottery-funded GB cycling team.

In January Team GB appointed its first full-time national BMX coach, Jeremy Hayes, who has been involved in the sport virtually since the first explosion of interest in the early '80s. He has said:

> "The talent's already there in this country. We just need to get the best riders on board and get them working with proper training programmes."

He is right. I hope that the higher profile of BMX—particularly if the investment by Team GB in the sport results in medals in Beijing—will encourage the many teenagers and younger people I see riding their bikes around Reading to use facilities such as those in Hills Meadow and get more active in the sport.

In the face of increasing problems in continuing to use the roads for racing, British Cycling has positively, and with a fair degree of success, sought to move more events to closed-road circuits, but, unfortunately, suitable facilities are few and far between. Funding for refurbishment of tracks and small facilities has come on-stream recently and will continue in a modest way, but the real investment needs to be in multi-sport, multi-discipline facilities such as those in Preston. There are also ready-made facilities that we could use as a nation, such as motor-racing circuits and redundant airfields, but they are usually commercially run, often making the cost of hiring prohibitive.

Cycling is consistently the first or second most popular out-of-school activity, along with football, and most young people own bicycles. The recently published "UK Strategy Framework: For Women And Sport" rates cycling as the fourth most popular sport and/or physical activity for women. Despite that, cycling is not a curriculum activity and does not receive the promotion or funding that, for example, swimming receives as a life skill. In fact, the amount of cycling training in schools is declining rather than increasing.

A child not properly trained to ride a bike is far more likely to have a related accident on the road than one not trained to swim is to have an accident in water. As the governing body for cycling, British Cycling is funded to provide coaching and skills training for young people, but it is not funded to train them to cycle safely on the roads.

I accept that parents also have a responsibility. It is not enough to give a child a bike, buy them a helmet and let them go off. I spent a long time teaching my children to cycle on the roads, riding with them and talking with them about what was happening. We are not born with road sense. It takes time and experience to be able to be out safely in traffic. Parents have a responsibility to ensure that their children have that knowledge and experience before letting them out on the roads. Getting involved in sports cycling in a safe environment is a good way of learning about riding and getting training in riding on the road.

As well as the work with regard to BMX that I mentioned, British Cycling has been given a target to encourage younger people to get involved, which

everyone must welcome. As part of that, British Cycling has instituted the very good Go-Ride programme. The programme has a website providing information about the various branches of sports cycling, where they happen and the type of clothing typically needed to take part in the sports, so that parents can help their children to get active in an appropriate way.

The programme also provides training with properly trained coaches at clubs around the UK. Clubs receive the clubmark accreditation, which recognises duty of care and child protection, to ensure that club officials are trained and have the resources to deal effectively with child protection issues, and ensures that the club runs safe, structured, regular coaching activities and competition for young people. The scheme also ensures that the club is an open and inclusive environment, so that every club member can achieve their full potential, and that finance, planning, communication and development are properly addressed.

I have had the pleasure of seeing the scheme in action in my constituency, where the Palmer Park Velo club has provided training to young people since 1990. It now has 65 members aged from five to 16, boys and girls, who range from beginners to national standard achievers. The club runs training sessions at the Palmer Park track every Saturday, except for two weeks a year, as well as off-road rides, road rides and club championships.

Further to that work, a new coach has been appointed for the best British junior riders. Darren Tudor has been set the task of achieving the same success with the junior riders as has been achieved with the under-23s and the full squad. He has said:

"We'll be looking to give the juniors a more structured, year round approach, lots of skill based work, particularly on the track, with junior year two riders looking to performing at world championship level".

I am pleased that there has already been a get-together of some of our best juniors for a week of activities and coaching in half term. The event was a huge success, which underlines the depth of young talent now coming through.

As I think I have shown, cycling as a sport has enjoyed unprecedented success in the past eight years and can claim to be one of the most successful Olympic sports in terms of return on the investment of lottery funding, if not the most successful. Such value for money is borne out by the National Audit Office report, "UK Sport: Supporting elite athletes". The report shows that of the four sports—athletics, swimming, rowing and cycling—that receive the bulk of the funding, cycling, with the return of one medal for every £2 million, was the most cost-effective. The advantages of using that success as an inspiration to young people, and the not-so-young seeking better health, are easy to see. If we succeed in that, and get more people riding bikes, for whatever purpose, more often, we will make a meaningful contribution in such key areas as health, environment, transport and education.

It is obvious that there would be long-term benefits if the Departments responsible for those areas could link with the DCMS to commit serious funds to the promotion of cycling as a sport, as a means of transport and as a way of life, instead of focusing on roads and railways—and then needing more hospitals.

3.46 pm

The Minister for the Arts (Estelle Morris): I congratulate my hon. Friend the Member for Reading, East (Jane Griffiths) on having secured this debate, and thank her for the work that she has done on this issue throughout her time in Parliament. We in the DCMS know of her interest and we are grateful for her support. I thank her for her work in the all-party group and on cycling matters in Parliament, and wish her well in the future.

My hon. Friend tells a good story. The person who would normally respond in a debate such as this, the Minister for Sport and Tourism, my right hon. Friend the Member for Sheffield, Central (Mr. Caborn), is overseas lobbying for us to have the Olympics, so he cannot be with us. That has given me the opportunity to think about cycling, and there does seem to be a good tale to tell. I understand my hon. Friend's wish for the Government to provide further financial support, and I appreciate her desire to keep the sport at the top of the agenda. I do not think that there is much difference in our views on the importance of cycling, the recognition of what has been achieved and the need to go further.

Let me start by re-emphasising my hon. Friend's points about the areas of our lives to which cycling makes a contribution. It is a sport. Not everybody can practise it at elite standards and win medals, but most children—indeed, most people at some point in their lives—enjoy riding bicycles. Even if they are racing down the road or in the park, it is a sport for them. It fulfils that role, and my hon. Friend is right to point out that at a time when the Government, with the whole nation, are worried about keeping children active and making sure that they remain active beyond their school years, reducing obesity levels and improving fitness, cycling has a key role to play.

Almost as important, if not more, is transport. If we could get more people to cycle rather than to drive cars, many of our problems would be solved. I accept the centrality of cycling, old activity though it may be, to much of the modern political, social, economic and health agenda.

I also congratulate the UK cycling team. Even as somebody who does not particularly follow the sport, I remember the team's success at the last Olympic games. That shot cycling to the top of the television agenda and gave everybody an opportunity to appreciate not only the energy and skill that goes into the sport, but the fine record of the UK's cycling athletes. I am grateful to my hon. Friend for informing the House of the team's subsequent successes, and I know that our cyclists will be planning for the next Olympics. It is good to record our congratulations to them and our appreciation not only of what they have done for cycling, but of their contribution to national esteem—sporting success does that.

It is a good story, and cycling as a sport is on the increase. It is moving forward; it is not in decline, nor is it getting less money, and it is not as though fewer people are winning medals, or as though our national or international reputation is diminished—it is going in the right direction. If there is anything to debate for the future, it is how much support to give—how well different Departments should organise themselves to support cycling—and therefore how much further progress we can make.

[Estelle Morris]

Let me explain some of the ways in which the Government support cycling, particularly the elite sport in which people cycle competitively, to win medals. Sport England has given £2.9 million to British cycling for sports talent development, and to support the network responsible for the development of clubs, competitions and schools activity. My understanding is that the bid was for £3 million. To secure £2.9 million out of £3 million is, quite frankly, a record that I have not seen matched in my eight years in government. So someone somewhere recognises the value of cycling. It will certainly be spent well and will help to support the sport as it approaches the next Olympics.

I was delighted that the sport has also secured £7.9 million of funding from UK Sport, an organisation supporting talented athletes. Also, 11 individual athletes receive £3,000 of financial support as part of the talented athlete scholarship scheme. We can see from the medals that have been won that the money has been well invested. Given the rigour with which UK Sport has reallocated its resources to those sports from which it feels medals can be gained as a result of the investment, the amount that the sport has got is a tribute to its record.

My hon. Friend is absolutely right that unless we maintain the facilities and invest in them now, we will find that we have been resting on our laurels and Olympic and competitive glory will become a thing of the past. She is absolutely right to say that we need to invest in training, in facilities, in our young people and in opportunities for them if we are to make sure that cycling retains its standard. I want to put on record the work being done with facilities. I was pleased to read that £2.9 million has been allocated to the community club development programme, under which 16 sports have been selected to receive public money for developing the community programme. That will support additional clubs.

I do not know whether my hon. Friend is aware that a further £40 million has been allocated by Sport England to that programme, and although no further money has been allocated to cycling, that extra money has not been allocated. I cannot read anyone's mind, but in coming months cycling and the community club development part of the programme may well be able to access some of that further £40 million.

I wondered also about hopes for the future. I agree with my hon. Friend that, to some extent, the trick lies in making sure that we have multidisciplinary sports facilities where a number of sports can take place. Once we get people in there, we can attract them to particular sports because the facilities are there. In future months, the DCMS will work with local authorities to make sure that we know where the sports facilities are, what state they are in, whether they are where people need them and whether they are supporting the sports that we should support. The Government are not ready to make an announcement about that; we have to do the spade-work. I very much hope that an item for the next Parliament will be a sizeable amount of work being done on investing in local authorities' multi-sports facilities.

Our aim is that no one should live too far from one of these multidisciplinary sports facilities, so that they can access it as part of their normal lives. People will want to monitor that and make sure that cycling is represented in those facilities. As far as my hon. Friend's concerns go, that might be the best avenue for trying to influence people and make sure that cycling continues to be represented.

Like my hon. Friend, I was delighted to hear the Lord Mayor of London's announcement that, whether or not we get the Olympics for 2012—and let us hope that we do—the velopark will be built in the Lower Lee valley. That will include a 1,500-seat velodrome, an outdoor cycle speedway circuit, a 1.6 km road-racing circuit, an international competition BMX freestyle path and a cross-country mountain bike course. That is exactly the type of facility that I am sure my hon. Friend would like to see in every area so that people can access one wherever they live. I cannot promise that; it is not likely to happen in the foreseeable future, but an early commitment to building that facility in the Lower Lee valley, come what may of the Olympic bid, is a sign of the commitment of many decision makers who are allocating resources for sport across the country.

I want to move on to involving young people in cycling. My hon. Friend mentioned this at different points in her speech. It is also good to know that cycling has been included in the 22 sports that are delivering the Club Links programme as part of the very successful national strategy for PE, School Sport and Club Links.

Young people drop out of sport and physical activity when they leave school, so we must bridge the gap and ensure that they do not fall when they enter different parts of their life. My hon. Friend will know that this initiative ensures that clubs make links with schools so that the transition from sport in school to sport in an amateur club is almost seamless and that young people are caught before they must make a choice between school work and non-school work.

Some £85,000 has been secured for cycling clubs to make links with schools. Again, I hope that my hon. Friend views that as a bold attempt to work with amateur clubs to ensure that they attract as many young people as they can. I am particularly pleased to see that £50,000 has been made available for the young volunteers scheme, which includes cycling for young people.

My hon. Friend also talked about training, on which we can probably do some work. It is silly to set up different bodies and not encourage them to work together on a national standard for cycle training. I am told that work is being done to ensure that people from different committees at least sit on other people's committees so that the knowledge that each can build up is pooled. The strategy group that is working on the national standard for cycle training needs to work carefully with each of the other cycling bodies. I am told that the first step has been taken and that cross-representation has been secured. My hon. Friend also mentioned Cycling England. She acknowledged that this sport does not exactly aim for Olympic medals but aims to improve our lives by making transport more cycle-friendly and encouraging more people to travel by bicycle, as she does, rather than by car.

My hon. Friend also mentioned the £5 million from the Department of Trade and Industry. One could argue that that does not seem like much, but it is a start. I shall rattle through what the other Departments have done.

She said that they had not provided any money to join the scheme. That is true, although the Department for Education and Skills has put £20 million a year into the Travelling to School programme. It will not all go into cycling, but if someone is seriously thinking about how children travel to school, cycling must be one of the ways forward.

The Under-Secretary of State for Health, my hon. Friend the Member for South Thanet (Dr. Ladyman), has just turned up for the next Adjournment debate. We can thank him for the £1 billion that is going to primary care trusts in the next year three years to implement public health measures. Again, that £1 billion will not be spent solely on cycling, but cycling must claim its place among the public health measures on which that money will be spent. As my hon. Friend the Member for Reading, East says, cycling contributes to the health agenda.

The Department for Transport has given £10 million for the Links to Schools programme to provide access to schools for the existing national cycle network. The DFES has given £20 million in grants for facilities that could include cycle policies, including the provision of lockers.

This is the beginning. I do not pretend that those millions of pounds will go only to cycling, but it sends a signal that government, which is sometimes incredibly cumbersome and slow to respond to what needs to be done, is beginning to show across Departments that money is being invested in cycling as well as in other things. That is key.

My hon. Friend is absolutely right to say that we know that we have succeeded when the Department of Health and the DFES automatically include cycling in the planning and development of their policies and consider what it can contribute. I sense from the words that she used and the tone of her speech that she knows that progress has been made. In return, however, I equally accept that more progress must be made. It is a tribute to her work on this issue during her time in Parliament that the debate that she has secured today and her wise words to the House will be picked up by future Members who choose to take an interest in this subject on behalf of their constituents, and by Ministers who know that cycling can make a contribution to each of their agendas. I thank her for giving us an opportunity to debate it today.

East Sussex Hospitals Trust

4 pm

Mr. Nigel Waterson (Eastbourne) (Con): It is a great pleasure to have secured what I understand is the last Westminster Hall debate of this Parliament and possibly of this Government. I am delighted to see the Under-Secretary of State for Health, the hon. Member for South Thanet (Dr. Ladyman). I am sure that he is aware of the problems faced by my local hospitals trust, so I will not have to go through them in great detail. I have raised them in questions in the House, as well as in a recent meeting with the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton).

In a nutshell, we have faced some difficult problems over recent weeks and months, particularly in my local hospital, Eastbourne District General hospital. More than 140 operations have been cancelled on the day of the operation. Bed blocking is still double the national average and has been significantly higher than that. People have been turned away from the accident and emergency department, and I am continuing my campaign to ensure that the A and E department stays open 24 hours a day, seven days a week.

Things began to get difficult back in early March. On 3 March, the local trust issued a press release following its board meeting, in which it talked about the extreme pressure that the hospital is under. It said that the trust had been working at a 97 per cent. average bed occupancy rate for the past six weeks, way above the recommended bed occupancy rates. Emergency admissions were up more than 6 per cent. on the same time last year; 158 operations had been cancelled on the day of surgery, and many more a day or two in advance.

That obviously raised some difficult issues, including one of three possible options decided by the board at one stage: the closure of an A and E department during times of severe pressure. That clearly attracted a lot of local interest, and was followed up some days later by a letter from the chief executive, Annette Sergeant, setting out the background. As she put it:

> "When levels of bed occupancy reach into the upper 90s risks of clinical errors become unacceptably high."

Again, she talked about closing an A and E department to give some respite. She stressed that that was to be a last resort, and, as she said:

> "I would only take this decision if it was my view, and that of my clinical colleagues, that not to do so would compromise patient safety."

She referred to the ongoing problem, which seems to have been perennial rather than to have existed only since March, of so-called bed blocking in our local hospitals. That has obviously caused a lot of human problems. A number of constituents have come to me who have had their operations cancelled once or several times. One can only imagine the stress that that produces. People have to get psyched up for an operation, and in some cases they have even gone into hospital at the allotted time and then had to go home again.

There have also been problems with people being turned away from the A and E department. The local paper referred to the case of a Seaford man who had a stroke. The ambulance taking him to the Eastbourne

[Mr. Nigel Waterson]

District General hospital had to be diverted because there were no beds, and he was taken to the Conquest hospital in Hastings. That meant that he had to travel almost 30 miles to hospital after suffering a stroke. Matters had become extremely serious.

As I said, I had a constructive meeting with the Minister of State to discuss the various options. One of the decisions that she had taken at that stage was to put a recovery and support unit into the local NHS to try to find some solutions. It is also interesting that there is a short-term solution: on the day that I visited A and E, I found that some 19 patients had been removed that very morning and placed in nursing and care homes. It seems that, somehow, despite the background of deficits right across the local health economy and the pressures, which I will come on to in more detail, on local social services, funds were found that day to spirit 19 patients out of the hospital. It clearly made a significant difference, in A and E as well as in the medical assessment unit and other wards. We will see in a moment how long term that improvement is likely to be.

Only a few days ago, the issue came up in Health questions. I am sorry to say that the suggestion was made by some Labour and Liberal Democrat Members—even more sadly, it was endorsed by the Minister—that it was somehow the fault of the Tory-run county council. That was unfortunate, because it is not true. Since the present administration took over in East Sussex, its top priority has been helping older people. It has modernised by investing an extra 35 per cent. in services for older people during its four years, despite receiving only 1 per cent. extra in grant from the Government if one excludes the extra funds passported to education.

The county council has tried very hard to persuade the local health bodies to work jointly and also to find alternatives to hospital admission, which in some cases seems inappropriate. In particular—I would be grateful if the Minister were to comment on this specific point—it has been pressing hard for health bodies to be able to invest the fines money paid by the county council in new services as a better alternative to hospital admission. I understand that that is what many other health organisations are doing.

It is particularly unfortunate that the Minister of State forgot herself at Health questions—forgot, perhaps, that she is a Minister of the Crown whose job is to look after health care rather than make cheap political points. Had she thought for a moment, far from putting the blame at the door of East Sussex county council, she would have remembered that, according to the Commission for Social Care Inspection, East Sussex is the most improved social services authority in the country. She, or those advising her, might also have glanced at the recent Audit Commission review, "Elderly Care in East Sussex", which in broad terms finds that East Sussex social services has been doing its bit for care of the elderly but that health has much more to do. I am told that East Sussex county council has accepted the Audit Commission's conclusions in full and is encouraging health organisations to do the same.

Despite the pooling of some funds to help with the immediate problem, which may have coincided with my arrival at A and E, the county council is dubious about whether putting more money into the system will solve the problem. It feels that beds will fill up again as soon as they are empty, and that council tax would spiral as a result, hitting older and more vulnerable people. Not unreasonably, it points to the whole systems review by the Audit Commission, to which I referred. It also points to the fact that in the financial year just ended the county council funded an additional 100 residential and nursing home placements at a cost of £3 million from its own resources. In March, it agreed to a further 40 placements, to be funded jointly with primary care trust partners. However, it says:

"This does not however address the underlying cause of the problem".

The primary care trust, which has a crucial role in all this, has told me of its position; apart from anything else, it has "severe financial difficulties". It was looking to end the year with a deficit of £980,000. It is not the only trust in that situation. The last projection I saw for the East Sussex hospitals trust, which includes my hospital, was a forecast for a £4.7 million overspend at the year end.

There is a difficulty. I wager that the Minister will say, "Yes, it is important that all those bodies work together to try to solve the problem." If, as I believe, the underlying cause of the problem is underfunding, of both health and social care, it is no wonder that those bodies are often at each other's throats, blaming each other for the present situation. Anyone who knew anything about it—I served on the Committee that dealt with the Community Care (Delayed Discharges etc.) Bill—would have known that the system of fines would only exacerbate relationships between organisations that should be working closely together to solve the problem.

I have three main points to put to the Minister. The first is about the deficits. I have already explained that, for some time, all the health organisations in my area have been struggling with substantial deficits. There is a rumour going around that Ministers are themselves telephoning chief executives in some parts of the country demanding that they eliminate their deficits by the year's end. I have no evidence for that, but I have no evidence to the contrary either. At Health questions I asked the Minister of State whether she could

"assure me and my constituents that no one is putting any pressure on the trust to reduce the deficit at this very difficult time?"—[*Official Report*, 22 March 2005; Vol. 432, c. 728.]

I believe that it is significant, although I am open to persuasion, that she made no attempt to answer that direct question and merely talked about the importance of local agencies working together.

My first specific question for the Under-Secretary is this: can he answer that question? Is any pressure being put by Ministers, the strategic health authority or anyone else on my local health authority to eliminate deficits, particularly if, at this delicate time, it could be at the expense of patient care? Although I do not complain, I remain somewhat mystified how, all of a sudden, these organisations, all of which seem to have historic deficits, were able to find money for those 40 extra placements.

Secondly, I ask the Minister of State, through the Under-Secretary, to reconsider her attitude to this issue and try to remove the party political stuff, which

intruded at Health questions. I have already made the point that her own inspectorate gave an extra star to East Sussex social services and that the Audit Commission in its report came out in favour of the social services department and said that the health organisations could and should do more. I have already indicated how the Conservative-controlled county council has set as a priority increasing spending on older people's services. If the Under-Secretary really believes that the problem lies with social services, why on earth did the Minister of State decide to put in the recovery and support unit, which I assume is there to deal with health issues and not social services?

Thirdly, will the Under-Secretary or other Ministers seriously consider in the medium term the question of underfunding? East Sussex has the highest concentration of people aged over 85 in the country, yet this year it received the smallest increase in grant of any county. There simply is not enough money to go around. The Government seem content to allow the various health bodies and the county council to squabble over the limited resources available. My constituents and I think that it is time for this blame game to stop. It is played out week after week in my local paper. I am heartily sick of it.

I mentioned the funding that was discovered for 40 extra placements only a couple of weeks or so ago. It is perfectly true that there was a short-term improvement after some funding was found recently. I described that at the time as a sticking-plaster solution. I note from the latest figures from the trust that the figures for bed blocking are creeping up again. Bed blocking in Eastbourne is twice the national average. The percentage this week in Eastbourne is 6.1 per cent—30 beds—which is an increase of six from only last week. I fear that we are slowly getting back to the position we were in when this crisis blew up at the beginning of March.

I ask the Under-Secretary to think again about the funding issue. The problem will not go away. He may go away and I may go away, but the problem will remain. Whichever Minister of whatever party is in his place after 5 May they will still have to tackle it. For the moment I am not going to give up and neither will my constituents.

4.14 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I congratulate the hon. Member for Eastbourne (Mr. Waterson) on his interest in the NHS and on securing this debate. I am always bemused in these debates when Conservative Members start off by making an overtly political comment about the result of the next general election and bury numerous other political comments in their speeches, yet say constantly that they want to avoid party political fighting and want some form of consensual politics.

If the hon. Gentleman had really wanted that, he could have set an example. He could have emphasised the massive reinvestment in the national health service: overall expenditure in the NHS has roughly doubled since 1997, and it will have trebled by 2008. He could have mentioned the fact that social services departments around the country have been given a real-terms increase of a little under 30 per cent. in their budgets since 1997. I shall come on to some more specific figures about the massively increased resources that we have made available since 1997. What would be the state of the hon. Gentleman's local health and social services if we were still working to the spending plans envisaged by the last Conservative Government? He would certainly have had something to complain about.

I agree with the hon. Gentleman in that I believe his local trust is experiencing some significant challenges. However, I would argue that it is trying to respond to them, and I do not think that it is helped when the hon. Gentleman raises the issue of a contingency plan to close the local accident and emergency department. He knows—he has been assured by the local authority—that that was purely an in-extremis contingency plan. If the capacity of the A and E department had reached such a point that people could no longer be treated sensibly, a contingency plan was in place; that A and E department might have been closed temporarily and people diverted to one with more capacity. That has never happened, and the hon. Gentleman knows that it is never likely to happen. He should not try to misrepresent the status of that plan.

I should like to pay tribute to all the staff of the local NHS, who are working very hard to deal with the issues that the hon. Gentleman has raised. I shall come in a moment to some of the ways in which they are thinking of doing that. As the hon. Gentleman rightly emphasised, there are two partners: the NHS and the local council. In his eyes the NHS is, of course, largely to blame for the problems, while the local council struggles gamely to try to deal with them in the face of an uncaring NHS.

Has the hon. Gentleman's analysis of the situation something to do with the fact that the council is Conservative, whereas through the NHS he can try to pass the blame on to the Labour Government? In preparing for this speech, I received an e-mail from one of the hon. Gentleman's constituents. I shall not give his name, because I do not have his permission to use it. However, I have checked the information in the e-mail and can vouch for its accuracy. It says:

"The Commission for Social Care Inspection: Performance Assessment Framework Reports November 2004 on East Sussex County Council's social services department show that ESCC is not investing enough in the older peoples' services and have been among the lowest providers across the country for some time. The comparative data shows that East Sussex County Council is the 17th worst performer in the country for delayed transfers of care. The Council's funding of home care is even worse. For intensive home care as a percentage of home and residential care the Council's performance is the 9th worst in the country. The Council is the 5th worst performer in the country for the percentage of households receiving intensive home care and the 11th worst performer in the country for helping older people to live at home. This is out of a total of 150 local authorities providing social services"—

what follows is the only bit of the e-mail that I disagree with—

"many of them in areas far more deprived than East Sussex is."

I would argue that almost all are in areas far more deprived than East Sussex. My correspondent goes on:

"The figures also show that ESCC performance is rock bottom when the Council is compared with the 13 local authorities who are similar to it. For supported admissions of older people to residential and nursing care, East Sussex County Council is the third lowest performer. For helping older people to Eve at home,

[Dr. Stephen Ladyman]

it is the second lowest performer; and for intensive home care as a percentage of home and residential care, the Council is actually the lowest performer of the 13 authorities with which it is compared."

The correspondent goes on to say that that data

"is also reproduced in the recent Audit Commission presentation on 'Whole System Review of Services for Older People in East Sussex',"

to which the hon. Gentleman referred.

So, we have a clear picture of a county council social services department that, whatever its intentions for the future, has not been punching its weight or delivering its side of the equation: to ensure that there is capacity in the local community for people to be discharged from hospital without delay when that is in their interests. If social services is not prioritising that capacity, it is no wonder that the sort of problems that the hon. Gentleman identified arise. We must accept that the performance of social services has been lamentable.

Mr. Waterson: The Minister throws around words such as "lamentable"—$10 words that are the flavour of the moment—but why did the social services get an extra star from the inspectorate, and why is he quoting an anonymous member of the public who seems to have done a lot of research, rather than what the Department thinks? Does he agree with the Minister of State that the county council has a deliberate policy to block beds? That is a serious allegation that has yet to be sustained.

Dr. Ladyman: I quote those figures because I checked them against the official statistics and found that the correspondent is well informed and that the information is accurate. The county council could have gained an extra star for a multitude of reasons. Social services also provides services for children, and it is entirely possible—I speculate only; I would have to look at the figures—that it got its extra star for improving its care of children rather than that of older people.

The hon. Gentleman assures me that social services will try to do more to increase capacity in the local community for older people, which I applaud if it is the case. I hope that it will work better with the local health services on delayed discharges.

The hon. Gentleman mentions the use of the delayed discharge grant and the way in which several authorities have done deals with local health services to invest that money in capacity in the local area. East Sussex seems to believe that if that money is invested in local capacity, that will put a cap on its exposure to delayed discharges, but it does not; it does not do that anywhere in the country. I have made it absolutely clear that delayed discharge fines should be audited and that if they exceed the agreed amount to be invested in the local community, the council must pay the fines to the NHS, because the NHS is paying the cost of keeping people in acute beds when their care should be in the local community.

The hon. Gentleman does not like the delayed discharge legislation, but if his party were to win the general election would it repeal it? The legislation has saved about 1 million bed nights a year since it and the Government's efforts to reduce delayed discharges were introduced. That is the equivalent of eight or nine large district general hospitals. It is a massive success. Experts around the world have identified England—other parts of the UK did not introduce the legislation—as the only country in the world on track to remove delayed discharges from our hospitals.

East Sussex is the one area about which I constantly hear it said that the delayed discharge legislation is not working and a fight continues between health and social care. Everywhere else, people have managed to make arrangements that work better as a result of the legislation. East Sussex council seems to have set its face against allowing it to work. I encourage the council and local health partners to get into a room together and work out how to make it better for them. If they can do that by ensuring that the more than £1 million that East Sussex has already been given from the delayed discharges grant this year works better for the benefit of local people, that is all to the good.

In addition to social services, it is important that we move ahead and try to do what we can to improve things in the health service for the benefit of the hon. Gentleman's constituents. In the spirit of "Shifting the Balance of Power" such decisions must be taken locally; Ministers no longer take them centrally. I am pleased to say that the Surrey and Sussex strategic health authority is working with the acute trust and relevant health and social care partners to address the issue of cancelled operations that was raised by the hon. Gentleman. I have received assurance from the local NHS that cancellations, when they do occur, are handled sensitively, that people receive personal calls from officials of the trust, and that every possible effort is made to reschedule patients within 28 days. Currently, the trust is able to reschedule about 50 per cent. of cancellations, but it is working to try to increase that to 100 per cent. as soon as possible.

Leaders of the local health and social care organisations met in early March to discuss the operational problems faced by the hospital, and to urgently review local arrangements to manage the discharge of care. Some measures have been designed to help to address those problems and to free up beds. Improved intermediate care is one option that the local health and social care economy is considering. For example, I am pleased to say that Eastbourne Downs primary care trust has worked with social services to develop a 21-bed intermediate care facility funded by the NHS and social services. There are also proposals for the PCT to integrate purchasing of places in the independent sector with that of social services, to ensure effective and efficient use of the independent sector capacity that is available.

Bexhill and Rother primary care trust and Hastings and St. Leonard's primary care trust are funding the post of intermediate care co-ordinator to become substantive from 1 April 2005. The co-ordinator will have an ongoing specific brief to develop a single point of access to intermediate care services. Sussex Downs and Weald primary care trust is increasing the capacity of discharge co-ordinators based in the community who work with the acute trusts to identify patients who are appropriate for support in the community.

In addition to intermediate care, other proposals include plans to ensure that rapid access diagnostics facilities are available, so that the length of stay is as brief as possible and that hospital-avoidance initiatives

are effective, and plans to use locality-based commissioning to engage GPs in active referral management, with a view to reducing hospitalisation rates.

Furthermore, I am advised that health and social care partners will meet on Friday 8 April to agree and sign off a joint action plan, which was compiled following the Audit Commission review of older people's services in East Sussex.

Although there are challenges at present—I agreed earlier with the hon. Gentleman that that was the case—I hope that he will accept that progress is being made, but that it must be made by both partners. Health and social care must work together.

The hon. Gentleman mentioned the issue of resources. In the past two years, an extra £100 million has been added to the access and systems capacity grant to local councils to improve the quality and range of local authority community services. In East Sussex, the council received £4.8 million for that grant last year and £6.2 million this year. That money is entirely intended to build up the social care capacity of the local community to allow it to deal better with those types of problems. The health service in East Sussex has also benefited from significant additional resources: between 2005–06 and 2007–08, the four PCTs in East Sussex will receive an increase of more than £111 million for health care services.

The hon. Gentleman also talked about deficits. All NHS organisations, including those in East Sussex, have received a fair share of resources. However, if that is the case, they have a corresponding responsibility to manage those effectively. It is now the responsibility of strategic health authorities to deliver overall financial balance for their local health communities and to ensure that each NHS organisation achieves financial balance. Therefore, when the hon. Gentleman raises the issue of deficits he must face the fact that if I waved a magic wand and cleared the debts, that money would have to come from someone else's health care economy.

Mr. Deputy Speaker: Order.

It being half-past Four o'clock, the motion for the Adjournment of the House lapsed, without Question put.